BENTLEY UNIVERSITY

9th Bentley Global Business Ethics Symposium

Sponsored by State Street Foundation

Cosponsored by the UN Global Compact PRME

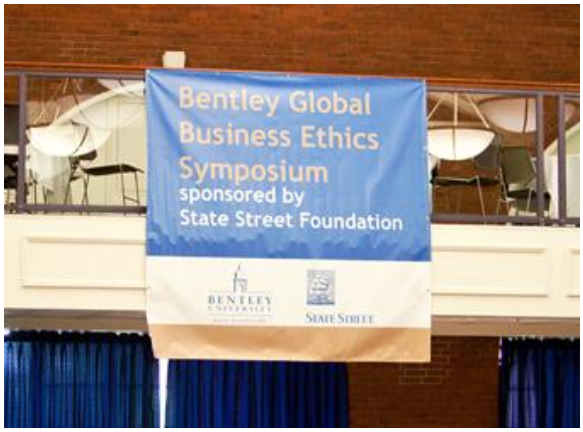
May 20, 2013

STATE STREET FOUNDATION

PRME Principles for Responsible Management Education

The 2013 Bentley-State Street Global Business Ethics Symposium, the ninth in a multi-year partnership, was held on May 20th on the Bentley University campus in Waltham, Massachusetts. The program continues in its objective to unite business and higher education in the common goal of building a strong ethical foundation from which to serve our many stakeholders and communities. Once again, this year's event brought together international experts and thought leaders from the academic, corporate, government and non-government organization (NGO) worlds for in-depth discussions of current practices and challenges in business ethics, corporate responsibility and sustainability. The purpose of the day-long event was to both learn and inform by:

- exploring current practices in other institutions, countries and cultures;
- identifying ways to enhance issues of ethics, corporate responsibility and sustainability in business education and in outreach to the corporate community; and
- disseminating this experience throughout the academic and practitioner worlds.

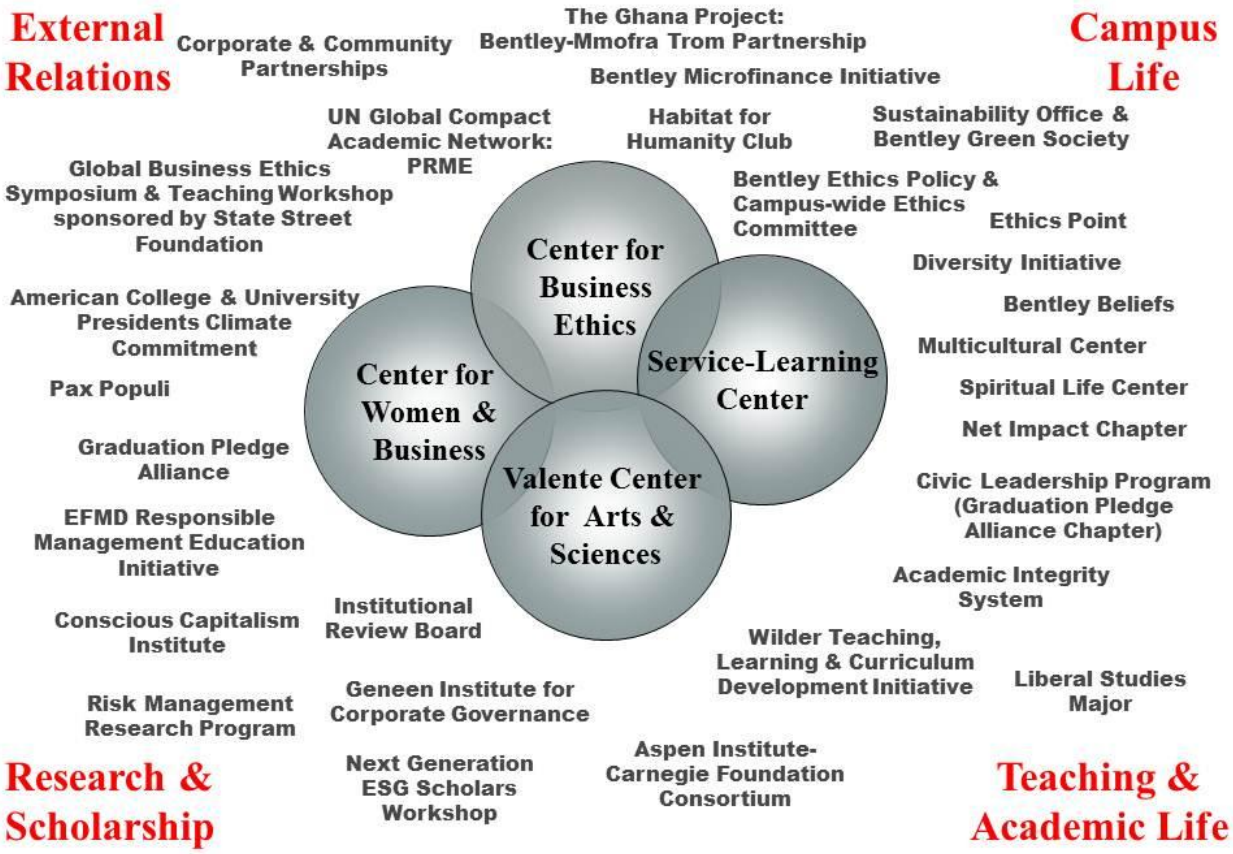


With 29 speakers and panelists and an audience of approximately 125 academic, civil society and corporate participants, the program provided the opportunity to explore a wide range of issues related to questions of responsibility and organizational integrity. The Symposium series is hosted by the Bentley Alliance for Ethics and Social Responsibility (BAESR). Formally launched in January 2004, the Alliance's mission is to *amplify and extend the work of the autonomous centers and initiatives on the Bentley campus, supporting and encouraging greater awareness of, respect for, and commitment to ethics, service, social responsibility and sustainability in faculty research, curricula and campus culture*. Founded and coordinated by **Anthony F. Buono**, *Professor of Management and Sociology at Bentley*, a unique feature of the Alliance is its integrative focus on ethics, social responsibility, civic engagement and sustainability.

In pursuit of its mission, BAESR's efforts focus on:

- supporting and encouraging collaborative and applied transdisciplinary ***research*** that has the potential to significantly affect current practice;
- influencing ***curriculum*** development and pedagogical innovations intended to make our students more ethically sensitive and socially aware;

- ensuring a broad application of these principles and ideals in ***campus life***;
- attempting to foster life-long ***civic engagement*** among our students; and
- seeking to work closely with external organizations – ***partnering*** with academic and professional associations, corporations and not-for-profit organizations and NGOs in pursuit of these goals.



THE AY 2012-13 BENTLEY ALLIANCE FOR ETHICS & SOCIAL RESPONSIBILITY

This collaborative effort is dependent on the commitment of a broad range of stakeholders, including Bentley faculty, staff, students and alumni, as well as business executives, corporate partners, other relevant associations and colleges and universities.

As it has evolved over the years, the BAESR initiative is currently built on four "core pillars" in the Bentley community that continue to operate as autonomous entities, but collaborate under the aegis of the Alliance:

- ***Center for Business Ethics***: Founded in 1976, the Center for Business Ethics is an internationally recognized Center that promotes ethical leadership, conduct and cultures as critical to an effective and legitimate role for business. (http://cbe.bentley.edu)

- ***Center for Women and Business***: This newly created Center is focused on helping women reach their full potential in the workplace and helping corporations engage the full potential of talented women leaders. The Center's research and programs provide a roadmap for organizations and individuals alike to move this critical conversation forward. (http://www.bentley.edu/centers/center-for-women-and-business)

- ***Service-Learning Center***: Established in 1990, the Bentley Service-Learning Center seeks to promote academic learning, to develop socially responsible working professionals, and to assist community partners in serving the human needs and interests of their constituencies. (http://service-learning.bentley.edu)

- ***Valente Center for Arts & Sciences****:* Created in 2006, the Center's mission is to help make the arts and sciences a vital, integral and challenging aspect of undergraduate and graduate education at Bentley, promoting research at the intersection of arts, sciences and business. (http://arts-sciences-center.bentley.edu)

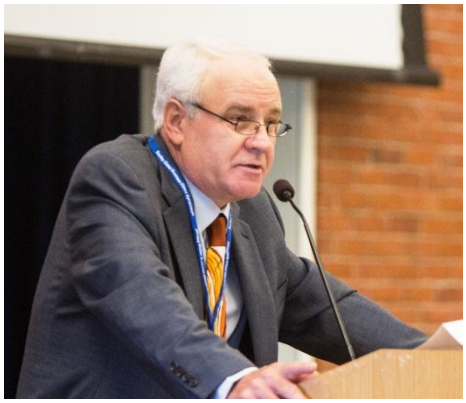
Combined with a series of programs and activities across the institution, this initiative has led to a four-part approach that attempts to shape and influence a sense of ethics, service, responsibility and sustainability throughout (1) the curriculum, (2) campus life, (3) the university's research agenda, and (4) outreach to the academic, corporate and not-for-profit worlds.

SYMPOSIUM HIGHLIGHTS

ACCOUNTABILITY AND RESPONSIBILITY IN MANAGING ORGANIZATIONAL INTEGRITY

Anthony F. Buono, *Executive Director of the Bentley Alliance for Ethics and Social Responsibility*, began the program by noting Bentley's long-term partnership with State Street. The Symposium series is held in memory of Tim Harbert, a Bentley alumnus, trustee and

chairman and chief executive officer of State Street Global Advisors. Reflecting on Tim's role with State Street, he observed, "as his colleagues at State Street have noted, under Tim's leadership, State Street Global Advisors became one of the world's premier asset managers, significantly expanding its portfolio of Socially Responsible Investment Funds… throughout his tenure with State Street, Tim was a major supporter of the firm's community outreach programs… he would be very proud of this Symposium and the focus of our discussion today."

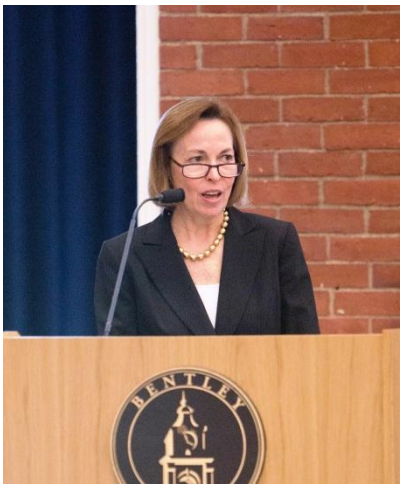


Tony Buono
Bentley University

After thanking the State Street Foundation for its ongoing support of the Symposium series, he also noted the continued sponsorship of the UN Global Compact PRME initiative – the Principles for Responsible Management Education. Reflecting on the focus of this year's program, he underscored that "Especially as we look back on last summer's Rio+20 Summit – which marked the 20th anniversary of the 1992 United Nations Rio Earth Summit – its underlying theme – *The Future We Want* – reflects much of what we will be talking about today – what we need to do to ensure the highest levels of organizational integrity grounded in universally accepted values and principles."

The themes of the Symposium programs over the years – from "Ethics and Enterprise Risk Management" to "Corporate Social Responsibility in a Global Environment" to Sustainability-related concerns, the "Challenges of Stakeholder Engagement" and "Building Responsible Global Cultures" … to last year's focus on "The Future of Capitalism" – have attempted to "capture current concerns and challenges faced by the business sector in an increasingly pluralistic, transnational and turbulent world. This year we turn our attention to another timely challenge – 'Responsibility and Accountability in Managing Organizational Integrity.' Reflecting on the myriad problems and challenges faced by our business system, ranging from questionable machinations in our financial services sector to ongoing human failures in our global supply chains, today's topic is very timely indeed."

After recognizing State Street's long-term commitment to these ideals and laying out the agenda for the day, he introduced Bentley's President, **Gloria Larson**. Adding her personal thanks to State Street, Larson noted that over the years the Global Business Ethics Symposium continues to be one of Bentley's signature events. "This year's focus captures many of the core challenges we are facing today… just think about where so many companies have been over the past decade… when so much public trust has been lost." Lamenting the myriad scandals involving high profile companies both here and abroad and the resulting loss of public trust in business, she noted that "When these types of activities lead to a U.S. and then global recession… you know something highly damaging has been done." Accordingly, we all face a



Gloria Larson
Bentley University

"call for action to do an even better job of ensuring that our business organizations can effectively move forward."

As Larson continued, trust in business is a prerequisite for long-term success. "We need to regain that trust – think how difficult it has been to see confidence build among consumers, how difficult it has been to see confidence build in the business community… to create activity that spurs economic growth … trust is a prerequisite… This is, of course, a tall order. How can this be captured within the corporate world? How do we get companies to be more responsible, to operate with integrity? What does it take to ensure that this commitment is institutionalized, rooted in a set of universally shared values?"

