Responsible leadership development through management education: A business ethics perspective

Arnold Smit
Centre for Business in Society, USB Executive Development Ltd., Stellenbosch Business School, Bellville, South Africa

ABSTRACT

Whilst business has contributed hugely to human development and economic progress, there is, at the same time, an intensifying debate about its complicity in aggravating the sustainability risks that society is currently facing. This debate also has a bearing on the role of management education in shaping the ethical and functional paradigms in the light of which businesses are created, developed and managed, as well as the parameters in the light of which they are evaluated and rated to be successful or not. This concept paper explores the emergence of a new paradigm in management education, namely one that incorporates the development of responsible leadership. In doing so, the paper contends, management education will have to engage with three critical issues, namely the meaning and place of ethics in theories of management, the development of managers as responsible leaders and the design of a curriculum that will effectively integrate matters of ethics and responsibility across the spectrum of management subjects.

Key words: Business ethics, management education, responsibility, responsible leadership

INTRODUCTION

The concern about a sustainable future for mankind and the planet has become a common feature of the current global discourse. Expressed in terms of the familiar profit-planet-people framework (Elkington, 2007), our economy is battling to find its way forward in the aftermath of a severe recession, the environment is stressed by global warming, climate change, resource depletion and ecosystem degradation and society is pervaded by intensifying division and conflict as competition for power over and ownership of a limited and ever decreasing natural resource base is on the rise. Referring to these as problems that create world-wide unrest, Sizoo (2008:14) highlights how their consequences manifest in the widening economic gaps within and between nations, the concentration of economic and political power in ever fewer hands, threats to cultural diversity and the over-exploitation of natural resources.

It is against this background that the business-society relationship has gained prominence in recent years. Analysing, interpreting and reinventing this relationship have latedly become important features in management and business literature. This development has brought with it a new range of concepts attempting to redefine and broaden the range of business’s responsibilities with respect to society and the environment (Visser, Matten, Pohl and Tollhurst, 2007) and it introduced the idea of corporate citizenship as a core metaphor, in terms of which the essence and purpose of business can be reimagined (McIntons, Thomas, Leipziger and Coleman, 2003; Néron and Norman, 2008).

The business–society relationship seems to be complex and ambiguous. De Woot (2009: vii) appreciates business as “the chief agent of economic and technical progress,” but also highlights the suspicion it is under for its capacity to pollute, the domination that it exerts and the social injustices and destruction that it causes. Carroll and Buchholtz (2008) find in the business-society relationship a useful framework for understanding the kinds of issues that constitute the broad milieu in which business functions, especially in depicting the challenges that managers face as they strive to develop effective organisations.
Inherent to this managerial challenge then is also the realisation of doing business in a society characterised as pluralistic and special-interest driven, critical of business and demanding a new social contract with business. The agenda emerging from this often tension-ridden relationship comes with a new imperative, namely the development of the managerial competence to “integrate traditional economic and financial considerations with ethical and social considerations” (Carroll and Buchholtz, 2008:24).

This imperative comes with a set of questions of its own: What is the dualism between economic and financial considerations, on one hand and ethical and social, on the other, all about? Why does it exist at all? What will integration look like and how is it to be achieved? Developing the aforementioned competence is therefore not as straightforward as it may sound. It furthermore comes with the anticipation that management education – and the institutions where it is offered – should play a role in the process. Fair as this demand may be, it should be kept in mind that management education is itself informed by a variety of competing and/or contradictory motivations and clashes in underlying philosophical and educational paradigms (Kleymann and Tapie, 2010).

Within the context of the above, this paper explores the following question from a business ethics perspective: What kind of management education will be most conducive to developing managers who are able to exercise business leadership that will be regarded as ethical and responsible in the context of a sustainability-challenged 21st century society? The paper contends that it will be an approach that will effectively address three critical issues in management education, namely the meaning and place of ethics in theories of management, the development of managers as responsible leaders and the design of a curriculum that will effectively integrate matters of ethics and responsibility across the spectrum of management subjects.

