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Beyond the Bottom Line

Illinois Wesleyan business professors prepare their students for ethical dilemmas they may confront as corporate professionals.

Story by Ann Aubry

Our question today on Who Wants to Be a Millionaire ... Explain the phrase: "Greed works."

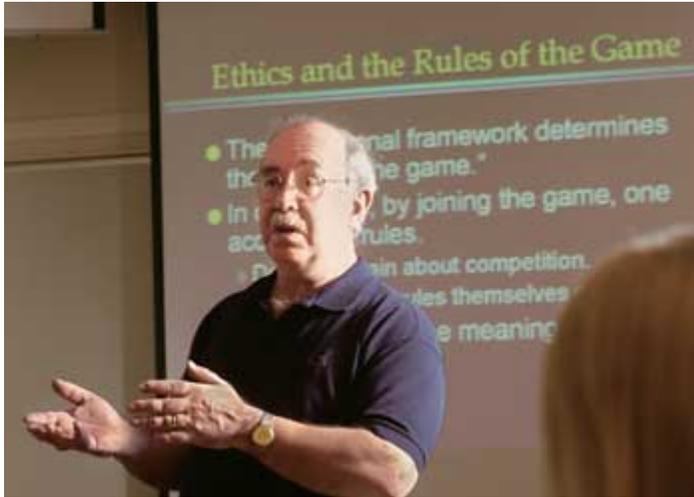
- A) A colloquial interpretation of economist Adam Smith's "invisible hand" theory, describing capitalism;
- B) A rationale behind high-profile corporate scandals of the last decade;
- C) A line of monologue spoken by Michael Douglas in the 1987 movie Wall Street, following the more famous, "Greed, for lack of a better word, is good";
- D) A concept that business administration faculty at Illinois Wesleyan University seek to dispel as they help students evaluate their ethical foundations and prepare for the career world;
- E) All of the above.

As Illinois Wesleyan business professors raise the issue of ethics in their classrooms, they don't necessarily need textbook case studies. They can bring in the business section of any major newspaper and be guaranteed to find multiple articles revolving around an ethical issue.

In a climate where former WorldCom CEO Bernie Ebbers was sentenced to a stunning 25 years in prison for accounting fraud and former Enron employees collectively lost millions in retirement funds when the company's fraudulent schemes collapsed, society is clamoring for a renewed sense of ethics in the way businesses are run.

Attempting to legislate against future Enrons or WorldComs, Congress passed the Sarbanes-Oxley Act in 2002. Among its provisions, this act requires businesses to implement internal auditing controls that prevent or detect inaccurate bookkeeping.

Such societal and legislative demands can't be overlooked when preparing future business professionals for their careers. The University has adjusted its curriculum by adding an accounting systems course that addresses the ramifications of Sarbanes-Oxley. But how does one — can one even — instruct a person in ethics?



Associate Professor David Willis teaches a May Term course on accounting fraud. One of the most glaring recent examples of such fraud involved former WorldCom executive Bernie Ebbers, shown above after being taken into custody. (Photo by Marc Featherly)

ethics is to incorporate it as part of a routine — whenever we talk about something, we’re also going to talk about the ethics of it, rather than, ‘Here’s all these things you can do as a marketer, financial analyst or as a lawyer, then throw in one chapter, ‘Oh, by the way, be ethical while you’re doing all that other stuff.’”

Cesar Douglas graduated from IWU in 1975 and today teaches master of business administration classes at Florida State University. As he looks back on his own education at Illinois Wesleyan and recognizes that his most enduring lessons weren’t necessarily part of the curriculum, Douglas believes that ethics can, in fact, be passed to the next generation.

“At that age — especially at college age, when it’s their first venture away from home — they’re a sponge at that point. So much of what goes on they’re watching and learning from. It can be taught.”

IWU Marketing Instructor Carrie Trimble certainly hopes so. While colleagues weave ethical discussions into their various business courses, Trimble has also taught a special topics course on business ethics and a Marketing and Social Responsibility class that’s laden with ethical themes.

“One of the reasons I’m interested in teaching these courses,” says Trimble, “is that I get frustrated because I hear from students that there’s only one way to be a profitable corporation, and that may involve not being ethically good. It’s this kind of jaded and very tired (view) — it’s like they’re worn out before they’re 21.

As more than 20 percent of the Illinois Wesleyan student body carries a major within the business administration department, it’s an important question. Is the requirement of a course dedicated to business ethics the answer?