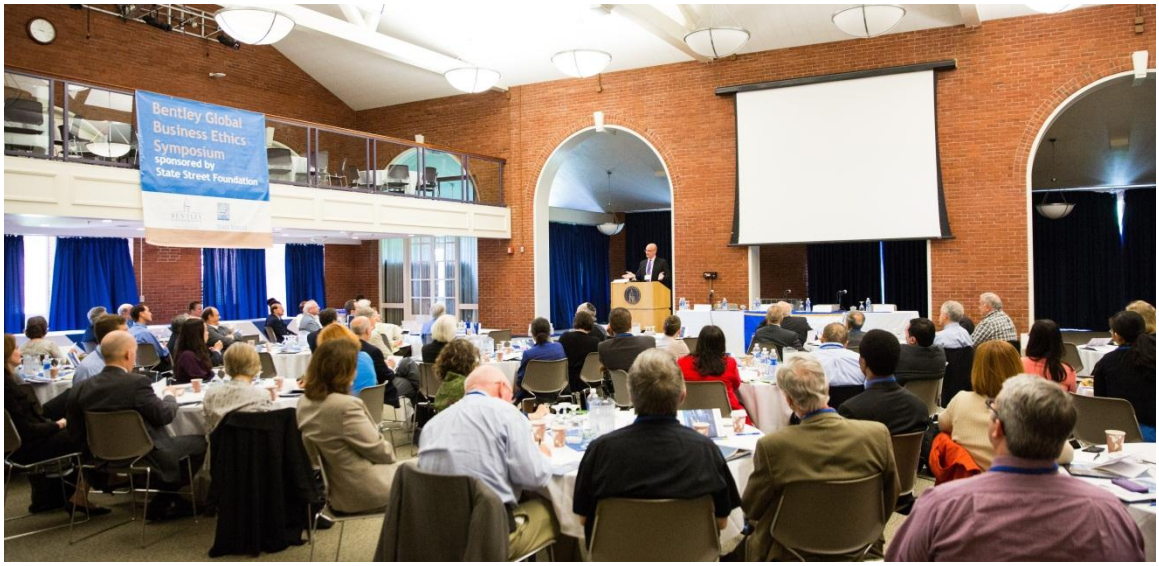
Looking back, Larson noted that for almost a decade she had served as a regulatory lawyer at the Federal Trade Commission in Washington, DC. "Like many of you I have seen the bad and ugly in the marketplace, but I have also seen aspects of exemplary company conduct… and witnessed how these values can be inculcated into the organization." She argued that while regulations are clearly important, true responsibility has to "emerge from within the company… from the tone at the top and an organization-wide commitment to ethics and compliance, to a broad commitment to the larger social good, ethics and compliance must be seen as the responsibility of every organizational member. If employees believe the company values and rewards high ethical standards… when they know they are treated with dignity and respect regardless of their position… when corporate leaders talk about the firm's success because of its ethical standards… when employees see the firm 'walk the talk,' it can happen."

The opening keynote address was given by **Fredrik Gjerstad**, *senior vice president and global head of Investment Risk Management at State Street Global Advisors*, who began by explaining the focus of his speech. "I didn't get invited here today to talk about theories and surveys, so my comments will focus on how I view ethics in my role and why a commitment to ethics is important in what we do. At State Street Global Advisors (SSgA), we currently manage 2.2 trillion dollars worldwide. That is a lot of people's retirement money. As such, risk management is an extremely integrated and important part of what we do at SSgA."

Fredrik Gjerstad
State Street Global Advisors

Gjerstad noted that we have "a risk representative on every senior committee at SSgA." As he explained, small decisions "taken at a very quick, rapid pace can escalate into something bigger." As an example, he told a story of a visit to NATO headquarters in Brussels during the Cold War. Following a presentation by one the generals, the general was asked how spies were recruited. "The general said 'we go to all the people we know that have some connections behind the Iron Curtain… then we look at their past to see if they have ever made any decision or an act that we can use to, for lack of a better word, blackmail them.'" Reflecting on the story, Gjerstad emphasized that "it is always an accumulation of all the small questionable decisions you make that will get you in trouble in the long run."

He explained that, in most instances, the "people who get a firm in trouble are not pure evil." Pointing to the recent example of a large global bank and their London office, and the loss of more than $6 billion in 2012, he noted "it's very fascinating how that went wrong." "Without getting too technical," he argued that there are "certain relationships of market dynamics that always hold true – as a simple example, how green always follows red in a stoplight. It is when these relationships stretch or no longer hold true that problems can occur." In the aforementioned bank's case, "once things started going against them, it appears they just moved the cap for risk limits… they didn't move the cap number, they just changed the way to calculate the limit." From an ethical standpoint, he asked the audience to consider how the agenda must have looked for the meeting in which the standards were going to be changed because "the bets are going against them… What does that agenda look like?"

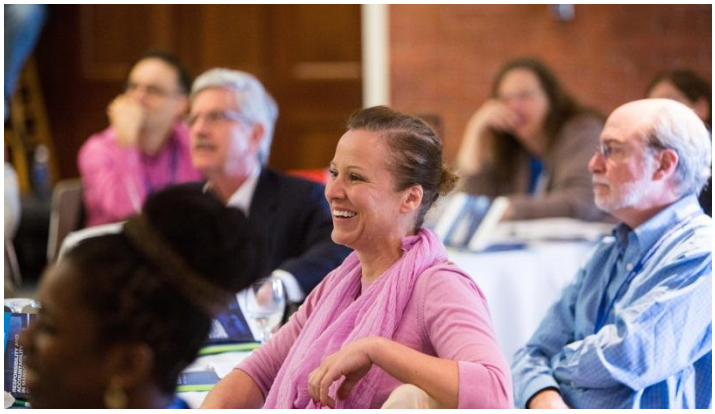


Gjerstad turned to another high profile example at a Swiss bank. He said that "they found a way where the people in question, could just bet, and bet, and bet, and bet… somebody was asleep at the wheel... they only hid it when other banks went against the trades." He argued that the other banks went against the bank because of the relationships, which he mentioned earlier,

no longer held. As he explained, "every loss starts with just $1… the real question is at what point do you cut your losses and get out?"

Reflecting on his role in risk management, he explained that "we look for every little deviation from the norm in all our funds… and we try to do it daily. Every multi-billion-dollar loss from questionable behavior begins with a small fork in the road … that demands a split-second decision. You have to look at every little detail every day." Gjerstad underscored his belief that "no person is bad at the get-go. But, in my role, I owe it to the firm to make sure that I'm monitoring every step of the process to mitigate the damage that risks can cause down the road."

Gjerstad concluded his comments with an example which he lauded as showing exemplary decision-making at SSgA. "A few years ago, SSgA had some issues with mortgages that were causing… liquidity issues within some of our funds." He said the decision process that followed focused on how the firm was "going to treat all of our investors the same?" At SSgA "less than 20% of our clients contribute more than 80% of our revenue. However, these clients have the same expectations as all others in dealing with what are known as very liquid funds." As a result, SSgA started gating these funds, a move that initially upset many clients. He emphasized that the gate percentage, frequency, and the way in which it was monitored were all set "when cooler heads prevailed." This process is critical, as he argued that "If you set the expectations out first… put the fences up… and you happen to go too far out from the fence, it's a very easy decision to make – you bring it in and you rectify the problem."

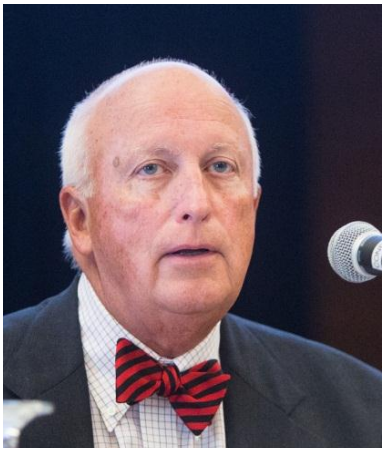


ENHANCING ORGANIZATIONAL INTEGRITY

Reflecting on the symposium theme, **W. Michael Hoffman**, *executive director of the Center for Business Ethics and Hieken Professor of Business & Professional Ethics at Bentley University,* began by setting the stage for the panel's remarks. Framing business ethics as a branch of applied ethics, he argued that the field "seeks to apply our understanding of ethical norms to practical matters." As he continued, the "central purpose of business ethics is the practical achievement of enhanced organizational integrity." He explained that despite how simple this objective may sound, it was 15 years from the time he founded Bentley's Center for Business Ethics (1976) to

the passage of the Federal Sentencing Guidelines for Organizations (FSGO) – which he categorized as the "first strong wakeup call regarding ethics and compliance" for business.

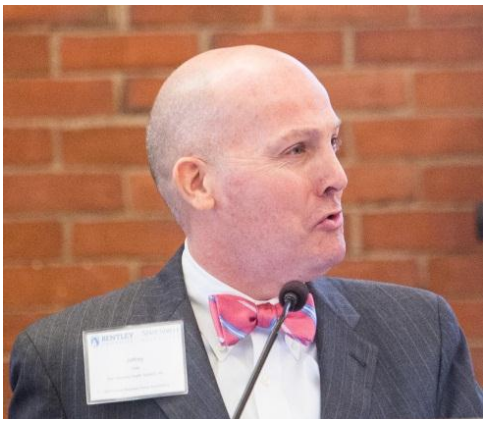
Looking at the 22 years that have passed since the FSGO were put into place, he underscored that there have been significant changes, noting that "Today it is safe to say that there is virtually no major organization across the country – or around the world, for that matter – that doesn't have a code of conduct." Yet, he questioned, "So why do we continuously still hear of business scandals?" As Hoffman argued, changing the culture of business is just as vital to systemic change as the law – and the main challenge business leaders face, which will be explored in today's program, is "to figure out how to translate these well-meaning and inspiring codes of conduct and ethics programs into living, evolving, powerful organizational cultures."



Mike Hoffman
Bentley University

Jeffrey Oak, *senior vice president of Corporate Responsibility and Development at Bon Secours Health System, Inc.*, began by explaining that his reflections on enhancing organizational integrity have been filtered through the lens of a practicing Chief Ethics and Compliance Officer. Drawing on this experience, he underscored that there are certain activities that can enhance organizational integrity but they cannot "create integrity in organizations where it doesn't exist – and neither can they guarantee it where it does exist." Although these programs may enhance the integrity of an organization, they do not necessarily "ensure the integrity" of all of the individuals of that organization.

Oak highlighted four practices that he believes are effective at "driving culture over and above" the programmatic elements of an organization: giving voice to the Chief Ethics and Compliance Officer (CECO), speaking truth to power, disciplining high performers, and differentiating "What can be done?" from "What should be done?" As he argued, "If an organization does these four things well, there is an associated excellence in performance." The CECO should not just have a place at the table, but should possess sufficient "organizational voice to assist governance efforts in the exercise of the firm's fiduciary duties." Simply paying lip service to ethics and compliance or involving it in only legal requirements has minimal impact on culture. Therefore, a key concern goes beyond whether or not the CECO "has a place at the table." The question we should be asking is "Does the CECO have a voice of influence?"



Jeff Oak
Bon Secours Health System, Inc.

Oak then argued that "ethics and compliance education should

move beyond knowledge to empowerment, specifically the empowerment of associates to speak truth to power." This point reflects the basis of moral courage in the business world. He noted that "one critically important way that an individual influences an organization is by speaking the truth insofar as he or she understands it, to those in power." It is critical that individual organizational members both internalize the moral objectives of a firm and be equipped to challenge those objectives at the same time. He emphasized that a large part of this dynamic isn't concerned with being educated about "it" – "whatever the 'it' may be" – but the extent to which the individual in question is "equipped to speak truth about 'it.'"

In regard to disciplining high performers, Oak said that "Leadership should be prepared and equipped to take appropriate disciplinary action against individuals who violate organizational standards, even – and I would say especially – when they are high-performers, with respect to traditional business objectives." While this may be one of the hardest things for leaders to do, he argued that "procedural justice… legitimates the culture." Holding people accountable – no matter their status within the organization – is one of the best ways to show that a culture is effective, useful and a means by which an organization can thrive with respect to integrity.

Turning to a focus on legal controls, he argued that this approach is not as effective as focusing on both legal and ethical considerations, noting that when organizations "make use of both legal and moral claims… the combination can have a meaningful impact on the culture." The question should not be "What can be done from a legal perspective?" but rather "What should be done from an ethical perspective?"

Oak concluded by drawing on a quote by Abraham Lincoln, regarding the "better angels of our nature." He noted that we "miss something when only appealing to the minimalist (or compliance) angels of our nature. It is when we make the more noble appeal to the angels of ethical standards that we have a chance to impact the culture of our organizations."

Lynn Paine, *John G. McLean Professor and senior associate dean for Faculty Development at Harvard Business School*, continued the discussion by calling for "new approaches" to managing organizational integrity. As she noted, "the basic fundamental approach has been improved, it has been tweaked, it has been refined – but we need to start thinking in a more radically different way about these programs."

Lynn Paine
Harvard Business School

Paine then turned to four suggested pathways that could change the means through which we attempt to improve organizational integrity. First, she argued that business leaders must "recognize that standards of conduct – the expected behavior of companies – are increasingly global." She stressed the

importance of not confusing "accepted practice or common practice with approved practice." Businesses that base their own procedures on what everyone else is doing can run into significant problems. The days of "do as the Romans do" have long passed.

Secondly, business leaders "need better ways of tracking their company's ethical performance." Merely having a code of conduct and other standards does not mean that you are actually performing well ethically. Drawing an analogy, Paine asked how impressed we would be if an organization touting its sales performance simply noted that its sales staff was composed of "really good salespeople with a good sales plan." As she noted, that would never suffice. Managers get daily sales reports and have other metrics that allow them to track and identify how well they are doing. By the same token, having measurable metrics for ethics within an organization is extremely important.

Her third suggestion emphasized the need for business leaders "to expand their tool kit for addressing ethical problems." She stated that many ethics officers automatically think about compliance when faced with an ethical breakdown. Rather than probing the root cause, their instinct is to beef up oversight and monitoring. Paine stressed the importance of having a diverse and well-rounded "tool kit" and the ability to "think outside of the normal box of ethics and compliance."

Finally, Paine argued that in order to develop these new approaches, we have to "adopt a different mindset." Noting that we tend to focus on "avoiding missteps" and "being in or out of compliance – detecting and deterring – the whole legalistic mindset," she called for more thinking about "how we can improve" and "how to get better?" While Paine acknowledged that this transformation will not happen overnight, she underscored that "it is a goal worth working toward."

In conclusion, she emphasized that these suggestions are "just the tip of the iceberg… We need a breakthrough in how we think about organizational integrity," rather than just tweaking our existing models.