In the process of pursuing perspectives on the guiding question, the paper will attend to: (1) The current shape of management education, (2) proposals about how it should change and (3) core concepts that will guide the journey towards a more appropriate and responsible alternative.

**MANAGEMENT EDUCATION UNDER THE SPOTLIGHT**

The current discussion about management education is happening against the background of severe concerns about a sustainable future for society and the planet. Whilst the sustainability challenges have been thoroughly documented (The Worldwatch Institute, 2013), questions are also posed about the extent to which the seeds of these challenges have not also been germinating in capitalism as the very economic system that has brought so much advancement and wealth for societies around the world is under suspicion for undermining the future sustainability of both the planet and humanity. This is reminiscent of the paradox that Wilber (2000:11) describes as “the very mechanisms that allowed evolution to become conscious of itself were simultaneously working to engineer its own extinction.” If this is indeed the case, then it follows that questions should be asked about where the management practices inherent to this system are originating from, drawing the focus of the discourse to management education and the institutions where it is practised.

In a landmark article, the late Ghoshal (2005) analysed the management education landscape for its contribution in shaping the theoretical foundations of the very business practices that nowadays are deplored for their negative impact on economic, environmental and social sustainability. Having been a business school academic himself, he argued that the theories and ideas taught in management education have done much to strengthen the management practices that are now loudly being condemned. Modern management education has been dominated by a philosophy of science in which the methods of the physical sciences are applied to business studies. A worldview, Ghoshal argued, infused by accepting as its standard for what is real and valuable that, which predominantly can be numbered, measured, calculated, extrapolated and predicted, brings with it an understanding of the purpose of business as being the maximisation of shareholder value. This then gets entrenched in governance regimes, reward systems, strategic orientation and competitive behaviours that secure optimal profitable outcomes. It turns man into a *homo economicus*, and views people as rational self-interest maximisers. This form of internalised logic leads to the belief that theories that are in principle amoral do not lead to moral outcomes, causing students of such theories to regard themselves as freed from taking moral responsibility for the impact of business decisions and behaviours. Ghoshal (2005:83) refutes this position by stating the following: *While no social science discipline makes a stronger claim to objectivity than economics, no domain of the social sciences is more value-laden in both its assumptions and its language than economics and all its derivatives, including much of modern finance and management theories.*
Support for Ghoshal’s core thesis, namely that management education is not a morally neutral endeavour, and that what is being taught eventually feeds into how business practices are shaped, is echoed by Trevino and Weaver (1994) in the way that they refer to a normative-empirical split in business ethics as an academic field. According to them, business ethics is dominated by two different approaches, namely the normative [i.e. prescriptive] and the empirical [i.e., explanatory, descriptive and/or predictive]. The normative approach can be regarded as the domain of philosophers and theologians, whilst the empirical school finds its support amongst management consultants and business school professors. This domination of the empirical school in management education leads to a number of consequences. It leads to management education being dominated by a natural science model and characterised by an objectivistic worldview and it occupies itself with questions about ‘what is’ rather than ‘what ought to be.’ The ‘what is’ question is pursued by methods of analysis, observation, interviews, surveys and experiments, whilst research data is made sense of by means of quantitative statistical methods. Where this educational approach dominates, it leads to assumptions such as that, in business practice, human behaviour can be predicted and explained and therefore also manipulated and controlled by reward systems, codes of conduct and training programmes.

Another extension of Ghoshal’s thesis may be found in the linkage between management education and greed as an element of human existence and therefore, also in business practice. Murnighan and Wang (2011) reflect on greed and greedy behaviour from the perspective of four literatures, namely historical/philosophical, economic, political and social psychological. Referring to the economic perspective, they describe how “economic literature has long portrayed homo economicus as a rational profit maximiser” who naturally assumes self-interest and lives with the “desire to achieve and/or maximise personal utility on a personal level and material gain on an organisational level” [Murnighan and Wang, 2011:285]. They find further traces of this in Adam Smith’s views on the role of self-interest in economics, Karl Marx’s observations about greed as a central element in the monetary and political systems of modern capitalism, and Milton Friedman’s view on profit maximisation as the only social responsibility of business. They also make reference to research that suggests that “repeated exposure to economics and business education seems to increase self-interested behaviour” amongst economists, students of economics, and MBA students [Murnighan and Wang, 2011:287]. From this, it may be concluded, as the authors indeed do, that economics education may have the effect of encouraging positive attitudes towards greed, especially when the push for profits is pervasive, traditional and taken for granted. If economics education is indeed capable of motivating and justifying such behaviour in individuals, the manifestations thereof in business practice may be observed in cases of corruption and/or social and environmental exploitation.

