



Center for Faith and Culture • Cameron School of Business

**2014 Business Ethics Conference for
Deans of Catholic Schools of Business**

Conference White Paper

Executive Summary

Business Deans and ethics professors from 23 Catholic universities around the country [see **Appendix 1**] came to the University of St. Thomas in Houston, Texas for the 2014 Business Ethics Conference for Deans of Catholic Schools of Business. These attendees listened to speakers from both the business world and academia, and they used these talks as the basis for Working Group sessions. Overall, attendees had a strong positive reaction to the conference with **93% rating their desire to return for a follow-up conference and 89% rating their intention to implement ideas discussed at the conference**. Full Conference Evaluation Form data is presented later in this paper.

The Conference was extremely successful in its goal of initiating a dialogue on the teaching of business ethics. The participants were highly engaged and deeply invested in the process of changing the way business ethics is taught. The gap between what is taught and the demands of practice was starkly illustrated. The working groups generated highly innovative ideas for changes to be implemented, and numerous participants want to return to report on the innovation they intend to try at their respective schools.

Conference Development and Definition

In the two years prior to the Conference, a committee was formed to develop an event proposal, select a guiding spirit to direct the work, and define specific outcomes sought. The event proposal was a conference convening Deans and key ethics faculty from Business Schools at Catholic Universities. The Conference would consider whether, in light of the massive failures in legal compliance and ethical behavior exposed by the recent financial crisis, Catholic business schools need to lead in making revisions to the teaching of business ethics.

The guiding spirit of the conference was a response to the call issued by Pope Benedict XVI in his encyclical letter, *Caritas in Veritate*, where he wrote: “*The economy needs ethics to function correctly...It would be advisable however to develop a sound criterion of discernment, since the adjective ‘ethical’ can be abused...Efforts are needed...to ensure that the whole economy – the whole of finance – is ethical...Financiers must rediscover the genuinely ethical foundation of their activity, so as not to abuse the sophisticated instruments which can serve to betray the*

interests of savers. Right intention, transparency, and the search for positive results are mutually compatible and must never be detached from one another." [45, 65] This call to action was then reinforced by the Pontifical Council for Justice and Peace which on October 24, 2011 issued a document proposing far reaching reforms in International Finance and Monetary Systems.

The Conference outcomes sought were:

- (1) A deeper understanding of the ethical challenges posed by the cultures characterizing today's financial institutions;
- (2) To identify current best practices in the teaching of business ethics and compare them with the challenges posed by these cultures; and
- (3) To the extent that today's best practices do not fully address these challenges, the conference, bearing in mind the Guiding Spirit embodied in *Caritas in Veritate*, will seek to identify revisions and new directions in the teaching of business ethics. The ultimate aim is to develop better teaching processes to prepare MBA and other post-baccalaureate graduates for the actual ethical cultures and challenges they will face.

First, an awareness of the challenges facing both our academic institutions and the professional organizations that employ our graduates was necessary. The challenges facing each of these disparate groups must be *recognized as a single problem that can only be solved if both groups work collectively.*

Second, it became apparent very early in the development of the Conference that these goals were not attainable by means of a single event. This was not only because the goal is so significant, but also because without a continually active network much of the gains achieved in a single conference would be eroded and perhaps lost. Also, the process of academic institutional change is slow, and inertia would need to be converted into momentum. Individual means of overcoming obstacles, when shared with others, can create a momentum across institutions.

Student Survey

Beyond having representatives of the clergy, practitioners and academics, it was necessary to obtain input from the last group of stakeholders, students. Prior to the event, a survey was sent to the participating institutions; 411 surveys were returned, and correlations were calculated. One surprising result was the correlation between students' perception of the level of ethics integration at their school and their impression of the importance placed on ethics by their school. This result is intuitive, and correlation does not necessarily imply direct causation. However, the level of correlation (.701) was overpowering. The next highest correlation on the survey was less than .5. This provided a strong impetus to address during the conference the level of ethics integration in a school's business curriculum.