Prakash Sethi
Baruch College, CUNY

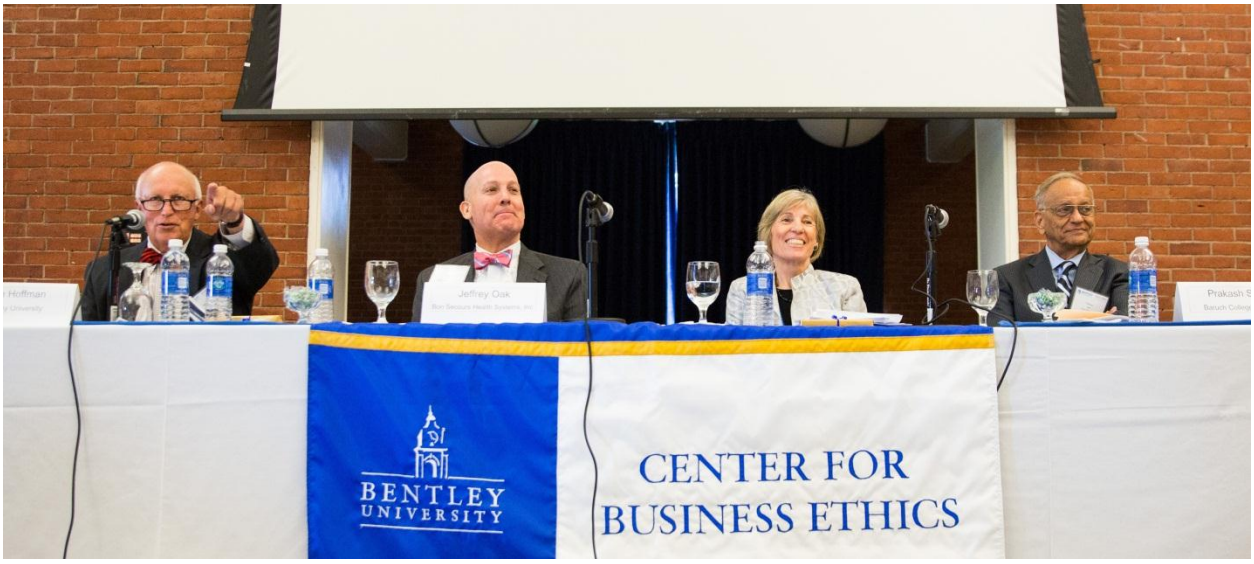
S. Prakash Sethi, *University Distinguished Professor of Management at Baruch College, City University of New York,* started by explaining that "we need to think very differently about where we are, why we are here, and where we would need to go." Over the past two decades, the field of business ethics has grown tremendously. There have been significant advances in research and the quality of content and teaching has witnessed remarkable improvement. There is hardly any business school that does not require one or more courses in business ethics and corporate social responsibility in its degree granting

curricula. Externally, most business organizations recognize the necessary role of ethics and corporate social responsibility as integral part of their modus operandi. Gone are the days when corporate leaders would assert that the sole responsibility of business was to maximize profits for the benefits of their shareholders and would cringe at the prospect of being labeled "do-gooders" at shareholders' expense.

"The reality alas is quite different than the rhetoric." Sethi argued that when considering recent transgressions by business managers, the real impact of business ethics has been "worse than horrible. In other words – we have created a phenomenally good product for which there is no demand." Sethi attributed this anomaly to the longstanding assumption that ethics only relates to the "bad apple[s]" in organizations. An alternative perspective is that companies are a "barrel which is all bad, and our challenge is to protect the one good apple who might have survived this… problem."

To illustrate his argument, Sethi noted that over the past two decades scandals have emerged in waves, across industries, countries and regions. As he argued, "unethical and potentially illegal actions … are so embedded in the business model of company conduct… that no amount of teaching is going to change it." Sethi then provided example after example – from Apple and Wal-Mart to Nike – of "good, that is, highly profitable" companies that have extreme ethical issues surrounding them.

Drawing on a *Wall Street Journal* article that conveyed sympathy for retailers because "there are not that many countries that can manufacture the products ever more cheaply that they sell," he argued that, in effect, "isn't that… saying that there are not very many countries left that they can exploit?" Sethi attributed this exploitation to globalization, arguing that due to globalization "aggregate growth has gone up… but the distribution of the value given to other factors of production, aside from capital, has continued to decline and is now highly skewed in favor of

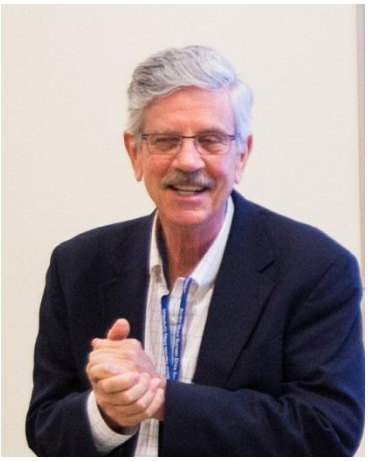


capital." This problem is due to the reality that every element in today's supply chain is a "competitive element… You can't reduce the salaries of your managers because they would go someplace else. You can't reduce the profit margins on your stores because the managers then won't get paid… the only place where you would keep making money in order to keep the other elements in the supply chain stay with you is to gain as much of non-economic grant as you can… from low-wage, low-skill workers."

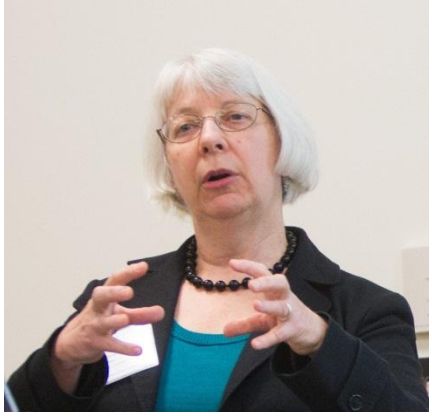
Sethi concluded by emphasizing his pessimism towards our current business culture. As he lamented, "unlike my colleagues, I really don't hold a whole lot of faith that the business world will change itself… the current business model has embedded low-cost, high negative externalities in the environment so well… that unless we are able to change that … we are going to be talking about the challenge of organizational integrity for the next ten years."

WHISTLEBLOWING, RETALIATION AND ORGANIZATIONAL SYSTEMS

The "Whistleblowing, Retaliation and Organizational Systems" panel was moderated by **Robert Frederick**, *professor of Philosophy and chair of the Department of Philosophy at Bentley University*. **Janet Near**, the *Dale M. Coleman Chair of Management at the Kelley School of Business at Indiana University*, began the discussion by exploring why whistleblowing matters. The goal of whistleblowing, she noted, is "to try to make sure that wrongdoing is reported internally, within the organization." When whistleblowing is reported publicly, in contrast, a myriad of problems can arise for the organization. The ability to keep whistleblowing internal, therefore, can help organizations dramatically reduce or avoid costs and negative publicity.



Bob Frederick
Bentley University



Janet Near
Indiana University

As she continued, because wrongdoing happens in all kinds of organizations, we can expect that whistleblowing will also happen in all kinds of organizations. Whistleblowing can also occur across all types of organizational members. Near stated that whistleblowing is "not dependent on a particular personality. It's not someone who repeatedly engages in revenge. It's something that happens with all members, so whistleblowers are made, not born."

Regarding whistleblowing process itself, she explained that most whistleblowers start internally, and "move to external

channels usually only in very rare cases, and only when the internal whistleblowing was unsuccessful." She underscored that these individuals typically move to external disclosure for two main reasons – first, if their internal efforts did not result in any change or second, if they suffered from retaliation.

Citing a vast wealth of social science research, Near went on to define whistleblowing as "The disclosure by organization members, former or current, of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action." She mentioned various implications of this definition, one of which being that whistleblowing must be performed by a current or former employee. Near continued assessing its implications, noting that whistleblowing involves wrongdoing and its underlying purpose is to put an end to that wrongdoing. She also argued that it is important to "focus… on the whistleblower's behavior, not their intentions or their motivations…" due to the reality that it can be impossible to "get into the head of whistleblowers."

Near also described how important it is to consider *who* is involved in whistleblowing. Beyond the whistleblower per se, two other parties involved in the process include the complaint recipient and the organization itself. "All of these folks have relationships between themselves. They have power relationships among themselves, and it's important to understand those in trying to understand what it is the whistleblower is aiming to accomplish and how the whistleblower is likely to behave."

In regard to who tends to blow the whistle, Near pointed out several key factors that whistleblowers tend to have in common. As she noted, "Consistently, people who blow the whistle tend to be older. They tend to have been a member of the organization for a longer period of time. They have more education… They tend to be at higher pay levels, and they tend to be supervisors." She argued that these individuals usually know where to blow the whistle and feel compelled to do so, mentioning that they tend to be what we would consider the "typical loyal employee."

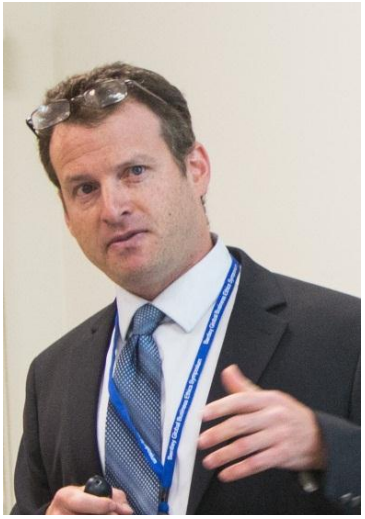
The next main focus of Near's comments was retaliation. She defined retaliation as "undesirable action taken against a whistleblower – and in direct response to the whistleblowing – who reported wrongdoing internally or externally." She expressed her reservations with the repercussions of this definition, as it can often be difficult to know, for certain, that an action taken was directly because of the whistleblowing. She then turned to several types of retaliation, noting that even though most whistleblowers are not directly fired from their jobs, retaliation takes "many forms that would push a person to feel like he or she might want to leave the job."

In conclusion, Near shared her recommendations for managers and administrations when wrongdoing occurs, underscoring that it happens in most – if not all – organizations. As she

argued, "the goal should be to encourage internal whistleblowing by responding appropriately to the wrongdoing, and avoiding the temptation – however human – to engage in retaliation against the whistleblower." Failures in either of these areas can force the whistleblower to go external – with the potential for far more devastating consequences.

Continuing the discussion, **Mark Schwartz**, *associate professor of Management and Business Ethics at York University*, focused his remarks on the morality of whistleblowing. He started by arguing that most people have seen misconduct, and when faced with it, the decision whether to speak up can be the "…most difficult, important ethical dilemma that we face in our entire careers." Within that context, he explored the point when it is permissible to blow the whistle and when it actually becomes obligatory.

After presenting different ethical dilemmas to the participants, Schwartz spoke about the normative criteria under which it becomes morally permissible or even obligatory to blow the whistle. Noting Richard De George's 1982 textbook (revised in 2010), which lists the conditions under which one can blow the whistle, he argued that this perspective needed to be modified. With respect to moral permissibility, for example, Schwartz argued that De George's criteria for permissibility were too limited. As an expanded version of these criteria, he underscored that internal whistleblowing within the firm is morally *permissible* if the precipitating misconduct "violates the law or the firm's code of ethics." For external whistleblowing outside the firm, misconduct would be required that "seriously violates the law or involves serious physical or financial harm, significant infringement of basic moral rights, or a serious injustice." Schwartz also pointed to two core requirements underlying the moral permissibility of external whistleblowing – first, if there is reasonable evidence or belief of misconduct based on first-hand knowledge, and second, if the misconduct was already reported to supervisors (up to the board of directors) without any action or response.



Mark Schwartz
York University

In terms of the moral *obligation* to blow the whistle, in contrast, Schwartz stated that De George's criteria were too strict and thus also required re-examination. Drawing on his own criteria for internal moral obligation, he argued that the criteria for moral permissibility, discussed above, must be met and that the firm must also have an "effective, written, firm anti-retaliation policy." This is due to the fact that, according to Schwartz, "you will suffer [retaliation], the evidence suggests, if you blow the whistle" if your firm does not have one of these policies. For external moral obligation, the moral permissibility criteria must be met once again and effective external legal protections for employees must also exist.

Schwartz then applied the proposed criteria to two of the more famous whistleblowing cases, Sherron Watkins at Enron, and Dr. Jeffrey Wigand at the tobacco firm Brown & Williamson. Schwartz then went on to describe the challenges and limitations to determining when whistleblowing is morally permissible or obligatory. He acknowledged the need for a distinction between permissible, obligatory and praiseworthy whistleblowing. Schwartz also argued that there is a "need to understand at what point someone can say this is serious harm or a serious breach of the law. What constitutes reasonable evidence or belief of misconduct, and what constitutes an effective anti-retaliation policy…?" As he underscored, even today, although often permissible, whistleblowing is very rarely obligatory.

Schwartz concluded by noting that while whistleblowing can destroy careers, families, and firms, it can also prevent public scandals and save lives. Therefore, "governments… have an ethical obligation to enact and enforce anti-retaliation legislation for all employees." At the same time, he also noted that employees and managers have an obligation to apply and consider normative criteria before blowing the whistle.

The final panelist, **Mark Rowe**, *Advisory Services Leader at LRN*, started his presentation by noting that "over the past ten years or so we've focused, perhaps disproportionately, on creating the processes, mechanisms and policies that help people to bring forward their concerns. We've missed some significant opportunities to really look at the underlying systems of governance, culture and leadership that could make a significant difference." Rowe argued that when people are working in an organization where the culture is defined and driven by values they share, they are much more likely to "blow the trumpet rather than the whistle"—meaning that they will be inspired to praise the organization publicly, rather than lodge complaints and concerns.

Mark Rowe
LRN

Rowe then focused on the need to create a "culture of candor," noting that whistleblowing occurs when the information flow in an organization is interrupted. Such interruption may take the form of employees hoarding information, not sharing it, or minimizing warning signs. They may do so out of ignorance though more likely apathy –"It won't make any difference anyway" – or fear of retaliation. As he underscored, it is therefore of the utmost importance to have well-publicized and *trusted* channels for people to report their concerns.

Citing Dodd-Frank and Sarbanes-Oxley as two of the main protections for whistleblowers, Rowe also acknowledged that these two interventions did not fundamentally change the underlying issues. He argued that in organizations our goal should not merely be to help people raise concerns, but to "get beneath all that… and start to shift the way that we look at

organizational culture – how it can shape the way people behave, they share information, and relate to each other."

Rowe then described the focus on promoting whistleblowing as "treating the symptoms rather than the disease." He stated that whistleblowing is inherently problematic. It is typically based on people discovering and reporting problems after they've already happened – which is "an inefficient process for mitigating risk" – and, he noted, one that can cause preventable reputational and financial risk.