“I always thought it would be interesting to see if (Enron’s) Kenneth Lay or Bernie Ebbers took an ethics course when they were in college. It would speak a lot about whether or not that makes a difference,” says Accounting Professor Gerald Olson, who believes not just a single class but “all of our courses should incorporate the teaching of good business ethics.”

Associate Professor David Marvin, who recently finished a rotation as business administration chair, agrees. “In my opinion, the best way to teach

“I want (students) to understand that there are practical costs to unethical behaviors in business,” says Trimble, “and you can’t assume that the only way to get ahead is to lie, cheat, and steal.”

She cites practical costs such as damaged public opinion; a loss of the trust that’s essential in maintaining long-term relationships with customers; and, if the public outcry is great enough, the possibility of legislation changing as a result of your actions.

In contrast to Trimble, Olson has found himself challenging students’ idealism rather than their world-weariness. He hopes to prepare those students — brace them — for just how difficult their choices out there are going to be.

“I’ve taught auditing for close to 20 years. One of the questions I’ve always asked students is, (what would you do) if you’re a controller someday and the CEO comes to you and says, ‘I need to find ways to create more wealth, and do it with the accounting system and not do it with the actual generation of new resources. Take care of it for me.’

“Of course the students’ response to that is, ‘I would not do that.’”

Then Olson paints the rest of the hypothetical picture, telling his students to imagine having a mortgage, two kids in college, a pension, and 20 years with their company. “Then the wheels start turning,” he says. “I think they realize it’s not easy to say no to someone who has that kind of authority over you.”

The past few years of widely publicized scandals have actually made it easier to talk to students about ethics, Olson says. “The kids can relate to it better.”

Trimble agrees. Before the recent spate of corporate scandals, “You could talk about consequences but they seemed unlikely to happen,” she says. “Now, it’s more likely.”

Marvin assigns reading about various ethical schools of thought as a starting point in pushing students to analyze how they personally make decisions.

“I do that specifically because I want them here in an academic environment to spend that time in self-reflection, to contemplate the structure or framework in their heads that leads them to reach the decisions about right and wrong that they take for granted,” says Marvin.

“My goal is that, when students face an ethical dilemma at work a few years from now, having gone through this process while they are here at Illinois Wesleyan will allow them to make a better decision then. Ultimately that’s what we’re all trying to do in every class in one way or another.”

Marvin wants their first time thinking through an ethical dilemma to be while in school, “rather than when there are bosses and shareholders and others breathing down their necks. One of the values of the academic setting is you have the time to contemplate that you might not have in the



**Professor Gerald
Olson**

real world. You also have the ability to make a mistake, the ability to think out loud and not have to come to a firm conclusion, which you then have to defend.”



Sammie Robinson (far left) and Carrie Trimble are among the business faculty committed to regularly bringing discussions of ethics into their classrooms. (Photo by Marc Featherly)

dubious business behavior is the utilitarian ethic — philosopher John Stuart Mill’s “greatest good for the greatest number.” A company can claim this ethic as long as its actions help more people than they hurt, Trimble says.

Associate Professor of Accounting David Willis acknowledges that a business professor isn’t necessarily an expert on the subtleties of ethical theory. All IWU students have a general education requirement for “analysis of values,” which can be met with a course on business ethics offered by the philosophy department. But Willis believes that also bringing the discussion into business courses provides helpful context.

“There are ways in which we have some expertise, understanding the institutional framework within which people live their ethical lives. I think we may be able to help students understand the complexity of ethical choices; we understand numbers are not black and white, cut and dried, right and wrong. There’s a lot of subjectivity in numbers — so (they) should be more alert to the potential bias in numbers.”

Students in Willis’s new May Term course, Accounting Fraud, learned about some potential pitfalls of their chosen profession as they examined recent scandals.

Trimble warns her students that she will play devil’s advocate to challenge whichever ethical system they discuss. While many students reflexively look to the Golden Rule (“Do unto others as you would have them do unto you”), she points out its limitations: “The assumption (of the Golden Rule) is people won’t do things wrong because they don’t want wrong things done to them. But if you don’t think a particular behavior is wrong, you may not care if it’s done to you.”

For example, an aggressive businessperson may admire the competitor who beats him to the punch — and therefore will have no qualms about striking first.

“People say, ‘That’s just the way the game is played. Yeah, that person got swindled, but it could have happened to me — I’m just smarter than he is.’”