Conference Day 1 – Introductions and Keynote Speaker

The first day of the Conference included arrivals, cocktails, networking and dinner at the Houstonian Hotel in Houston, Texas. The President of the University of St. Thomas-Houston, Dr. Robert Ivany, and the Dean of the Cameron School of Business, Dr. Beena George,

addressed the gathering and presented the task of improving, perhaps reinventing, the way business ethics is taught. The keynote presentation was given by **Dr. Michael Czerny, S.J.**, of the Pontifical Council for Justice and Peace. Dr. Czerny strongly emphasized the importance of the conference mission, and he introduced “Vocation of the Business Leader”, a document written by the Pontifical Council for Justice and Peace. Dr. Czerny presented a concise statement of the essential role business plays in the community as “Good Goods, Good Work, Good Wealth.” Not only do business organizations offer members of the community the dignity of work, but they also encourage a more efficient means for the distribution of resources to the community. Businesses offer an arena for innovation to increase that efficiency. It is only when organizations lose sight of their social responsibilities that ethics become burdensome rather than beneficial. Often, a short-term orientation in decision-making processes is rewarded while greater long-term prosperity is sacrificed.

Day 2 – Practitioner and Academic Speakers

The speaker presentations were divided into two groups. The first group was comprised of three industry speakers:

1. **Harry Longwell**, *Retired Director and Executive VP, Exxon Mobil Corporation*
2. **Bethany McLean**, *Author, The Smartest Guys in the Room and All the Devils Are Here*
3. **Sherron Watkins**, *Enron Whistleblower*

The second group consisted of five academic speakers presenting on current best-practices:

1. **Rev. Oliver Williams, C.S.C.**, *Director, Center for Ethics and Religious Values in Business, Mendoza College of Business, University of Notre Dame*
2. **Dr. Michael Naughton**, *Director, John A. Ryan Institute for Catholic Social Thought, University of St. Thomas-Minnesota*
3. **Dr. Kenneth Goodpaster**, *Koch Endowed Chair in Business Ethics, Opus College of Business, University of St. Thomas-Minnesota*
4. **Dr. Mary Gentile**, *Director, Giving Voice to Values & Senior Research Scholar, Babson College*
5. **Dr. George Brenkert**, *Professor Emeritus of Business Ethics, Georgetown University*

The first group presented the case for change. By underscoring the challenges facing graduates in the private sector, the importance of our graduates’ ethics skills was emphasized. Mr. Longwell spoke primarily on the topic of hiring ethical people and holding employees accountable for their decisions. Ms. McLean spoke to the history of scandals and the development and evolution of corporate culture. Ms. Watkins spoke of her personal experience as a whistleblower, including the efforts of people within Enron who attempted to guide the firm back into a more ethical (and legal) direction. Ms. Watkins also spoke of the role in her life that religion played in making choices.

The second group presented a set of “best practices” in academia. Fr. Williams discussed the role of Catholic Social Teaching in developing and maintaining ethical culture, as well as some of the difficulties in translating ideas into action. The latter point was seen in the level to which business entities are not meeting public expectations. He also introduced the role of the UN Global Compact as a vehicle for change. Drs. Naughton and Goodpaster re-emphasized the importance of a core set of principles, applying it not only to organizational culture but also

extending the concept to decision-point ethics. Hypocrisy was identified as “the most widespread human vice, and the least confessed.” They also pointed out the need to move beyond a “transactional” approach to a “transformational” one. For a business school, what matters is values, context and differentiation. The mission critical imperatives are orienting, institutionalizing and sustaining an orientation toward the Vocation of a Business Leader. Dr. Gentile presented a summary of her “Giving Voice to Values” (GVV) model which focuses on using hypothetical scenarios to allow the student to develop problem-solving skills for ethical dilemmas.

Dr. Brenkert likened the cycle of scandals to the movie “Groundhog Day,” wherein the hero is doomed to repeat the same day until he gets it right. He reinforced the need for change by presenting the teaching of ethics in three phases. The first is where we are now – focusing on the task of business schools to offer instruction to make ethically correct decisions by either stand-alone courses or integrating the materials into other courses. It is often marginalized within the business school. The second phase challenges the assumptions by pointing out that ethics is institutional, social, political, emotional and affective. Addressing these issues requires inclusion of mid-level principles, organizational behavior and the role of conscience. The third phase directly addresses the tasks of the business school Dean. These tasks may include exploring new models of capitalism, reorganizing administrative support structures, and supporting cultural changes that increase the role of ethics in education, business and the graduate’s professional life.