If a company focuses on its ethics, compliance and risk management efforts as part of a broader, more systemic effort to influence behaviors and culture, this will certainly "give them credit [in the eyes of regulators and enforcement agencies] for making a good faith effort to implement an effective ethics compliance program." However, as Rowe cautioned, "you can't legislate culture." Referencing a dereliction of care scandal in a British hospital that experienced unusually high mortality rates, Rowe showed that focusing on policy is not necessarily the best way to encourage people to raise concerns; instead, one should "look at the culture itself." Rowe stated that if an organization's culture expects employees to escalate issues, it could have benefits beyond the organization itself, building trust with external stakeholders.

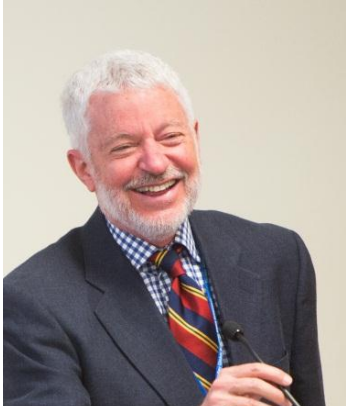
Rowe then shared the *Governance, Culture and Leadership Framework*, a behavior-based model that can place an organization within one of three archetypes of culture, based on the behaviors observed by people in the organization. This includes characteristics of the culture that drive people to either share information – or not do so. The first of these archetypes is "*Blind Obedience*… characterized by coercion, by a command-and-control approach." *Informed Acquiescence*, the second type, is when there appear to be sound management practices by modern standards, but managers tend not to care about whether employees are *inspired* but are satisfied to motivate them more mechanically with "carrots and sticks." Finally, he turned to *Self-governing* organizations – those that "help people to understand the organization's values and purpose as a source of inspired performance." Those organizations "tend to find much less need for whistleblowing because open conversations are happening on a much more regular basis." In these cultures, rates of observed misconduct are much lower, reporting rates of any misconduct are higher, and retaliation is lower.

Concluding the discussion, Rowe shared a "word cloud" generated in a workshop with the leadership team of a major global company. Asked about the culture to which they aspired, leaders used certain terms with great frequency, including "listening," "no retaliation," "open-door policy," and so forth. Rowe noted such terms come up frequently when organizations try to distill the essence of "good" cultures. He also emphasized that it is important to have a high-ranking individual within the organization dedicated to overseeing the active management of company culture. Finally, Rowe talked about how culture assessment can be one of the most

effective ways to create a culture of candor and integrity. He emphasized that, far from being abstract and intangible, culture is made tangible through the observation of behaviors and gathering of insights, and is capable of precise measurement. He said "there are many ways in which the importance of culture can and should be communicated… and in which values are impactful. Rules will only take us so far."

THE ROLE OF GOVERNMENT AND THE REGULATORY PROCESS

Panel moderator **Will O'Brien**, *visiting lecturer at Clark University*, began the discussion of "The Role of Government and the Regulatory Process." He began with a brief anecdote about one of his recent presentations on sustainability, noting that a member of the audience challenged his characterization of the Environmental Protection Agency as a "policing" organization. The audience member believed it was more appropriate to think of the EPA as a partner, which O'Brien thought was a very apt observation and a useful perspective to set the tone for the panel's discussion.



Will O'Brien
Clark University

Marta Geletkanycz, *associate professor of Strategic Management at the Carroll School of Management, Boston College*, began her comments with the observation that "we don't tend to think about government's role in shaping boards and top management teams." Geletkanycz attributed this to, among other things, the fact that there are so many internal pressures and the networks of individuals within those ranks tend to exert significant control over the makeup of those boards and teams.

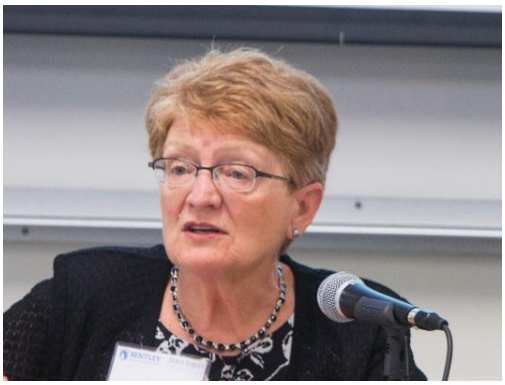
Marta Geletkanycz
Boston College

In her assessment of the extent to which government and other interventions do have an impact on corporate boards and corporate governance, she argued that research findings "engender… a need to reflect a bit more on the types of regulations that are being instituted." In the most recent data available, she discovered that the proportion of independent directors has increased from 79% in 2002, in large part because of Sarbanes-Oxley and Dodd-Frank. There has also been a significant amount of insiders being pushed out, causing the CEO to now be the "exclusive insider on the board." This development has wide-ranging implications ranging from information access to succession planning.

Thanks in part to government influence, she argued that CEOs are also "stepping back from outside governance." Geletkanycz noted that this trend raises a number of interesting questions. As she explained, CEOs are often among the most informed directors. "If we are pulling them out of board rooms, what is the implication in terms of strategic direction of those outside organizations?" To date, we lack a clear understanding of the governance effectiveness of non-executive directors.

Geletkanycz concluded her comments by drawing on statistics about board members, showing that board size is decreasing. Also, the average age of board members is increasing, along with the average length of board member tenure and the mandatory retirement age. According to Geletkanycz, we are witnessing "a new low in terms of the number of new directors brought on board to S&P firms." All told, recent trends, including government efforts aimed at improving governance, have remade the profile of corporate boards. Yet she cautioned, it is unclear that recent regulations are, in fact, enabling us to "move away from the old ways of shareholder value being the dominant focus of corporations."

Focusing on government regulation and accountability, **Jeanne Logsdon**, *Jack and Donna Rust Professor of Business Ethics at the University of New Mexico*, noted that government regulation is continuously being criticized for not being effective or efficient. Although she pointed out that government is easy to pick on "because of its bureaucratic nature," she noted that there "is some legitimacy to these concerns." The core problem, however, is that "many regulatory standards are embedded in legislation… that cannot be changed by an agency." Moreover, the agencies themselves are being lobbied by many forces, literally pressuring them in a variety of directions. This process has been helped to some degree by the regulatory review process that was put in place in 2011 by the Obama administration.



Jeanne Logsdon
University of New Mexico

According to Logsdon, this review process – "Executive Order 13563" – requires that "agencies identify – for regulatory review – those rules that need to be changed and fixed with a timetable about when this is going to happen." In terms of accountability, one of the more important aspects of this process is that the input to identify the areas that need to be changed are required to be as broad as possible. Logsdon explained that bringing in "input from those who are regulated… members of public interest groups, ordinary citizens, [and] other government entities" will provide – on the record – one another's opinions on how to improve the system as a whole.

She then turned her attention to how the EPA, using the comments from the aforementioned input system, "created its preliminary plan which identified 35 specific areas of improvement that they were going to focus on in the first five years." The plan was put together in only six months, and since then, the EPA has issued progress reports in these 35 areas every four to six months.

In terms of the comments in this input stage, about 75% were generated by business interest groups, while 20% were from other governmental entities. Environmental groups and citizens had the remaining five to ten percent. Logsdon believes that "there's still a gap, but the opportunity [for more public citizen input] is there." This increase in input from everyday citizens will lead to a better system, she surmised.

Logsdon concluded by mentioning that it is important to make people aware of ongoing review and that "all regulatory agencies at the federal level are undertaking such reviews." While it may not be covered in the mainstream press, to give it credibility and support, we must participate and let others know of its existence. With higher levels of involvement in this review process, she noted that we can come up with better and more accountable regulation over the long run.

Wayne Norman, *Mackowski Professor of Ethics at Duke University,* set out to shed light from a few different directions on the complex relationship between business ethics and government regulations.

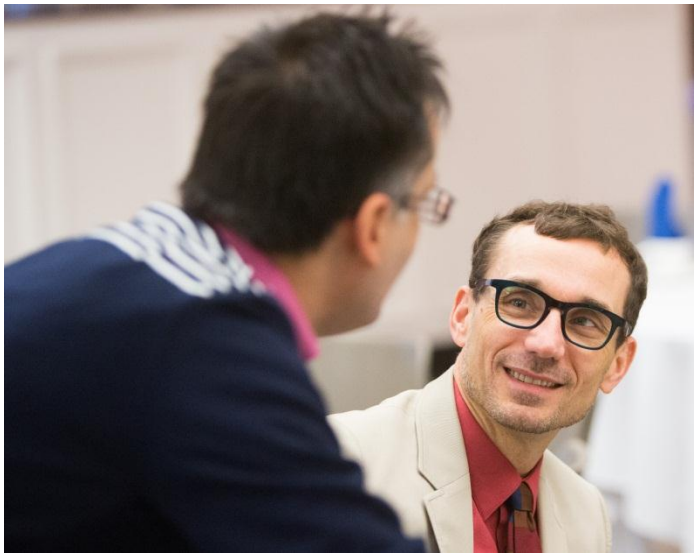
Wayne Norman
Duke University

Norman categorized his main points into seven "theses" about business-government regulations. The first was that business ethics and business regulations are pleonasms rather than oxymorons, as traditional jokes would lead you to believe. As he noted, "we don't actually think that there's a right to do whatever you want to do to make money… You've got to do it within the rules of the game. If there are no rules or no widely endorsed norms, then the activity isn't business but something like war or gangsterism. It is only 'business' because it takes place within a context of formal and informal rules and norms."

Norman's second thesis was that the rationale for free markets is also the rationale for regulations. While perfectly competitive markets are extremely efficient, and produce mutually beneficial results, almost all *actual* markets are far from perfectly competitive: they involve so-called "market failures" at their core. As he argued, any market failure – such as market power,

information asymmetries between sellers and buyers, or negative externalities like pollution – can "mean that your ability to be successful in business may not necessarily be good for society." Market failures undermine the "invisible hand." Thus, the standard rationale for most regulations is that they prevent inefficient and unfair exploitation of market failures. That is, they are intended to *enable*, not hinder, the invisible hand.

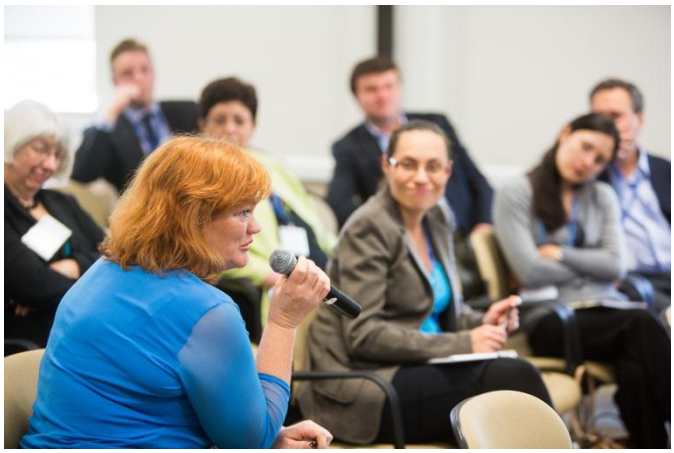
His third thesis is that the study of regulation and of ethics has been artificially separated. This separation has created different intellectual communities that study business ethics and business regulations, respectively; and they do so with very different vocabularies. We often think of a line that distinguishes the set of all actions that are legal (above the line) from those that are illegal (or below the line). But we also recognize that there is a realm of activities that are *legal* ("above the line"), but not *ethical*. Business ethicists tend to focus almost exclusively on these legal-but-possibly-not-ethical activities, so they are rarely concerned with arguing for raising or lowering levels of the regulation that, in effect, define the line. They also tend to ignore, Norman noted, "the ethical challenge in many industries – think of running a bank or an airline – of 'merely' obeying all the relevant laws. It is incredibly difficult for a business just *to comply* with the law in a complex organization, especially in some kinds of industries, and it is quite an achievement to do so. But this challenge is often off the radar screen of business ethicists or those who talk about corporate social responsibility."



Norman's fourth and fifth theses arise from the fact that business takes place in markets that are *deliberately designed to be competitive and adversarial*. In this sense, business is like a game, with "business ethics" playing the role that "good sportsmanship" plays in sports. Norman argued that "you can't possibly write a regulation for every possible thing that somebody might do wrong, instead you expect them to respect for the *spirit* or a somewhat less comprehensive set of rules." One of the problems with the way we think and talk about ethics in business, Norman explained, is that we tend to have one set of arguments and principles for setting the "red line of illegality" – and these are articulated largely in the language of law and economics. But then we switch into completely different languages when we try to justify why companies ought to behave *above* compliance requirements. "Suddenly, we begin using vocabularies that appeal to traditional virtues, social responsibilities, stakeholder duties, implicit social contracts, and the like, rather than, say, market failures or cost-benefit analysis." To Norman, this is befuddling.

"Perhaps the language and tools that help us to design and justify regulations can also provide a strong rationale for why businesses should 'self-regulate' beyond the level of current regulations."

Norman concluded with his final two theses – about why the coupling of ethics and regulation should shift how we think about corporate social responsibility and responsible business-government relations. "If we think that there's a sound legal and economic justification for raising the standards of a regulation (say, to ban a hazardous food ingredient, or to require that certain information about a product be on its label), *but the actual law remains below this standard*, how ought an ethical business to behave?" "Ideally, in some circumstances," Norman argued, "it could and should act *as if* the regulation were already in place." In other situations, however, this might put the ethical firm at a severe and unsustainable competitive disadvantage. So instead, perhaps it should feel obligated to try to raise the standard, say, by lobbying governments for "smarter" regulation, or by seeking a higher standard within an industry association. Such "progressive lobbying" is by no means unheard of. But it is still rarer than it should be. "After all," Norman argues, "many business people do not like engaging in a 'race to the bottom' where they are forced to engage in legal-but-unethical practices because that's what their competitors are doing." In principle they should be in favor of a "higher level playing field." But we also have a culture of businesses resenting and resisting regulation, or of engaging with regulators primarily as a way of securing advantages for themselves or their industries (so-called "rent seeking") by creating, reinforcing, or exploiting market failures, rather than eliminating them. This strategic approach to business-government regulations can be seen as unethical, Norman argues, "in part because it goes against the basic rationale for free markets."