From the above, it follows that the ethical foundations of management education are in need of being reconsidered. The dominant theories driving modern capitalism are not as objectively rational and value-neutral as their advocates portray them to be. There is a need for a broader vision, in which the dominance of the empirical scientific paradigm and the appreciation for self-interested behaviour will have to be counterbalanced by the integration into economic models and business practices a regard for others, for society and for nature.

THE INTRODUCTION OF RESPONSIBLE LEADERSHIP IN MANAGEMENT EDUCATION

The much-needed correction argued for in the previous section was to a large extent inaugurated by the United Nations Global Compact (UNGC). In many ways, the UNGC stimulated a movement that led to new thinking about the role of business in society, as well the role of management education. It all started in Davos, in January 1999, with Kofi Anan, then General Secretary of the United Nations, declaring: *I propose that you, the business leaders gathered here in Davos, and we, the United Nations, initiate a Global Compact of shared values and principles, which will give a human face to the global market* [Rasche and Kell, 2010:1].

This ‘compact,’ as it was eventually phrased, asks of companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption [Rasche and Kell, 2010]. Thereafter, in 2002, the importance of this clarion call for business was embraced by the European Foundation for Management Development (EFMD) as an imperative for management education too, leading, first, to the establishment of the Globally Responsible Leadership Initiative (GRLI) and secondly, to the Principles for Responsible Management Education (PRME).

One of the first public documents emanating from the dialogue within the GRLI states four key challenges for responsible leaders at all organisational levels [EFMD, 2005:2]:

First, they should think and act in a global context. Second, they should broaden their corporate purpose to reflect accountability to society around the globe. Third, they should put ethics at the centre of their thoughts, words and deeds. Fourth, they – and all business schools and centres for leadership learning – should transform their business education to give corporate global responsibility the centrality it deserves.
The concept responsible leadership deserves more attention (Wolfe and Werhane, 2010:148). Beyond just being a set of ideal standards, they report business schools to change a mindset that focuses primarily on profitability, a mindset that defines ‘value-added’ as shareholder returns rather than returns for or enrichment of the various stakeholders and communities with which an organisation interacts (Wolfe and Werhane, 2010:148).

The concept responsible leadership deserves more attention here. Maak and Pless (2006:103) define responsible leadership as:

A relational and ethical phenomenon, which occurs in social processes of interaction with those who affect or are affected by leadership and have a stake in the purpose and vision of the leadership relationship.

They identify four roles for responsible leaders, all thoroughly relationally understood, and specify their ethical implications, namely the responsible leader as visionary, citizen, servant, and steward. Pless (2007:438) followed with another article, stating that responsible leadership has its base in findings from fields such as leadership ethics, developmental psychology, psychoanalysis, stakeholder theory, and systems theory, and that the aim of it is “to examine and understand the dynamic processes between leaders and stakeholders (as followers) that lead to responsible leadership behaviour and responsible action for social change.” The GRLI (2008) also associates the idea with an ethically embedded approach to leadership that recognises the importance of both societal interdependence and long-term sustainable development.