Following the speaker presentations, a Mass was celebrated by Daniel Cardinal DiNardo, Archbishop of the Archdiocese of Galveston-Houston. The Mass was held at the Chapel of St. Basil on the campus of the University of St. Thomas, Houston. Mass was followed by a post-dinner panel discussion amongst the academic speakers. Questions were taken from the conference attendees, and the discussion centered on the relationship between the speaker presentations and the practical difficulties in managing change within a business school.

Day 3 – The Working Groups

The participants were divided into seven working groups for two sessions. The same questions were presented to all working groups as follows.

SESSION 1 TOPICS:

- 1) In light of serial financial scandals culminating in the Financial Crisis, what “gaps” can be identified in content, both conceptual and practical, in current Catholic business ethics curricula? Please consider both longstanding topics which now should receive more attention and new topics highlighted by the Financial Crisis.
 - Please group the identified gaps between those pertaining primarily to senior leaders and those most pertinent to new and midcareer employees.
- 2) In light of your discussion from Question 1, what specific pedagogical approaches could be employed to make business ethics instruction more impactful and to close “gaps” just identified?
 - Please consider here issues such as the following:

- The unique advantages enjoyed by Catholic institutions as regards providing leadership in business ethics pedagogy
- Best practices being employed at specific schools, including secular institutions, which have the most potential to influence students' behavior after they enter the workplace
- How best to embed ethics instruction within all disciplines covered by the MBA core curriculum

SESSION 1 RESULTS:

Identified Gaps: The identified gaps were divided into three distinct groups:

1. **Cultural issues** – These concern both faculty and students. Both faculty and students entering a Catholic university from other world cultures, from the private sector, from secular schools, and even from other Catholic institutions may be operating under different assumptions or have a different understanding of what is expected of them. Differences in language, for example, may be a source of fundamental misunderstanding. Those individuals coming from secular institutions may have challenges in discussing faith-based topics.
2. **Faculty development** – Faculty may have difficulty in aligning to the faith-based mission of a Catholic institution. It was also noted that a significant challenge is explicitly relating the dominant American culture to Catholic culture *and to other cultures*. The primary gap identified for faculty, however, was the lack of training in the teaching of business ethics. The majority of faculty members are hired using a measure of technical expertise (publications, teaching evaluations, etc.) in one or more academic disciplines, with little or no training in ethics.
3. **Curriculum development/delivery** – Curriculum development and delivery had a number of gaps identified, primarily concerning integration, focus and the relation between Catholic ideals and business practices. Very strong dissatisfaction with the “silo approach” was voiced among the participants. This separation between the technical academic disciplines and business ethics inhibits integration of ethics and prevents it from becoming a fundamental mindset. As a result, ethics is often “pigeon holed” as just another class to be passed and put aside. Another gap was the lack of integration of Catholic Social Teaching (CST) in the teaching of business ethics.

A second objection is that the focus of ethics has primarily been in the areas of accounting and finance. This no doubt due in part to the high visibility of accounting cases leading up to Sarbanes-Oxley (Enron, WorldCom, etc.), and the financial crisis of 2008-2009 (AIG, Countrywide, etc.). That is not to say that the other disciplines do not have ethical scandals, but the accounting and finance cases above are well known, well documented, and perhaps more readily available through public databases. One working group also pointed out that the tendency is to focus on the historical *artifacts* of ethics. It is easier to look to the past for evidence as opposed to looking to the future for strategy. Overall, the participants indicated a need for tangible approaches that can be related to decision-making processes.

A certain level of frustration was indicated by the perceived separation between Catholic ideals and business practices. One comment can be used to summarize this view:

“The Church doesn't seem to grasp the consuming nature of the challenge inherent in meeting business' core missions. Creating valued products and services that also make money is immensely challenging, especially given ever changing competition and law – maintaining an ethical culture while doing this is a real achievement. Yet the church acts and speaks as if these activities can be taken for granted, that the common good by-products of employment, innovation, and taxes are incidental, and that business leaders should be giving primary attention to direct actions that advance social goals like poverty and income distribution.”