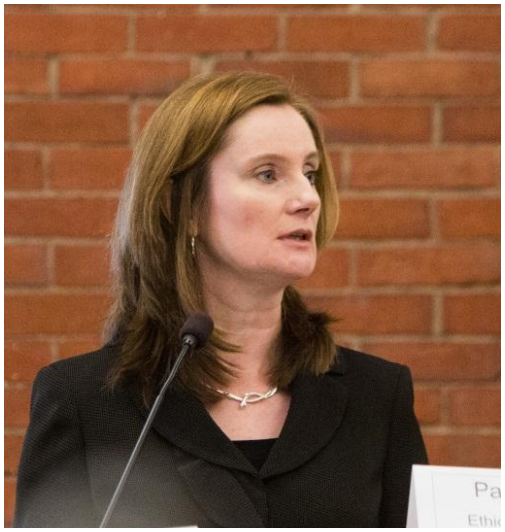


An upshot, according to Norman, is that we can think much more clearly and concretely than we presently do about the obligations of an ethical or socially responsible business if we begin by asking whether regulatory standards ought to be improved (e.g., raised or "smartened") using the standard tools and models from law and economics. When the answer to that question is yes, then the measure of "social responsibility" or "good corporate citizenship" for a given business can in large part be determined by what that business does to help or hinder the process of having that higher standard become the norm.

LUNCHEON SPEAKER:
PATRICIA HARNED, *ETHICS RESOURCE CENTER*

The Symposium luncheon speaker was Dr. Patricia Harned, president of the *Ethics Resource Center* (ERC). She began her remarks by pointing out the close relationship between the ERC and Bentley University's Center for Business Ethics. Noting that the work of the ERC includes research, benchmarking, policy, and, in general, preparing people to become successful leaders capable of building strong ethical cultures, she explained that "Normally when I speak at engagements like this, I talk about the Ethics Resource Center's newest research reports, or the kinds of emerging issues we are witnessing in corporations from a business ethics perspective. Given the focus and activities of your Symposium and other events this week, however, I will be taking a bit of a different tact today."

Harned explained that when she began her career at the ERC her initial focus was on character education, helping schools integrate ethics into the curriculum. ERC placed an emphasis on secondary schools and universities because they represented an area of unmet need. Over time she noted that she found parallels between the goals of business ethics and the goals of schools – "Preparing people to be their best selves so that they can succeed in school or do their jobs, with responsibility and integrity." Setting the foundation for her remarks, she continued "So my goals for my time with you today are simple. I want to draw upon ERC's research, and my own background in character education to: 1) discuss the core elements that are essential for people to become successful business leaders with a high standard of integrity; and (2) offer some strategies to help you use your role in the classroom to prepare your students to be ethical leaders."



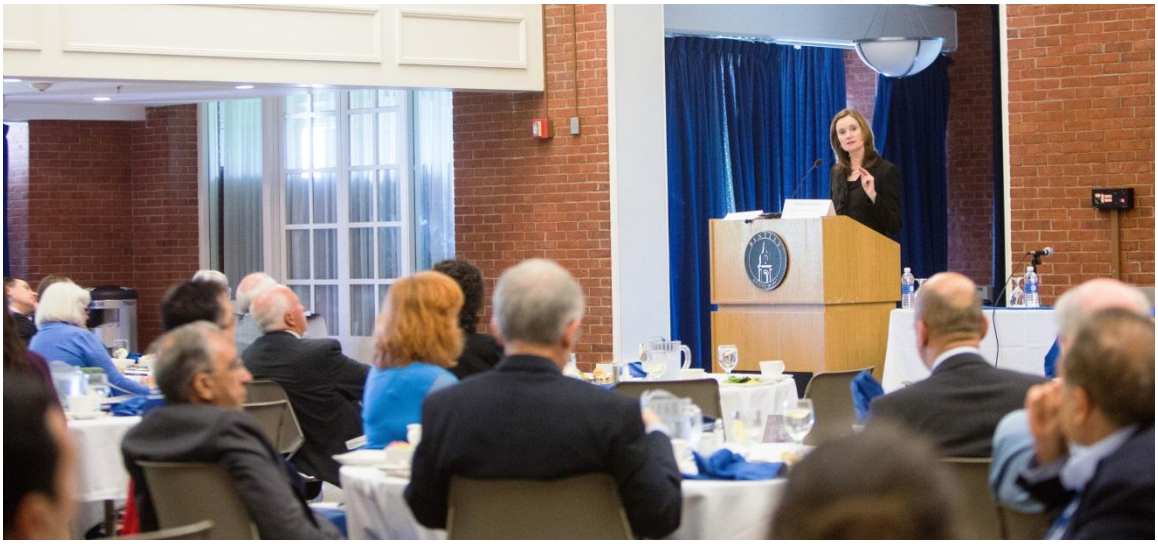
Pat Harned
ERC

Drawing on findings from a recent ERC National Business Ethics Survey (NBES), she underscored that one of the critical elements that contributes to a high standard of integrity is recognition of and support for the central role of ethics programs within the corporation. "Based on our 2011 NBES data, companies with well implemented programs had strong ethics cultures, greater awareness of standards that governed conduct, and reduced retaliation against whistleblowers." She emphasized that it was important for future business leaders to recognize that ethics and compliance programs serve a variety of needs, including: 1) communicating a set of core principles and compliance standards that clarify what employees *should* do, not just what they shouldn't do; 2) educating employees on those standards; 3) providing resources for

employees to raise concerns (for example, via hotlines); 4) conducting investigations and ensuring discipline; and 5) providing incentives for good conduct.

Pointing to the Federal Sentencing Guidelines for Organizations (FSGO), Harned argued that effective business leaders recognize that it is not enough for these programs to be on paper. As she explained, well-implemented programs ensure that employees recognize the program and use it to ensure that ethics is integrated into the business. "Eighty-six percent of companies with strong programs had strong ethics cultures, compared to 23% with the weakest programs." Drawing on a 2008 analysis by the ERC, which used structural equation modeling, she argued that "Our assessment indicated that these programs not only correlate to better cultures, but they actively drive the strength of commitment to ethics as well. Successful business leaders see that investing in the program means investing in the culture of the organization."

A second essential element for successful business leaders is the need for them to accept their responsibility for building the culture. Arguing that two primary drivers of culture are the actions of top management and supervisors, she underscored that "It is important that these individuals fully engage in such ethics-related actions (ERAs) as talking about the importance of ethics, modeling ethical conduct, keeping employees informed, holding employees accountable, and providing support." Based on a 2005 NBES assessment linking such ERAs with observed misconduct, she observed that 87% of the firms were involved in misconduct when top management did not engage in any ERAs, but this fell to 37% when top management did undertake such actions. Supervisors had a similar impact – no ERAs were associated with 67% misconduct, which dropped to 43% with ERAs.



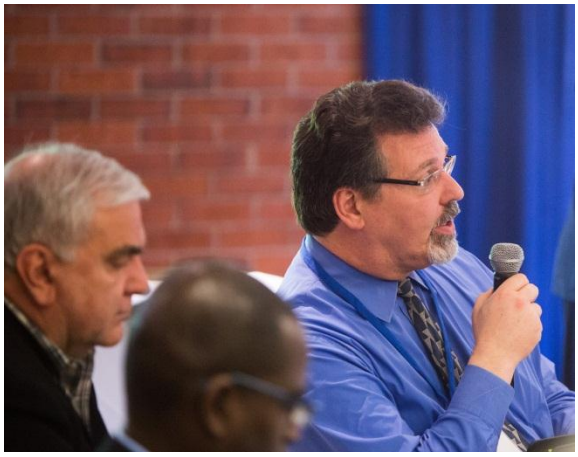
As she continued, "A dividend of structure and culture is that it prepares you for big challenges/crises." Drawing on Anne Mulcahy, former Chairman and CEO of Xerox, as an example, Harned noted, "Mulcahy probably said it best when her company faced crisis several

years ago. She said, 'we wouldn't have survived our crisis if we didn't have the love and loyalty of our employees and customers. And it stems in some measure from our heritage as a good corporate citizen. So for us…our past behavior was like money in the bank. It gave us a reservoir of goodwill that we could draw upon in our hour of need.'"

A third essential element for business leaders is the need to ensure "that actions have consequences." Pointing to ERC's 2005 NBES study, she argued that "in organizations where supervisors did *not* discipline for wrongdoing, 86% were observed with misconduct, compared to 47% in organizations where there was accountability." Harned argued that it is also important to provide rewards for "doing the right thing." ERC's 2011 NBES found that the reporting rate among those who believed that ethical behavior was rewarded is 72% versus 57% percent among those who did not see such rewards." Using whistleblowing as an example, she said "The 2005 NBES also found that satisfaction for reporting went from 72% *dissatisfied* to 68% *satisfied* when there was discipline for wrongdoing."

Thus the key elements for business leaders are to recognize and support the central role of ethics programs, accept their responsibility for building the ethics culture, and make sure that actions have consequences. "So how do you instill that understanding in your students? If all you try to do is teach ethics concepts, you will fail. You need to develop character." Drawing on Aristotle, she underscored that the foundation of character development is developing a "habit of knowing the good, loving the good, and doing the good. Character development is based on this premise." As she continued, it is important to "teach students what constitutes 'good conduct' based on core principles, help them to care about being a good person, helping them to understand *why* they should care, and give them opportunities to actually do good. By doing good, you build a habit…. You build character."

Looking beyond scandals and misconduct, Harned argued that is also important to bring "moral heroes" into the classroom, and not simply through case studies. "One approach is to

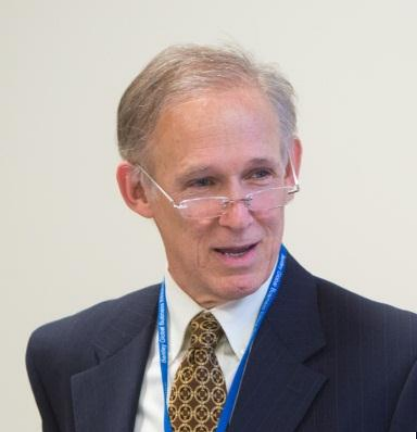


begin the semester with your core principles (or honor code), illustrate stories of 'right conduct,' and be top management and that supervisor who models ERAs… The best way to talk about ethics is to explain *why* it is important based on core values." One way to acknowledge and promote right conduct is to have students "practice" by creating an ethics function, for example, through "student-led ethics offices and partnerships with business."

As a final thought, she emphasized that, from an educational perspective, it was important to challenge students to put it all together. "Those students who compartmentalize their lives don't know why they believe what they believe… We need to talk with them about the importance of ethics, model the conduct we want them to adopt, hold them accountable, and support and reward them when we see what they do is right. You can make a difference."

THE BUSINESS OF PEACE:
BUSINESS AND THE ARAB SPRING – DELIVERING ON ASPIRATION OR CREATING OBSTACLES?

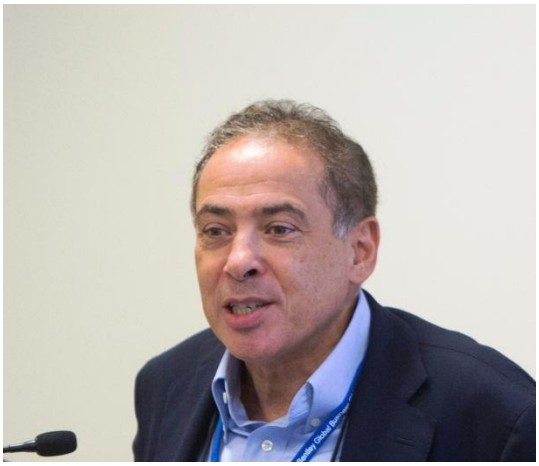
Panel moderator **Robert E. McNulty**, the director of programs for the Center for Business Ethics at Bentley University and founder and executive director of Applied Ethics, Inc., noted that the 21st century has been a period of rapid and dramatic change and business has played an important role, "both for good and for ill." Business has been the source of products, technologies, and ideas that have been potent catalysts for economic advancement and new ways of thinking that have transcended national boundaries. At the same time, virtually no country was spared the devastating effects of the Great Recession, and this economic storm wreaked suffering and instability around the world. Within this context, a development of historic magnitude was the upheaval that swept across the Arab world, referred to as the "Arab Spring." The spark that launched this uprising began in December 2010 in Tunisia and from there spread across North Africa, across the Middle East and beyond. Two and a half years later, the euphoria that had been associated with this popular uprising had all but evaporated, and many have come to feel that the optimism associated with the so-called "Arab Spring" was no more than the wishful thinking of naïve dreamers.



Bob McNulty
Bentley University

McNulty suggested that the history of the Arab Spring is still being written and that the world of business and academia have had, and will continue to have, a significant role in influencing these important developments. For this reason, he expressed his appreciation for the opportunity to integrate Bentley's Business of Peace initiative within the Symposium and follow-on Teaching Business Ethics Workshop, stressing the connections between ethical business and the ongoing struggle to create a new, more open and stable North Africa. As he explained, in his early conversations with the panelists it became clear that each one was witness to the revolutionary changes that were transforming their region. Opening the panel, he noted that "It is my hope that through our open, respectful, and creative exchanges of ideas the unfinished social revolution will not be squandered, and we will be able to forge the means through which the democratic aspirations of the Arab Spring can be salvaged."

Tarek Hatem, *professor of Strategic Management and Entrepreneurship at American University in Cairo, Egypt*, began by taking the participants "through a story that will encourage a discussion of business' role in achieving peace." He argued that before the Egyptian revolution in January 2011, the Egyptian economy was doing well. Growth and foreign reserves were steady and strong, however, there were some underlying problems such as high unemployment and unfair income distribution – "The rich were getting richer and the poor were getting poorer." As he continued, going beyond the numbers per se, what was really problematic was that a significant number of the country's unemployed were "really unemployable." They lacked the education, skills and experience needed by the job market. Although the economy was growing a high rate that reached 7%, the benefit of this growth did not trickle down to reach this group of people. It was common to hear business people saying, "we need to hire people but we cannot find qualified ones… the ones who apply are not really what we are looking for."