Another school of thought cited in defense of

“It’s really helpful to know about the different things that have happened before to catch them in the future,” says Kristin Bandurski ’07. “We’ve learned how auditors are paid by companies to do their audit, and how that becomes a problem where you want to keep your clients (so) you lie for them. It’s kind of nice to know that problem is out there, so you can avoid it.”

Amid today’s glaring headlines of CEOs run amok, students of business history realize there’s nothing all too new in 21st-century scandals.

Yet with modern corporations making “quantum leaps” in size, today’s scandals command attention through sheer scale, Willis says. They also get attention because so many average citizens invest in the markets, his student Michelle Negwer ’07 has learned.

“People are more interested in it now because of all the investing community wanting to know if a company (they) have stock in is doing well or not,” she says. “When companies are public it has more of an impact on the common investor.”

Yet Douglas believes the market-focused demand for quarterly profits that exceed — not just meet — expectations is part of what creates pressure to commit fraud. Stockholders rolling in profits also might be inclined to look the other way when they should remain vigilant against corporate mishandling, IWU professors note.

Consequences hit home after Enron’s collapse, when accounting giant Arthur Andersen disbanded amid charges of obstructing justice on behalf of Enron, which was one of its major clients. The impact was felt at Illinois Wesleyan, which at one time was among the top 10 universities from which Chicago-based Andersen hired employees, Willis says. When the accounting firm unraveled in the spring of 2002, some IWU seniors hired by Andersen the previous fall were briefly left scrambling for replacement jobs. (Willis and Olson know of no alumni who worked at the Enron-auditing Houston office).

One of the students suddenly without a job was Rebecca Bernard ’02. Today she works at the Midwest regional office of the Securities and Exchange Commission (SEC), where she also had interned while at Illinois Wesleyan. She is a staff accountant for the Division of Enforcement, helping to investigate securities violations, including financial fraud, insider trading, and market manipulation.

“Ironically, it was the impact of a corporate scandal that prompted my return to the SEC,” Bernard says. “For me, Enron highlighted certain inherent weaknesses in the accounting industry. As a CPA and an auditor, I wanted to be involved in addressing those issues. The SEC provided me with that opportunity.”

While one might think that all the bad press about accountants would turn students away from the profession, Olson believes it’s had the opposite effect.

“Students now see that accounting does make a difference, it does matter. If the accountants at Andersen had done (their) jobs better when they were doing the audit for Enron, then a lot of people would still have their pensions today and their jobs. ... There’s social good to be derived

from the kind of work that is done in accounting. It's not just number crunching, or making money for people who already have money. It does have an impact for everybody."

Willis believes Illinois Wesleyan students are, as a whole, "good, honorable human beings whom I would trust to be good, honorable professionals." But, he adds, "I think they probably come in, not understanding the complexity ... and not necessarily understanding how the overall (business) environment can cloud one's judgment. So we try to alert them to that."

Happy to urge students to think for themselves, Marvin is also wary of "indoctrinating" students with his own ethical perspective.

"I don't want to assume the role of telling them what the right moral position is," says Marvin, "(but) I certainly like forcing them to think about moral judgments."

Associate Professor of Business Administration Frederick Hoyt embraces his role as moral guide.

"I personally feel a moral and ethical responsibility to teach ethics to our students," he says, adding with a nod to his volunteer occupation, "as a Scoutmaster, I could hardly do less."



**Associate Professor
David Marvin**

He illustrates his view with a personal story involving ethical consumer behavior. A store clerk once told him that he could, hypothetically, return a well-used item, since the store's policy allowed it. "Then she added, with a sweet smile, 'But if you do, you'll roast in hell.' I think, ultimately, that's what it's all about," Hoyt says.

Willis doesn't invoke fire and brimstone, but he says the question of "ethics" needn't be a tricky one. "When one goes back and looks at the major scandals and problems, I don't think it required elaborate analysis. I think most of them were (clear) breakdowns."

"I'm not a big one on ethical relativism in many areas," agrees Sammie Robinson, assistant professor of business administration. "You know what's right or wrong. Yes, there are shades of gray sometimes, but you know. The question is, where are you going to stand when you're confronted with it."

On the national level, Marvin says, "The reaction to perceived unethical conduct has been to codify what we think should be ethical principles into law. We're not changing anyone's ethics; we're just changing the law to which they have to comply."