Suggestions for Closing the Gaps: The suggestions were primarily in four areas which are not mutually exclusive but overlapping and often interactive:

1. **Institutional** – Suggestions included:

- Integration at multiple levels: core, introductory overview course, and capstone course
- Fostering a greater understanding of CST, and deepening the connection between CST, specific catholic traditions and purpose of business
- Considering alternatives to a capstone, such as shadowing of executives, internships, and/or service learning
- Ensuring that the core curriculum is being utilized effectively
- More strategic integration of theology / philosophy, possibly using team-teaching
- Micro-loan programs
- Considering sustainability of ethical processes at multiple levels utilizing variables beyond profit
- Values driven labs
- Implementing ‘honor code’ to reinforce ethical culture on campus
- Mentoring
- Creation of ethical school environments

2. **Faculty development** – an institutional topic with strong possibilities for both short and long-term impact. Suggestions included:

- Mission centric hiring
- Departmentally-driven hiring that does not self-replicate
- Centers and institutes, and endowed chairs to highlight signature foci
- Training on how to teach ethics
- Rewards system
- Research related to mission is encouraged by accrediting bodies

- Maintaining balance between academic freedom and ethical culture; build “culture of ethics integration”
 - Enabling communication of a mission-aligned world view without preaching, and in a sincere way that fosters dialog
3. **Pedagogical** – suggestions to bridge the distance between theory and practice. Many of these articulate what *can* be done while others state what *should* be done. Suggestions included:
- Being mindful of differences between undergrad and grad
 - Being mindful that graduate students might have had undergraduate training in secular institutions (thus, no CST)
 - Creating learning objectives that match instructional goals
 - Selecting cases to which the students can relate (not just CEO cases)
 - Planning to develop actionable skills, such as GVV
 - Focusing on all four learning approaches: cognitive, humanism, behaviorism, constructivism
 - Leveraging opportunity as Catholic institutions to talk about values and virtues
 - Broadening course coverage beyond financial and accounting crises
 - Integrating current issues
 - Using cases addressing issues at different levels of the business hierarchy
 - Using multi-media to engage students
 - Planning for topic days
 - Inviting guest speakers
4. **Instructors** – surrounds the instructor’s academic relationship with each student. The nature of that relationship involves fostering and nurturing the intellectual, psychological, and spiritual growth of the student *as an individual*. Some suggestions along that line were:
- Connecting to students at their level
 - Encouraging students to develop values
 - Developing concepts of trust, fairness and integrity
 - Fostering dialogue on meaning, purpose and person
 - Emphasis on the ‘whole person’

SESSION 2 TOPICS:

- 1) In light of the findings from Session 1, what specific changes and innovations should be recommended for future business ethics instruction at Catholic institutions?

- Please identify and group measures recommended for immediate implementation versus those to be incorporated over time
- 2) In considering how to implement these recommendations, what resistance/opposition is most likely to materialize? Then consider where support is likely to be found and what ‘change management’ strategies might be most effective

SESSION 2 RESULTS:

Changes and Innovations: Many of the suggestions from the Session 1 working groups could also be included in this section. However, the division between short-term and long-term efforts provides a more practical listing of actionable items:

- Short-Term
 - Creating a group to champion ethics across disciplines
 - Considering the work towards change as a gradual process, one step at a time
 - Aligning hiring, leadership and governance
 - Increasing faculty comfort: Retreat
 - Pairing of junior and senior faculty
 - Addressing academic dishonesty; use events of academic dishonesty as a teachable moment
 - Providing training on CST
 - Weekend retreats using “Vocation of Business Leader”
 - Involvement of chaplains
 - Identifying real-world problems and propose solutions; deliverables: paper on values, media reports
 - Ending internship reflections on ethics
- Long-Term
 - Including recommendations for business ethics curricula in strategic plan
 - Creating a common language through conferences, pooled resources
 - Encouraging faculty to develop blended courses; provide incentives
 - Certification for business ethics
 - Collaboration with academic associations and academic institutions outside US
 - Implementing integrative framework of ethics instruction: introductory course, embedded discussions throughout program of study, capstone course
 - Considering where to include these courses in curriculum
 - Including service learning and community service components in business ethics course