Tarek Hatem
American University in Cairo

Another issue facing Egypt at the time was the strong links between politicians and business people, with significant allegations of corruption. A third major issue that precipitated the revolution, according to Hatem, was the lack of transparency in the Egyptian economy.

Turning to the business environment once the Muslim Brotherhood came to power in Egypt, he noted that alleged corruption continued to severely hamper foreign investments in Egypt. Hatem then posed the questions "what role did business contribute to the revolution? … What kind of contribution did business schools have in the revolution? Going forward, what can business and business schools do… to help improve the economy… and provide peace in the area?"

Drawing on examples of what business schools are doing in the region and the ways in which they can help in the development of these countries, he argued for the need to focus on the social realm in addition to economic activities. As he argued, the business community through the economy can "integrate the marginalized, disadvantaged segments of society, helping to equip them with the necessary skills required for development."

Following his description of what he referred to as the social and solidarity economy, Hatem described the flexibility of the concept of social justice. He explained how there needs to be clearer descriptions of social justice in ethical terms. He mentioned that while companies submit end-of-year financial reports, no such reports on social justice or any "social statements" are submitted. These types of statements would be a good measure of the contribution of the business towards social justice. These social statements would be a first step in monitoring the contribution of business to mitigate the income difference. It should be the responsibility of the government to create an environment that will induce and incentivize business to implement its social responsibilities. By requiring and auditing these social statements, the government will be able to monitor and reward businesses that are contributing to social justice.

Hatem argued that it is also the role of business schools to teach different models of sustainable social enterprise, in which profit should not be the sole purpose of business enterprises but social benefits should be part of the strategies pursued by these organizations. "It is only when future business leaders are taught about social responsibility and ethical conduct will emerging markets have a higher probability of achieving peace… and peace in its wider sense involves social, economic, and political justice." By reducing the income distribution, and allowing the marginalized members of society to have an active role in the building of economy, "will we be able to achieve peace and reduce economic injustice."

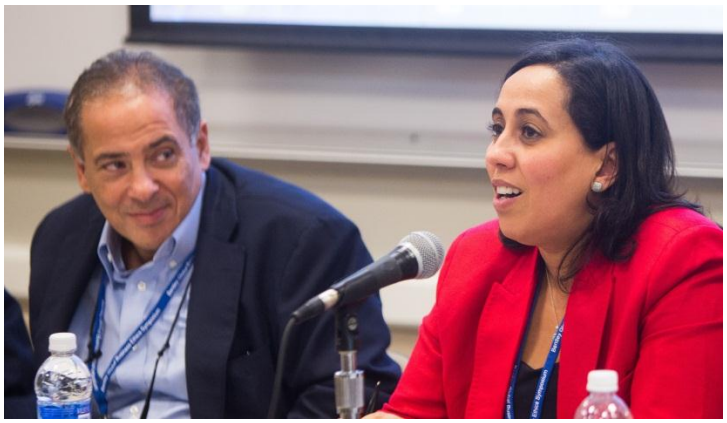
Hatem concluded his comments by arguing that there is a great need to create a solidarity and social economy that complements the free market economy. "Where the roles of government, business, and business schools intersect we see the need to incorporate true social responsibility if we are to achieve a sustainable peace."

Ouafaa ElGarah, *dean and associate professor of Management Information Systems at Al Akhawayn University, Morocco,* started with a brief description of Morocco, its economy, and how the Arab Spring has affected the country. Emphasizing Hatem's comments about high unemployment in Egypt, she also noted that high unemployment rates were a main driver of the Arab Spring movement. She also attributed the Arab Spring to a disparity in social classes, high levels of pervasive corruption, and a large population living below the poverty line.

Wafa ElGarah
Al Akhawayn University

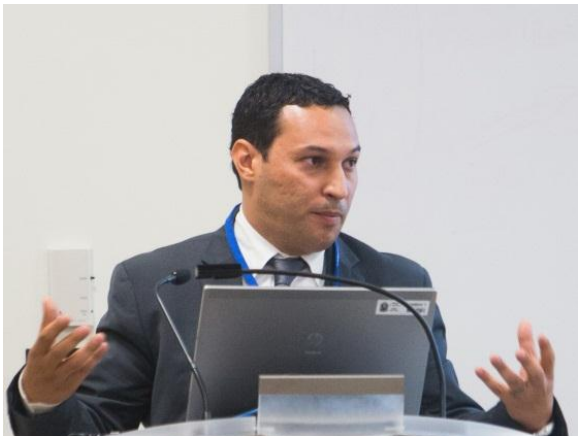
Reflecting on the emergence of the Arab Spring, she argued that it was a very peaceful movement in Morocco, without any violence or gun fire. Its underlying goals were political liberalization and an end to high-level corruption. The king of Morocco called for a referendum to make changes to the constitution, which limited the power of the Moroccan monarchy. This power was transferred to Morocco's parliament and their head of government. The new constitution also gave more individual rights and "encouraged decentralization of Governance" – 74% of voters turned out, with 98.5% approving the new constitution.

After these constitutional changes, new, transparent elections were held. The Islamist party was elected into control, and their plans for education reform, economic partnerships with other countries, investment encouragement, greater Arab and Muslim unity, and enhancement of democracy and human rights were all well-received by the people of Morocco. Major reforms that have taken place in Morocco under this new government include an improvement of social welfare, an increase in public sector jobs, and an improvement of the overall business climate.



ElGarah wrapped her discussion up by stating that the Arab Spring has been a "blessing" for Morocco, especially when compared to how it has affected other countries. She stated that the business climate in Morocco is improving, and that she anticipated it to continue to do so.

Noômen Lahimer, *associate professor of Economics at the University of Carthage and the SMU – Mediterranean School of Business, Tunisia,* focused his comments on the revolution and its effect on Tunisia. He proposed three theoretical forces as to why the revolution occurred. First was a change in social values. Using the French Revolution as an example, he described how it led to social change in France – which he argued is what is happening in Tunisia. Second, Lahimer argued that Tunisia's political parties were looking to set up a democracy – with a focus on attaining support for their side. The third force, which he noted was better in explaining the Tunisian revolution, emphasized a model of economic



Noômen Lahimer
University of Carthage and
SMU – Mediterranean School of Business

redistribution.

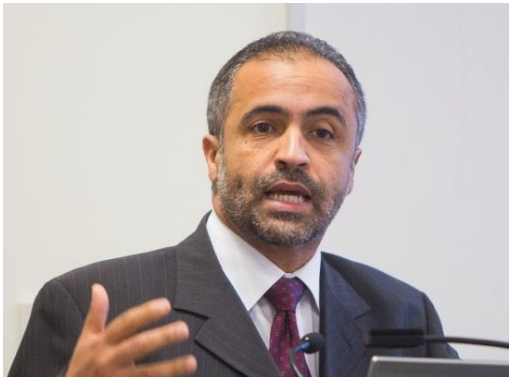
Drawing on the idea of economic redistribution, Lahimer argued that the benefits of revolting can outweigh the costs, especially "when there is significant inequality and when that inequality is growing." As he noted, inequality in Tunisia is not solely based on income. Rather it was regional inequality in Tunisia that was a significant factor in the revolution. Many of the country's regions have relatively small proportions of the overall population, but contain massive percentages of the country's impoverished people.

Lahimer used data to show that in high-income inequality countries, there is a higher need for redistribution. Such change "implies higher future taxes… As a result, that gives higher incentives for the elite to mount a coup." As a result, he argued that revolution in a country with very high inequality will result in an "unstable democracy," as further evidenced by Latin America in the mid-twentieth century.

This means, according to Lahimer, that there needs to be other forms of redistribution if the goal is a robust democracy. Some of the ideas that Lahimer presented included redistributing assets (e.g., education), land reforms, and infrastructure enhancements. These changes would be far more effective in an unstable and unequal country than simple taxation. Lahimer said that social entrepreneurship has been a huge part of the progress that has been made so far, and it can become even more prominent in the years to come.

Looking at the current state of Tunisia, Lahimer used a graph to portray key indicators – government effectiveness, education, and corruption – measured before and after the revolution. As he argued, "everything is worse than before… except voice and accountability." These two measures capture the perception of freedom of expression, free media, and the confidence that Tunisians have in speaking openly and honestly about their country. Concluding, he noted that good governance will be a key factor moving forward for the Tunisian government.

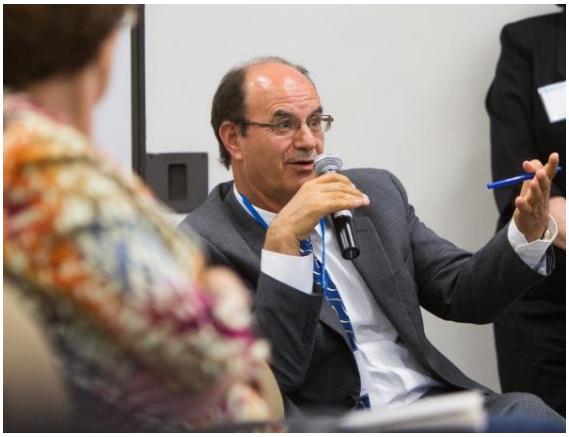
Tarek Mahmoud Tantoush, *associate professor of Management and Engineering Management at the Libyan Academy of Postgraduate Studies*, began by acknowledging that Libya's revolution would have been the most violent of the Arab Spring upheavals had the Syrian episode not emerged in the way it has. The February 17th revolution in Libyan, which ousted the Gaddafi regime, now seems, ironically, to be relatively peaceful, more precise, and much less costly compared to the on-going war in Syria.



Tarek Tantoush
Libyan Academy of Postgraduate Studies

Tantoush argued that when the Arab Spring first began it initially passed over Libya, and even the most optimistic of Libyans would never have believed that Muammar Gaddafi would ever leave office, except by natural death. He also noted that the general feeling in the country was that the citizens could live with "the lesser of two evils," referring to the potential reign of Gaddafi's sons, particularly Saif Al-Islam. Quoting an Egyptian laborer who was interviewed while fleeing Benghazi during the initial uprising in February 2011, he said "'all the ammunition, all the killing, all the violence that has gone on in Egypt is not enough to oust a head teacher of a secondary school in Libya'… That was the size of the challenge that Libya faced." It took all that violence and human suffering together with UN-approved intervention from NATO to fight and eventually overcome Gaddafi's security brigades and mercenaries.

Yet, today an even greater challenge facing Libya and the Libyans is that of managing the transition from revolution to state-building. Turning to the role of business in the Libyan context, he raised the question of whether the Arab Spring was good for business. He argued that the answer depends on how well the transitional period is managed, how well old lessons are learned, and how well the stakeholders – both domestically and internationally – work with the new Libyan democracy. As he continued, the way in which business is viewed in Libya is critical largely because the old regime tried to create a centrally-planned economy, making business a "dirty word." Business was ridiculed, despite the oil-rich economy of the country, and even when the regime became more lenient, it maintained a stranglehold on what businesses could and could not do.



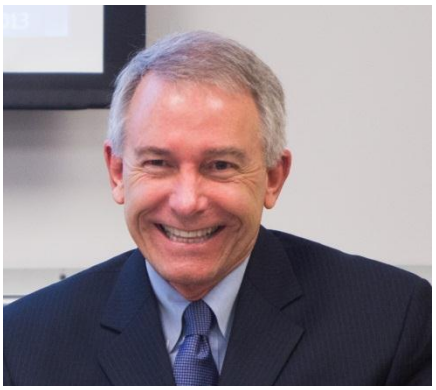
With regard to why people should be interested in Libya from a business point of view, Tantoush said it is because "Libya has been deprived… of investments of all sorts." He went on to say that the moderate climate, strategic geo-political location, small population, vast land, and economic opportunities make Libya a very appealing investment market. For strategic reasons Libya needs to diversify its economy and break its dependency on oil revenues. Hence, business investment opportunities acquire a particularly significant meaning both for the Libyans and international investors alike.

In conclusion, Tantoush provided his forecast for the transitional process in the short-, medium-, and long-term. He noted that the country, having just come out of a 42-year long dictatorship, is building itself "from scratch and renegotiating and rewriting everything." At the time, the country did not have a flag, constitution, or even a Head of State. There are many challenges ahead, and he suggested that ultimate success will depend on how well these

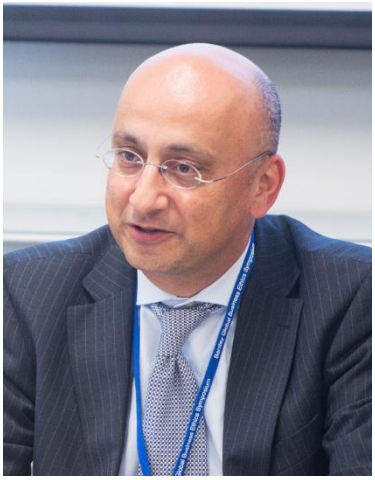
challenges are managed and how fast Libyans come to learn to live together in, and share, the new Libya. "Libyans have to live up to the challenges they face … if we are ever to conclude whether the Arab Spring was good for the peoples of the Arab Spring states and for business in Libya and internationally."

ACCOUNTABILITY STANDARDS IN A GLOBAL ECONOMY

The panel was moderated by **John P. Hansen**, *Corporate Ethics Officer for RBS Citizens Financial Group and Executive Fellow for the Center for Business Ethics at Bentley University*. He opened the session by reflecting on what he suggested was a basic truth: "At the heart of organizational integrity, lie the fundamental principles of responsibility and accountability," adding that accountability standards are intended to operationalize those values. Hansen observed that the emergence of accountability standards can be explained by two forces – the prevalence of multinational corporations whose balance sheets exceed the national economies where they conduct business and the absence of any comprehensive regulatory framework by which to govern those operations. As a result, accountability standards help to "fill the gaps." Hansen noted that international accountability standards present an interesting dichotomy: their champions impute to them the ability to achieve great ends, while skeptics claim they deliver little value. What is indisputable, Hansen argued, is the increasing prevalence of such global standards and the uniquely moral and practical ways they touch our lives. To gain greater clarity and insight about the topic, Hansen invited the panel members to share their perspectives on the current state of global accountability standards as well as the future state they envision.