Olson points out that the Sarbanes-Oxley Act leaves room for the determined swindler to circumvent its new controls.

“Nothing is going to prevent people from doing that, other than their own ethical and moral behavior,” he says. “That’s what it boils down to. Greed is what has played a big role in most of these frauds.”

Robinson has heard this view and finds it disheartening — especially since today’s students were learning to walk and talk around the time Michael Douglas’s Gordon Gecko character uttered those famous cinematic words about greed.

“This is the bling-bling generation. Every message they get tells them to ‘Get yours, any which way you can,’” Robinson says. “And while I’m a good capitalist — I believe that the first duty of a corporation is to make a profit — I also believe that there’s nothing that you should do in the pursuit of profit that harms people.” She laments that business today is conducted as if dollars are the only bottom line, the human factor forgotten.

“The only way that’s going to stop is for this generation to stop it. They’re the ones we’re depending on — just like we’re depending on them so that we can get a Social Security check. We’re depending on them to turn this thing around.”

On the subject of capitalism, Hoyt likes to raise, in a “liberal arts context,” what he calls “cosmic” questions that challenge this underpinning of American society.

One of those questions involves the “invisible hand” theory proffered by 18th-century economist Adam Smith. Smith’s theory argues that society will benefit as an unintended result of individuals pursuing personal gain. Simply put, the butcher and baker don’t bring food to market out of benevolence toward people’s need, but because they can profit from its sale. Yet the community benefits and is fed.



**Associate Professor
Frederick Hoyt**

Hoyt counters, “The individual in pursuit of self-interest advances self-interest. If I get rewarded simply for making money, then the means are not really important” — including who may be helped, or hurt, in the process.

Challenging the premise of various economic theories, even cherished ones, is healthy, Hoyt believes. “I like to raise questions about the nature of the system itself. I’m not sure I answer them — I’m not sure I can answer them — but I think it’s good for students to know that those questions do exist.”

In part because of such deeper questions, Willis believes that a liberal arts setting is the best place to learn about business. He also thinks the study of business itself can be a liberal art.

“(In business) you’re balancing multiple perspectives, the perspectives of different parties; you’re trying to look at what the past tells you of the future. To the degree that you’re dealing with customers or suppliers or employees from different cultures, you have to

understand the impact of different cultures, you have to understand the importance of diversity. It is a domain where one is fully challenged to employ the whole arsenal of the liberal arts.

“Students need to learn how to think, and how to analyze and communicate, not just to regurgitate facts and figures. I think it’s not just liberal arts as a means to a better business education, it’s business education as an ideal domain for teaching the values of liberal arts — ethics and morality being one of them, but not the only.”

Bernard says ethics was an underlying theme in all her business courses at Illinois Wesleyan. She remembers using an SEC case study text in her auditing class to study real-life examples of financial fraud, discussing the financial pressures involved, the propriety of the individuals’ conduct, and the actions that could have been taken to prevent the fraud.

“I believe that teaching ethics is a key part of any business education,” she says. “In our competitive marketplace, financial pressures will always exist. The best thing that educators can do is to prepare students to properly respond to such influences, enabling them to be a source of ‘positive pressure’ within the system.”

Robinson believes Illinois Wesleyan is positioned to turn out socially responsible graduates who don’t bow to the pressures of corporate greed. She adds, “Or if they do (bow to pressure), I want to have at least a moment in their conscience.”

She regularly asks students to do a “self-management project,” where they choose one thing in their lives they are going to change. She particularly remembers a young man who became fascinated by the story of Pat Tillman, the professional football player who gave up fame and fortune to serve in the Army and was killed in Afghanistan. The student wrestled with why anyone would walk away from “everything the world says we’re supposed to have.”

While many students made their projects “to study more, lose weight, stop biting (their) nails,” Robinson recalls, this student undertook a search for his true purpose in life.

“That’s what this university is about. I said to him, ‘Go talk to a philosophy professor, go talk to an English professor — go talk to people about these ideas that you’re having.’”

Compared to his classmates, “his (project) was totally off the beam, but this is a school where we can take our time with the students we think are totally off the beam. Because he’s struggling, he’s thinking, he’s evaluating at the age of 20,” Robinson says. “Next year we’ll send him out into the world; he’s grappling with who he’s going to be, because he hasn’t quite bought in to all of that stuff.

“So part of teaching ethics and social responsibility is providing opportunities for students to grapple with those questions. Before life asks them.”