A significant South African application of the idea of responsible leadership is to be found in the King Report on Corporate Governance in South Africa 2009. The report starts with a chapter on ethical leadership and corporate citizenship and describes the essence of good corporate governance as the exercise of “effective responsible leadership.” Responsible leadership is then further defined in terms of six statements, in which it is connected to concepts such as good corporate governance, sustainable business and the impact of business decisions, institutional ethical fitness and a shared future with all stakeholders. These statements also link up to values such as responsibility, accountability, fairness, transparency, consideration for impact, doing business ethically and resistance to compromise. The combination in the King Report of effective and responsible leadership further reminds of Ciulla (2004) stating that the ultimate question in leadership studies is not ‘What is the definition of leadership?’ The ultimate point of studying leadership, she says, is ‘What is good leadership?’ Good is then to be understood as both morally good and technically good, ethical and effective and therefore also responsible.

From the above position, one can conclude that responsible leadership carries with it notions of a normatively defined understanding of the business-society relationship, moral sensitivity for the impact of business on society and the environment, a stakeholder-inclusive approach to value creation and an appreciation of the centrality of ethics in business decisions and behaviours. In these assumptions, there are unmistakable implications for the transformation of management education. The exercise on hand, however, will have to go further than questions about what is being taught, how it is done, and how both should be reconsidered. It goes also to the heart of where it is being taught. Although not limited to business schools, it cannot be denied that business schools have, since the middle of the previous century, played and increasingly important role in shaping the ethos, purposes, contents and methodologies of management education. The much-needed transformation of management education is therefore inevitably also on the agenda of business schools and the question is how the ideals inherent to responsible leadership can be integrated into management education.

SHAPING RESPONSIBLE LEADERS THROUGH MANAGEMENT EDUCATION

Dimensions of the challenge
In the same article introduced at the beginning of this paper, Ghoshal (2005:88) states a clear challenge to business schools, namely that the prevailing preference for an instrumental approach to management education will not be balanced out or corrected by simply adding a course on ethics to the curriculum. In the same vein, and in the light of the PRME, Wolfe and Werhane (2010:152) call for ethics to “be integrated to all facets of management education as part of strategic management, broadly conceived, and not as a separate, compartmentalised area of interest”.

Logical and convincing as the argument above may be, it reminds of the old adage of ‘easier said than done.’ Getting beyond compartmentalisation requires a different approach from what can be referred to as the modular versus integration option in curriculum design. In the case of the former, the focus is on giving a spread of chosen subjects their fair share of teaching attendance, whilst, in the case of the latter, the challenge is to find a middle ground of focus to which various subject matter perspectives can add value in terms of understanding, interpretation and responsible action. A modular approach excels in assuring academic depth and knowledge mastery in subjects, but may largely
leave it to the student to make the broader connections between disciplines in order to build a holistic picture. The integrative perspective seeks the latter, but may fall short on mastering the essential skills that may be of relevance to specific subjects. The challenge from a design point of view is then to decide which subjects should be treated in depth and will thus receive modular status, and which ones should be treated as cross-cutting and should thus be incorporated into everything else.

If it boils down to a choice between these two approaches, one can, by way of example, juxtapose the subjects of financial management and business ethics to entertain some questions in terms of curriculum design and educational methodology. For example, if it can be reasonably assumed that financial management teaching should entertain relevant ethical issues as well, can it also be logically assumed that the business ethicist shall be adept at dealing with the ethical dilemmas inherent to matters of financial management? Avoiding the complexity in this dilemma by means of simply following a modular approach is clearly not acceptable, but achieving the optimal integration is not a simple matter either. The answer towards a workable level of integration may sit, rather, in the teaching methodology itself, e.g., in the use of case studies or experiential learning.

If the methodology itself is to offer any clues towards a workable integration, then the willingness of management academics to engage actively with this challenge, namely to work across boundaries and to allow their vested theories and paradigms to be challenged in the integrative space, becomes a key factor to reckon with. In addition, one should not forget that management educators are themselves entangled in a system that rewards individual teaching and research performance, rather than the time and effort spent at the interface of collective and integrative work.

Whichever way the problem is approached, the real danger for management education, especially in business schools, is losing sight of its main focus, namely the “education of mature and responsible men and women who have acquired solid thinking skills enabling them to act with wisdom in an increasingly complex world” (Kleymann and Tapie, 2010:164).