Jack Hansen
RBS Citizens Financial Group



Michael Behnam
Suffolk University

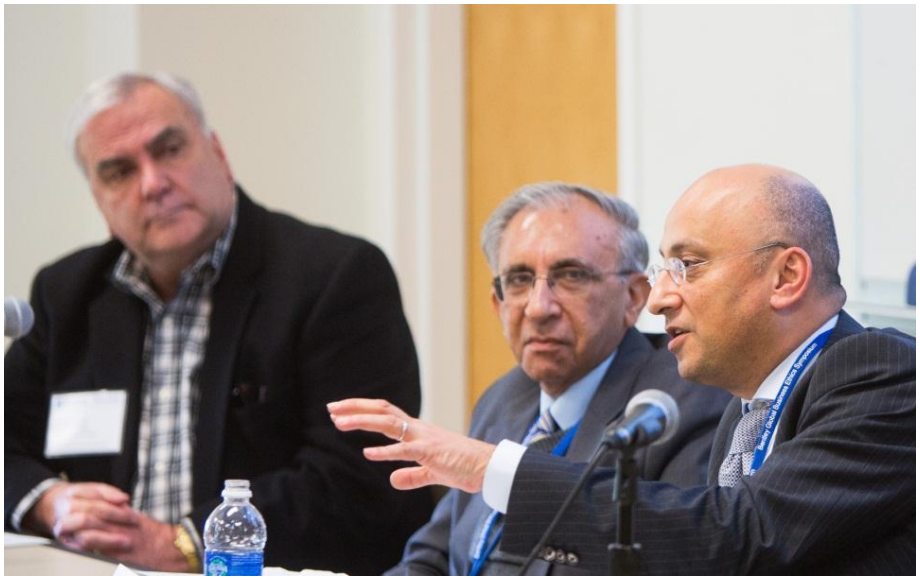
Michael Behnam, *associate dean and professor of Strategy and International Business at the Sawyer Business School, Suffolk University*, began his comments by building on Hansen's opening remarks, noting his skepticism with international accountability standards. He argued that, in general, "international accountability standards lack accountability themselves, and that many of them… are too easily decoupled from organizational practices… [which] results in enabling, rather than constraining, the types of activities that the standards were actually designed to discourage."

Behnam framed his argument by pointing out that over the past forty years we have witnessed remarkable growth in foreign direct

investment and the number of companies operating internationally. This growth has readily driven the rise of international accountability standards as these firms are "increasingly confronted with expectations relating to organizational accountability based on sound ethical performance." As a result, accountability standards are becoming more and more important as globalization itself has led to a decline in the ability of national governments to govern multinational companies.

Behnam then presented a brief overview of accountability standards categorizing them as principle-based, certification-based, and reporting-based and gave examples of each. He said that these standards identify certain "indicators of social performance and… methods of how you can measure or audit this performance." While Codes of Conduct are firm specific, standards tend to be developed by third parties. Although these standards attempt to create transparency, he argued that one result is a "wall of codes" that creates high levels of frustration when managers realize how many different sets of standards they are expected to meet. A related problem is that the "adoption of international accountability standards does not necessarily lead to significant improvements in social accountability." In some instances, he argued, because of any lack of obligation, companies may say they act responsibly but they actually do not have any accountability to their stakeholders.

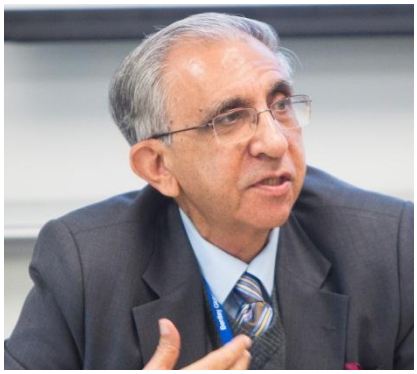
Behnam concluded his remarks by noting that "the structural dimensions of the types of standards themselves can increase the likelihood of organizations decoupling the international accountability standards." He defined these structural dimensions as the clarity of the standard, a high cost of adoption, the presence of sanction mechanisms, and assurance of compliance which can all be indicators as to whether or not standards will be implemented in form, but not in function.



Anil Chopra, *former senior consultant, Management of Business Ethics at Tata Sons, India*, followed Behnam's comments by underscoring that "one of the cornerstones of accountability is governance." Noting that effective governance is linked with ethics, transparency, and accountability, he argued that "businesses need to govern themselves." As he continued, "there is a pressing need to insight the voice within organizations to speak up… especially when there are

fault lines of shortcomings in accountability." He then argued that there is "a dire need for multiple layers of accountability and oversight. Accountability standards should not belong to one, autonomous entity – they should be upheld by multiple bodies."

He then turned to the Tata Group, emphasizing that the company's code of ethics has been "an able partner to the Tata business excellence model. It truly enhanced employees understanding of the philosophy of the group." He talked of the pervasive nature of the code and how it made Tata so effective, especially over time. As he concluded, we need more efforts in this regard, drawing on companies like the Tata Group and the focus of our discussion today. "We need to set more precedents in global cooperation in areas of accountability, integrity, and risk standards to ensure robust scaffolding."

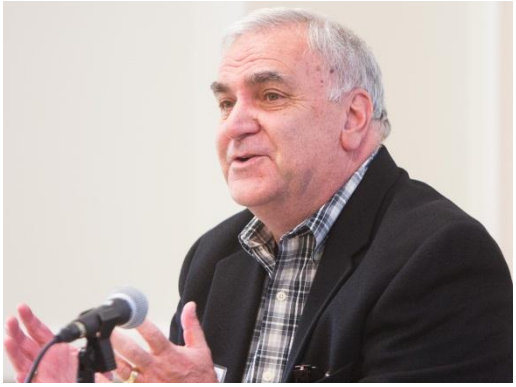


Anil Chopra
Tata & Sons former consultant

James Weber, *professor of Business Ethics and Management and Senior Fellow and Founding Director of the Beard Center for Leadership in Ethics at Duquesne University*, began by describing what he referred to as the "command and control" effect, saying "we have national governments, international NGOs, trade association groups, and so forth trying to put together a model in which we are saying 'Here is what you're supposed to do, and if you don't do it, we will punish you.' Of course, legislating culture or leadership is impossible, yet that is what these policies are trying to do."

Weber then mentioned how business organizations don't make decisions, individuals do. Picking up on Chopra's discussion of the Tata Group, he underscored that, "It's adults making really good adult decisions, taking responsibility for their actions, understanding the global context in which they run a business." Stressing the importance of adults making the right decisions, he argued that the "gut test" or the "mom test" are clear indicators that most people inherently know what the right thing to do is. The challenge is to follow through in practice.

Drawing on his research, he emphasized that CEOs of Asian automobile companies tended to "understand the systems in which they're operating, looking at their business organizations as part of a broader social network." Sustainability, for example, was understood as "If we don't do the right things, we will not have a planet to live on." US automobile CEOs, in contrast, view sustainability as good "if it helps the bottom line." Concluding he noted that there is hope for the future. As he argued, compared to managers from twenty-five years ago, "today's managers are far more socially-focused than personally-focused."



Jim Weber
Duquesne University

CLEANING UP ORGANIZATIONAL MESSES: PRINCIPLES, PRACTICES AND POSSIBILITIES – WHERE DO WE GO FROM HERE?

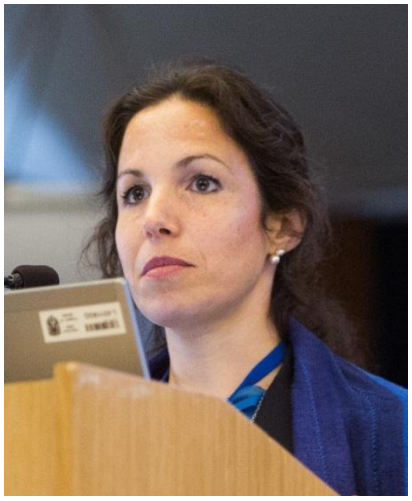
Cynthia Clark
Bentley University

The closing plenary panel, "Cleaning Up Organizational Messes: Principles, Practices, and Possibilities – Where Do We Go From Here?" was moderated by **Cynthia Clark**, *assistant professor of Management and director of the Harold S. Geneen Institute of Corporate Governance at Bentley University*. Clark began the discussion by asking the question "Why do firms go astray?" Noting that such a simple question has very complex answers, she underscored that the panelists would address this concern in a number of different ways.

Amy Sepinwall, *assistant professor of Legal Studies and Business Ethics at Wharton,* framed her comments around the recent global financial crisis. Arguing that there were four candidates that could be held responsible for the crisis, she noted that the first two – individual bankers and banks, and the government – "typically get the most attention." Therefore, she decided to focus on the other two parties – the investing public for "encouraging banks to court risk," and American taxpayers "as a matter of shared national responsibility."

Sepinwall began by noting that her focus on the latter two parties was not intended to exculpate the first two, each of which could be said to have recklessly tolerated if not also engaged in unduly risky activity that caused the meltdown. But, she urged, "in addition to saddling the bad guy with the bill, there may be some amount of repair that each of us owes."

She explained that "much of the public is blameworthy" by "virtue of its commitment to easy money." As she continued, "individuals prefer to spend rather than save… as a result, there was significant demand for the kind of financial alchemy that can transform someone's house into a virtual ATM or one's exceedingly modest savings into a fiscal cushion that could sustain a long comfortable retirement." She noted "at the same time that we are saving less and spending more, our preferences for leisure have greatly increased." Yet, although the problem does not lie completely in our preferences for consumption and leisure – they are "not morally problematic in and of themselves" – given these preferences "we really aren't licensed in undertaking an overly censorious critique of Wall Street risk taking."



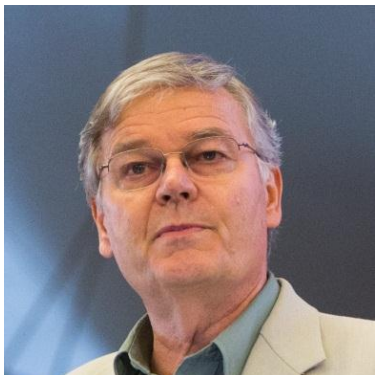
Amy Sepinwall
Wharton

She then turned to her claim that "all of us share responsibility for the crisis' cleanup efforts," independent of whether we held or encouraged risky investments. She established that this claim is based on the fact that "the obligations that we owe our fellow citizens entail that we may be called upon to help our fellow citizens when large-scale phenomena for which they bear little or no responsibility set back their interests... for example, the outpouring of support in the wake of a natural disaster like Hurricane Sandy or a tragedy like the Boston Bombings." These obligations stem from the engagement of citizens in a joint project of self-governance. They come from "the creation of a community of individuals, each of whom bears obligations to the others that he or she wouldn't (all else being equal) bear toward outsiders." She cited these obligations as one of the reasons that "recruiting all taxpayers to fund the bailout" does not create any injustice. To be sure, she noted, the victims of a hurricane bear little or no responsibility for their misfortune while the same might not be true of individuals or entities that lost money as a result of unwise financial decisions. Still, she maintained, many of us may have at some point made financial decisions that were no wiser, or engaged in other kinds of spurious activity, and it is only as a result of good luck that we did not come to need our fellow citizens' assistance. If we are only luckier but no better than them, we may not conclude that they and they alone must bear the costs of their misfortune.

With that said, Sepinwall was careful to note that the civic obligation to help repair the financial crisis need not and should not fall on us all equally. To that end, she talked about the role that wealth inequality played in the economic crisis. She pointed out how "it is, perhaps… no surprise that the greatest inequalities in wealth in the United States were seen in the years of 1928 in the lead up to the Great Depression and in 2007." These inequalities in wealth, she argued, are "unwise and unjust," noting that the "correlation between wealth inequalities and inequalities in power, status, and even health outcomes is striking." Once we are asking taxpayers to help defray the costs of the meltdown, we should also have them engage in a project of redistribution, to reduce the inequalities that precipitated the crisis, and rectify the injustice that these inequalities involve.

In sum, there are two basic reasons why "we can't disclaim our obligations to contribute to the bailout." First, because "many of us lent our moral and financial support to the market structures that allowed for the excessive risk taking that brought the economy to the brink of collapse." Second, because "even those of us who conducted our financial affairs with the utmost care cannot claim the kind of moral purity that would license our imposition of the bailout costs exclusively on investors and borrowers." At the same time, we can and should ensure that those who are "bailed out" include not only those who are flailing as a result of the crisis, but also those whose welfare we have neglected for too long, and whose claims on the national fisc may well be even more meritorious than are those of the bailout's most visible targets.

Wesley Cragg, *senior scholar and professor, Schulich School of Business at York University, and project director and principal investigator at the Canadian Business Ethics Research Network*, presented a case involving a Canadian Gold mining company – Goldcorp. The case involved a mine in Guatemala, which was "created after the conclusion of a very bitter civil war that had an enormous impact, particularly on the aboriginal population in Guatemala." As context for his remarks, he described the importance that the Guatemalan government placed on the economic development and revenue that the mine could produce.



Wes Cragg
York University

The mine was granted a license in 2003, with an initial loan of $45 million by the International Finance Corporation (IFC) to Glamis Gold. By January 2005, there were highway blockades that tried to stop the mine from opening and a few months later a community declaration was issued that demanded the mine be shut down. Once again, in June there was a community referendum, with the majority opposed to the mine's operation. In August, an ombudsperson looked at the due diligence that was done by Glamis Gold in requesting the initial loan and decided that the junior company had done a "very poor job." In spite of these events and findings, the mine commenced operations later that year (2005).

