

## Ethics: More Important Now than Ever

It isn't any secret that a greater number of unethical behaviors occur in corporate (and academic) environments during times of turmoil, pressure, and profit losses. As explained in a recent article in Krannert Magazine (a Krannert School of Management publication), "in times of economic turmoil, issues of corporate governance, and ethics take on greater importance." The daily struggle to keep a business alive, classes full, employees paid, and clients satisfied can easily turn into an 'end justifies the means' mindset.

*"The cost of doing something ethical is much less than the cost of doing something questionable."*

No matter what our origin or culture, as humans we all want to see our efforts become successful. None of us want to face the facts associated with failure. However, in an economy where failure may be unavoidable, we all have to take a step back and accept that we can't always win. After all, how you handle a loss may be more important than how you handle a win—both organizationally and personally.

This is exactly why business schools have a more critical role than ever in instilling a sense of right and wrong in their students—and not just in MBAs, but all business students. After all, business schools are carving out tomorrow's executives. Whether your school has a dedicated ethics course or not, integrating ethics into your standard curricula will provide avenues for students to understand exactly what is at stake if they were to express poor judgment. For example, at the Krannert School of Management at Purdue University, students hear from speakers from a variety of disciplines that explore ethical issues. Recently at the school, Walt Pavlo spoke to master's students about his decisions to alter financial statements at MCI. Pavlo says, "Before I was a criminal or committed a criminal act, I was someone who was on the fast track and did a lot of things right in my life." In his presentation, he talked about how his mistakes were not only his fault, but the fault of his managers and the culture that they created.

## Ethical Social Networking: An Area That Needs Addressing

Teaching ethics isn't entirely related to communicating the importance of financial statement honesty or how we should treat others in the workplace. Today, with social networking being the most popular way that millions of people communicate, students must understand how their behavior online can destroy their professional reputation as well as the image of their organization. In a recent article by Beta Gamma Sigma International (BGS), Sharon



L. Allen, Chairman of the Board for Deloitte LLP, discussed the devastating outcomes that can arise with regards to social networking and ethics. As Allen referred to a Warren Buffet quote, "it takes 20 years to build a reputation and five minutes to ruin it," the point really made sense. Sharon also spoke about a Deloitte ethics survey of 500 executives, which noted that 58% "felt the reputational risk associated with social networking should be a boardroom issue." The survey also found that 68% "felt there was nothing unethical about employees freely expressing themselves online," but 60% said that they also have the "right to know how employees are portraying themselves, or representing the company, on professional and personal networking sites."

When you really contemplate it, reputation and brand image are everything. Once one or both are tarnished, a company or an individual can spend years trying to regain what was lost. Business students need to understand, before they graduate to the workplace, that the cost of doing something ethical is much less than the cost of doing something questionable.