How the aforementioned challenge can potentially be achieved is the question that now deserves attention. In finding a way forward for responsible leadership development through management education, three examples will now be further explored. The first will focus only on the teaching of business ethics itself; the second will look at how socially responsible decision-making can be enhanced through the practice of meditation, and the last introduces the idea of a collaboratory as an experimental pathway towards a more systemic approach to management education.

**Examples of promising alternatives**

**Teaching business ethics as a subject**

Rossouw (2004) explores the teaching of business ethics as a subject, and highlights three different schools of thought with respect to the question about what should be taught, namely cognitive competence, behavioural competence, or managerial competence. Each of these teaching paradigms can be characterised according to the purpose of what is being taught, the competencies that are developed as a result, and the way in which the resultant learning is assessed. Rossouw’s treatment of the three approaches is summarised in the Table 1.

Comparing these three positions leads to the conclusion that none of them can really be omitted from teaching as praxis. Therefore, for business ethics to be taught effectively there is a place for the classroom, for experiential exposure beyond the classroom and for engagement with the complexities of organisational life. Shaping responsible leadership, at least in terms of the contribution of business ethics thereto, is dependent upon a solid knowledge base,

<table>
<thead>
<tr>
<th>Teaching paradigm</th>
<th>Purpose</th>
<th>Competencies</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cognitive position</strong></td>
<td>To acquire the intellectual knowledge and skills to make proper judgements about the ethical dimensions of economic activity</td>
<td>Moral awareness, Moral understanding, Moral reasoning, Moral decision-making, Moral tolerance</td>
<td>Knowledge of theoretical models and the application thereof in the analysis of cases and scenarios that might arise in business</td>
</tr>
<tr>
<td><strong>Behavioural position</strong></td>
<td>To develop the capacity of students to behave morally in a business setting through calling on the affective, volitional, and imaginative dimensions of personal competence</td>
<td>Moral sensitivity, Moral courage, Moral imagination</td>
<td>Teaching is structured around opportunities for personal reflection and growth that might arise from character-forming experiences</td>
</tr>
<tr>
<td><strong>Managerial position</strong></td>
<td>To develop the competence to deal with ethics in organisational settings, taking into account the nature of organisations as systems of interpersonal interaction, providing a systematic context for moral behaviour</td>
<td>Systemic morality, Moral efficiency, Instrumental morality, Moral leadership</td>
<td>Students have to demonstrate their ability to respond to ethical issues from an organisational perspective, working with cases in which management behaviour can be simulated, and on the basis of which ethical managerial responses can be applied</td>
</tr>
</tbody>
</table>

**Table 1: Business ethics teaching paradigms (adapted from Rossouw, 2004)**
personal awareness of value preferences, and how these are applied in real-life situations and lastly, engagement with the full spectrum of organisational dynamics in the face of ethical challenges. Positioning the subject in the context of academic programme design should therefore be a matter of subject matter depth (understanding the why), of social engagement (confrontation with the what) and of multidisciplinary integration (achieving the how).

**Enhancing socially responsible behaviour through meditation**

Schneider, Zollo, and Manocha (2010) argue that most of the discussions about corporate social responsibility pertain to organisations, with little attention being given to how to develop socially responsible behaviour at the individual level. They distinguish between social awareness and social consciousness, between the ‘know how’ and the ‘know why’ of such education and argue that the first can simply be achieved through cognitive training, but that the latter needs a more reflexive approach, one that incorporates the interaction of cognition, values, and affect. This, they argue, is more sustainably achieved through the practice of meditation. Essentially, their paper reports on an experiment in decision-making on corporate social responsibility dilemmas, comparing managers being trained in techniques of relaxation and mental silence meditation with managers exposed to a conventional teaching in corporate social responsibility. The results indicate that managers who went the meditative route shifted away from self-interested towards more relational and ethical justifications for decision-making and developed a higher consciousness of the social and environmental impacts of business decisions and operations (2010:33). They conclude on the following note:

*The pedagogical designs currently implemented in business schools, corporate universities and executive training centres might suffice in raising managerial awareness of the multiplicity and complexity of the issues at stake. However they may fall short in developing a deep consciousness of the social role and responsibilities that managers carry in their daily activities* [Schneider, Zollo, and Manocha, 2010:36].