- Recognizing that there will be faculty who are at different stages of this process; consider different approaches to engage faculty

Change Management: The challenges to be overcome were generally in two areas: Generating involvement and buy-in by stakeholders, and obtaining funding. The former is usually a prerequisite for the latter. Sources of support were institutions, corporate sources and private groups.

Within the parent **institution**, there are several sources of possible support:

- Standard operational funding
- Institutional Advancement
- Accreditation funding
- Marketing and Communications
- Alumni Board

In addition to the parent university, source **institutions** may include:

- Intercollegiate support organizations
- New donors
- Corporations
- Community leaders
- Church leadership
- Chamber of Commerce
- State and Federal Grants
- Online teaching sources

Obtaining support from the **administration** of the parent university is essential, for without it, everything becomes more difficult. With so many demands placed upon them, administrative departments and personnel will have to be convinced to make the change process a priority. It will require focus and a clear proposal that explicitly advances the mission of the university. The benefits to the community and other stakeholders will need to be outlined and emphasized. Retreats for faculty, advisory board members, and business leaders may be effective.

What We Learned

Some of the key “take-aways” from the conference include (but are not limited to):

1. **The mission and strategic objectives of business schools in Catholic universities need to be in alignment with the doctrines of the Church.** Further, there is a responsibility to ensure that these objectives are realized and initiatives in/of the school are in alignment with the mission.
2. **The current content of business ethics courses is archaic, compliance-focused and/or too narrow.** There needs to be more focus on circumstances faced by **recent graduates and mid-career employees**. Cases dealing in their concrete situations are needed. Strategies and tactics, such as those mentioned by Dr. Mary Gentile, should form part of this curriculum along with information on current legal protections for whistleblowers. Business courses should be taught emphasizing a "long view" perspective since it is in

the long run that the synergy between ethics and business success is most strongly manifested. Therefore, a broader and more integrative approach should be taken in designing the curriculum of business ethics courses.

3. **A more integrated approach is needed where business ethics is embedded throughout the curriculum.** The current approaches to teaching business ethics are often some combination of 1) immersion in the subject in one course and 2) limited integration (one day/lecture assigned to ethics) in other business courses. A limited set of teaching tools are also often being used in these courses. Hence, ethics instruction often falls short of achieving its goal. A better model for this might be an **introductory course on the purpose of business followed by ethics in each core discipline and a capstone.** The business ethics discussion and training should be infused throughout a program using an extended palette of teaching tools.

The Conference Evaluation

Participants were asked to complete a survey asking for their opinion of the conference, each item being rated on a scale from one to five with five being the highest. See **Appendix 2** for a full breakdown on the data. The overall response was extremely positive, and some of the highlights include:

- *Importance of the conference goal – 4.93 (out of 5)*
- *Progress towards achieving the conference goal – 4.11 (out of 5)*
- *The keynote speaker set the correct tone for the conference – 4.52 (out of 5)*
- *Industry speakers described challenges relevant to our students – 4.33 (out of 5)*
- *Academic speakers presented pedagogy I can use – 4.11 (out of 5)*
- *Belief that ethics should be embedded in all disciplines – 4.90 (out of 5)*
- *Intend to implement ideas from the conference – 4.41 (out of 5)*
- *Desire to return for a follow-up conference next year – 4.54 (out of 5)*
- *Willing to discuss challenges to changing business ethics pedagogy – 4.70 (out of 5)*

One of the items that did not fare as well was the panel discussion (**3.75 out of 5**). The general sense from the comments was that participants were tired by the end of Day 2.

Where Do We Go From Here?

It is evident that an organized change in business ethics education is gaining momentum. The purpose of this event was to establish the beginning of an ongoing dialogue, and the Conference's success in this area is unquestionable. This year's conference participants proposed a number of future initiatives to continue the conversation including:

1) Making this conference an annual event

- Each year, participants will be reporting on results of implemented programs or processes, presenting new perspectives on challenges they faced, hearing speakers from other industries and academic disciplines, and developing new strategies to be implemented in the following year.

2) Establishing a blog

- This would provide a forum to continue the conversation between conferences allowing participants to update one another on new initiatives and their progress.

3) Establishing an Association of Catholic Business Schools (ACBS)

- The focus of such an organization would be to maintain a forum for continuing discussion, provide common pedagogical resources, present results of using innovations, establish a reputable journal for research, essays, etc., and provide at least partial funding for future conferences.

Appendix 1 – School Participants

| Program | Main Attendee | Associate Attendee |
|--|---|--|
| 1) Benedictine College | David Geenens, <i>Director, School of Business</i> | John Bunch, <i>Coordinator, Inst. For Professional Ethics and Responsibility</i> |
| 2) Creighton University | Dr. Anthony Hendrickson, <i>Dean</i> | Dr. Beverly Kracher, <i>Daugherty Chair in Business Ethics & Society</i> |
| 3) Duquesne University | Dr. Dean McFarlin, <i>Dean</i> | Dr. James Weber, <i>Professor</i> |
| 4) Fordham University | Dr. Donna Rapaccioli, <i>Dean</i> | Dr. Robert Hurley, <i>Professor</i> |
| 5) John Carroll University | Dr. Karen Schuele, <i>Dean</i> | Dr. Scott Allen, <i>Associate Professor</i> |
| 6) La Salle University | Dr. Gary Giamartino, <i>Dean</i> | Dr. Carolyn Plump, <i>Assistant Professor</i> |
| 7) Loyola University New Orleans | Dr. Nicholas Capaldi, <i>Director, Center for Spiritual Capital</i> | N/A |
| 8) Marquette University | Dr. Jeanne Simmons, <i>Associate Dean</i> | Dr. Nicholas Santos, S.J., <i>Assistant Professor</i> |
| 9) Saint Joseph's University | Dr. Stephen Porth, <i>Associate Dean</i> | Dr. John McCall, <i>Director, Arrupe Center for Business Ethics</i> |
| 10) Seattle University | Dr. Joseph Phillips, <i>Dean</i> | N/A |
| 11) Seton Hall University | Dr. Joyce Strawser, <i>Dean</i> | Dr. Henry Amoroso, <i>Director, Micah Center for Business Ethics</i> |
| 12) St. Bonaventure University | Dr. Pierre Balthazard, <i>Dean</i> | Dr. Joe Coate, <i>Associate Professor</i> |
| 13) St. Edward's University | Dr. Tom Sechrest, <i>Dean</i> | Dr. Sara Gibson, <i>Clinical Professor</i> |
| 14) St. John's University | Dr. Victoria Shoaf, <i>Dean</i> | Dr. Linda M. Sama, <i>Professor</i> |
| 15) St. Mary's University | Dr. Tanuja Singh, <i>Dean</i> | N/A |
| 16) The Catholic University of America | Andreas Widmer, <i>Director, Entrepreneurship Programs</i> | N/A |
| 17) University of Dallas | Dr. Richard Peregoy, <i>Associate Professor</i> | N/A |
| 18) University of Dayton | Dr. Paul Bobrowski, <i>Dean</i> | N/A |
| 19) University of the Incarnate Word | Dr. Forrest Aven, Jr., <i>Dean</i> | N/A |
| 20) University of Notre Dame | Dr. Martijn Cremers, <i>Professor</i> | Jessica McManus Warnell, <i>Associate Teaching Professor</i> |
| 21) University of St. Thomas-Houston | Dr. Beena George, <i>Dean</i> | Dr. John Simms, <i>Associate Professor</i> |
| 22) University of St. Thomas-Minnesota | Dr. Christopher Puto, <i>Dean</i> | Dr. Katherina Glac, <i>Assistant Professor</i> |
| 23) Villanova University | Dr. Ronald Hill, <i>Naclerio Chair in Business</i> | N/A |

Appendix 2 – Conference Evaluation Form Data