**A systemic methodology for management education**

The 50 + 20 Agenda is an emerging approach to management education, which was, historically speaking, stimulated by interpretations of the UNCG, deliberations within the GRLI and the guidance offered by the six principles of the PRME. It was, furthermore, also promoted by the PRME Conference at the Rio + 20 Summit in 2012. The 50 + 20 Agenda represents the collective effort of the GRLI, the World Business School Council for Sustainable Business and PRME in its institutional manifestation. Inherent to the 50 + 20 formula is the idea of rethinking management education over a period of the last 50 years, coinciding with the 20th anniversary of the 1992 Rio Earth Summit. The 50 + 20 vision contained in this agenda is essentially about management education that, firstly, educates and develops globally responsible leaders, secondly, enables business organisations to serve the common good and thirdly, engages in the transformation of business and society. The agenda calls for, not just a change in the contents of management education, but goes further in advocating the development of a new breed of faculty and a new type of business school. It proposes an approach to teaching referred to as a collaboratory (collaborative laboratory). Essentially, it refers to a learning context “without formal separation between knowledge production and knowledge transfer” (The 50 + 20 Agenda, 2012:21). The idea of the collaboratory is to focus on real-life situations and to provide solutions that are shaped by the nature of the issues at stake, not by the prescriptions of theory. This idea is still in its infancy and in its current stage of development, the 50 + 20 Agenda does not address business ethics as a subject directly, but it certainly offers a promising systemic alternative, in which the ethics and responsibility agenda will be naturally embedded in the learning experience. This may lead to academics and students becoming collaborators in terms of all three the ethical competencies to which Rossouw refers. It also holds promise for educating manager-leaders that will act responsibly in the interest of both business and society.

**CONCLUSIONS**

This paper focused on the following question: What kind of management education will be most conducive to developing managers who are able to exercise business leadership that will be regarded as ethical and responsible in the context of a sustainability-challenged 21st century society? In what emerged from pursuing the question, it seems that management education as it is predominantly practised at present will, first of all, have to engage deliberately with the critical debate on the ethical foundations of its core assumptions. Secondly, it will have to familiarise itself with the foundations and frameworks proposed by the responsible leadership proponents in the field management education. Lastly, it will have to explore approaches to curriculum design that will effectively integrate matters of ethics and responsibility across the spectrum of management subjects.

For this threefold endeavour to succeed, it will be important to hold the tension between positions that may seem to be opposites and rather treat them as polarities that will have to be deliberated on by participants in different contexts. It will therefore be wise to appreciate and utilise paradox as a framework for deliberating on the instrumental versus normative debate in business ethics, on the functional management versus responsible leadership orientation regarding the purpose of management education and the modular versus integrative design dilemma in curriculum development. Holding the paradox, instead of opting...
for exclusive alternatives, may give birth to appropriate higher-order solutions fit for a society and a business sector engulfed in a rather unpredictable transition process.

Developing responsible leadership through management education is not so much about introducing one or more additional subjects such as business ethics or corporate social responsibility into existing curricula. It is, first and foremost, about educating more than just a technically well-equipped manager, namely a manager-leader who will pursue what is best for the common good in ways that are ethical, responsible and sustainable.

REFERENCES


How to cite this article: Smith A. Responsible leadership development through management education: A business ethics perspective. Afr J Bus Ethics 2013;7:3-9

Source of Support: Nil, Conflict of Interest: None declared

AUTHOR

Arnold Smit is the director of the USB-ED Centre for Business in Society and associate professor extraordinaire at the University of Stellenbosch Business School. He is also a trustee of SEED Educational Trust, a non-profit organisation that builds leadership and change management capacity in the educational and social sectors and the president of the Business Ethics Network of Africa (BEN-Africa).