Goldcorp acquired the mine in 2006. As Cragg noted, one of the first things that Goldcorp did "to demonstrate their CSR (corporate social responsibility) commitments was to commit to the voluntary principles on security and human rights." The following year, Ethical Funds – a Canadian institutional investor – engaged Goldcorp in several meetings, focusing on human rights issues. In 2008, Ethical Funds filed a shareholder proposal asking Goldcorp to perform an independent Human Rights Impact Assessment (HRIA) at the Guatemalan mine. Cragg argued that, in what was one of "the first voluntary human rights impact assessments by a… mining company in the world," a human rights assessment (HRIA) of the Marlin mine operations and impacts was commissioned by Goldcorp. The assessment was directed by a Steering Committee comprised of representatives of Goldcorp, a group of socially responsible investment funds, and a Guatemalan representative.

In 2010, the University of Michigan and Physicians for Human Rights conducted a study that found downstream pollution from the mine. The Inter-American Commission on Human Rights then recommended suspension of mine operations. A United Nations study also found that the local communities were not adequately consulted. Despite these findings, the government of Guatemala decided that there was no reason to suspend mining operations.

Concluding the case, Cragg noted that finally, in 2012, "open-pit operations ceased, but underground operations continued." Goldcorp also contributed $2.8 million toward the

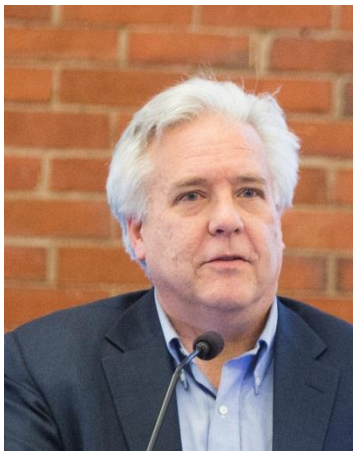
construction of a new local health clinic. In 2013, Goldcorp launched new exploration in the area and initiated preparations for opening a new mine site. Violence followed quickly; the company responded by offering to pay for medical assistance for those who were injured.

Turning to a discussion of the case, Cragg asked the audience whether the situation "was an organizational mess and what red flags were present." Reflecting on the situation, he pointed to the fact that the local community was not consulted with regard to the structuring, organization or choice of consultants to carry out a human rights impact assessment by the company or the investment companies involved. The company that carried out the assessment reported to the company – Goldcorp – and not the community. He also underscored that although Goldcorp did undertake a due diligence assessment of the mine prior to purchase, the assessment did not include an examination of the ethical dimensions of continuing mining operations.

Concluding his comments, Cragg underscored that "corporations can no longer just apply standards – whether legal or ethical – no matter how firmly entrenched they are internationally. It's not just a matter of compliance with internally established standards… Corporations must engage in… ethical reflection… [they] need to think about what their moral responsibilities are… and attempt to understand what their responsibilities are in the specific environments in which they operate." If companies are to prevent such organizational messes from emerging, "... the business model has to change to achieve a sound social license to operate."

David Walek, a *retired partner at Ropes & Gray*, framed his comments around a seemingly simple example – a $10 payment in India and how that exchange, which was made by an Indian agent of a corporation for laboratory consumables, lead to a Foreign Corrupt Practices Act investigation ordered by the Securities and Exchange Commission.

Walek described how this type of payment was paid "10,000 times, probably to 5,000 different people." Noting that the purchasing organization's ownership was tied to a client of his, he explained that over time the payments added up to a few hundred thousand dollars. A member of the accounting department in the client's subsidiary knew these payments were taking place, understood the reasons why they were being paid, but did not sign off on them. Walek noted that this decision was sent "dutifully up the chain" and that "it was actually a success story – this is the way it's supposed to work." When this information was brought up to the General Counsel, however, a decision needed to be made. Walek emphasized that ensuring accuracy in books and records is a large part of the Foreign Corrupt Practices Act. Therefore, unless they wanted to include "a line item for bribes" in their books, the subsidiary was "tripped up" in this regard. Their "only out," as Walek explained, was

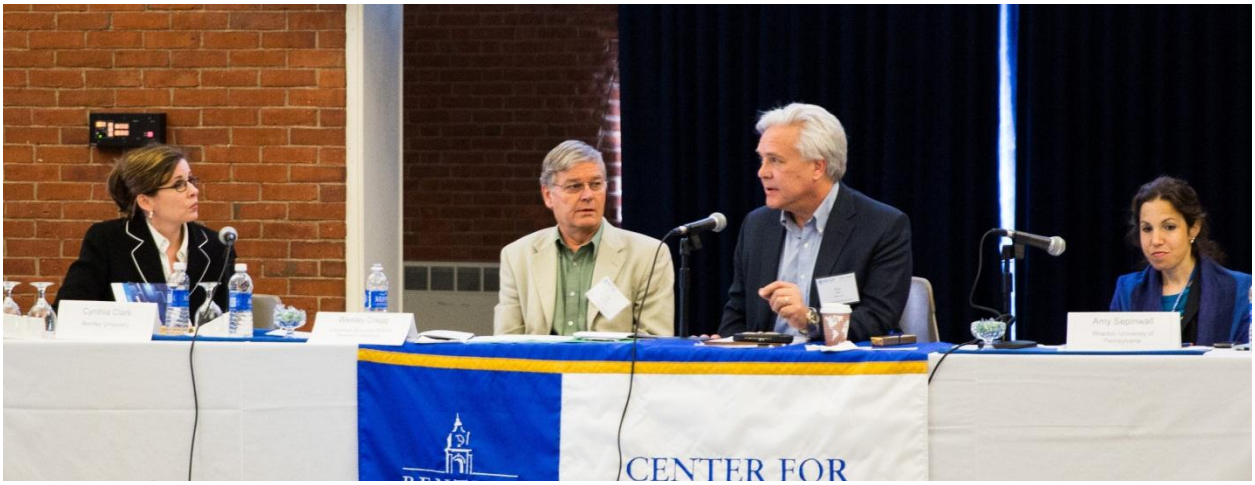


David Walek
Ropes & Gray

that in "a minority-owned subsidiary – or joint venture – you're not required to be completely responsible for the financial statements. You're only required to exercise your good-faith efforts to ensure that that entity has internal controls that are equivalent to yours for the purpose of complying with the Foreign Corrupt Practices Act."

This stipulation allowed Walek's client to argue that they were not in a controlling position and that they did their best in terms of governance. He argued, however, that this argument "only goes so far." The firm also had to look at other features of the Foreign Corrupt Practices Act, one of which is self-reporting. Such self-reporting, which incentivizes violators to come forward to the Securities and Exchange Commission, has several benefits. As he argued, the government tends to be more lenient with companies that come forward, as they now have a case that they have to undertake – and ultimately Walek's client decided to self-report.

Walek concluded by stressing the fact that this process was long and "is not a happy occasion for companies… they do it reluctantly in some cases, but they do it." Reflecting on this incident, he underscored that "it was wise to report this… to conduct the investigation… and it was even wiser to take appropriate measures to make sure that it wouldn't happen again."



ACKNOWLEDGEMENTS

As director of the Bentley Alliance for Ethics and Social Responsibility, I wish to, once again, express my gratitude to the State Street Foundation for its ongoing support and multi-year commitment to this venture. I would also like to thank the speakers, panelists, and moderators in our ninth symposium for their willingness to share their work and insights, and, most of all, for their good-natured colleagueship and support.

Special thanks and appreciation, once again, also go to Jonas Haertle, *Head, PRME Secretariat*, for his ongoing support and co-sponsorship, making the program a UN Global Compact PRME (Principles for Responsible Management Education) co-sponsored event for the fourth straight year.

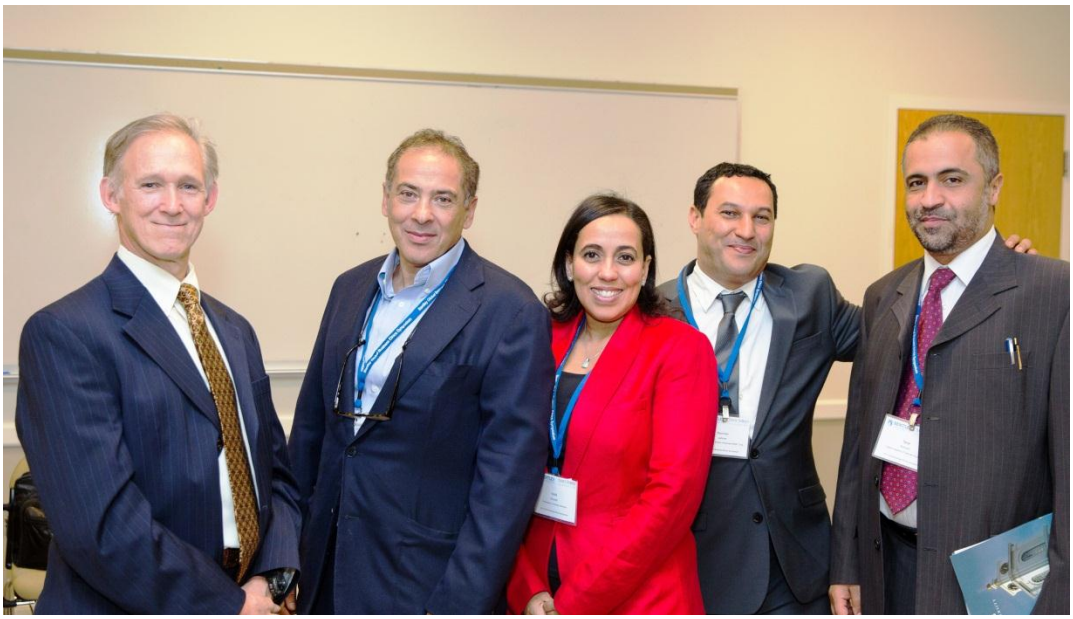
Another individual who has been an important contributor over the years is Mary Gentile, *Babson College*. Through her ongoing support of our teaching workshop, she gave another insightful presentation on the Giving Voice to Values (GVV) program. Through Mary's stellar efforts, we have incorporated GVV as a critical tool in our efforts to work with faculty in their efforts to bring ethics into the classroom and their discipline-based courses.

Among my many Bentley colleagues, without whose continued effort and support the symposium series and follow-on teaching workshop would not have been possible, I would, once again, particularly like to thank Michael Hoffman, Bob Frederick, Mike Page, Cynthia Clark, Jeff Moriarty, Bob McNulty, Mary Chiasson, Joanna Howarth, Terry Tierney, and Gail Sands. Special thanks also go to Bentley University's President Gloria Larson for her unwavering commitment to our efforts.

As has been the case with all of our past symposia, we were faced with a number of difficult choices in capturing the essence of the ideas exchanged during the program. As we have done with the *Proceedings* for our earlier Symposia – "Ethics and Risk Management in a Global Environment" (2005), "Corporate Social Responsibility in the 21st Century: Coping with Globalization" (2006), "Business Ethics and Corporate Social Responsibility: Different Sides of the Same Coin? A Comparison of European and North American Perspectives" (2007), "Ethics, Governance and Enterprise Risk Management: A Global Perspective" (2008), "Building Responsible Global Cultures: The Role of Ethics, Corporate Social Responsibility and Sustainability" (2009), "What is Sustainability? Differing Perspectives on Sustainable Business Practice in the Global Context" (2010), "Stakeholder Engagement in Practice: Global Challenges, Possibilities and Limitations" (2011), and "The Future of Capitalism: Ethics, Sustainable Practice & the Global Economy" (2012) – we chose to focus on the remarks made by and exchanges between our panelists, unfortunately bypassing a wealth of ideas that were raised during interaction with the audience. John Maggs, my graduate research assistant, provided

invaluable assistance in viewing tapes of the different sessions, culling key points and ideas, and helping to edit the proceedings.

I would also like to note the wonderful colleagueship and thoughtful participation of the faculty who stayed for the remainder of the week, taking part in our Bentley-State Street Foundation Teaching Business Ethics Faculty Development Workshop: Joan Atlas (*Bentley*), Darline Augustine (*Pratt Institute*), Rebecca Awuah (*Ashesi University, Ghana*), Andrea Bather (*University of Waikato, New Zealand*), Monica Baraldi (*University of Bologna, Italy*), Annlorraine Edwards *(State University of New York at Oswego*), Ouafaa (Wafa) ElGarah (*Al Akhawayn University, Morocco*), Mike Frank (*Bentley*), Tarek Hatem (*American University in Cairo, Egypt*), John Hayward (*Bentley*), Noômen Lahimer (*Mediterranean School of Business MSB-Tunis, Tunisia*), Helen Meldrum (*Bentley*), Tricia Olsen (*University of Denver*), Caterina Tantalo (*San Francisco State University*), Tarek Tantoush (*Libyan Academy of Graduate Studies, Libya*), and Jonathan Ying (*University of Wisconsin - La Crosse*).



Bob McNulty and the "Arab Spring" panelists: Tarek Hatem, *American University in Cairo, Egypt*, Wafa ElGarah, *Al Akhawayn University, Morocco*, Noômen Lahimer, *Mediterranean School of Business MSB-Tunis, Tunisia*, and Tarek Tantoush, *Libyan Academy of Graduate Studies, Libya*.

Finally the 2013 program also continued our fifth Next Generation ESG Scholars initiative. Due to the pioneering efforts of Bentley colleague Cynthia Clark, we offer a companion program focused on enhancing doctoral student research in the environment, society and governance arena. In addition to serving as panelists during the symposium, Marta Geletkanycz (*Boston* College) and Jeanne Logsdon (*University of New Mexico*) served as ESG experts for the program. Mike Toffel (*Harvard Business School*) joined them to work with the visiting doctoral

students during the workshop. This year's group of doctoral students included: Yoojung Ahn (*University of Massachusetts – Amherst*), Jochen Botta (*WHU – Otto Beisheim School of Management, Germany*), Vanessa Burbano (*UCLA*), Mert Demir (*City University of New York*), Shalini Sarin Jain (*University of Washington*), Anna Karpovsky (*Bentley University*), Thomas Kjaergaard (*Aarhus University, Denmark*), and Gokhan Turgut (*HEC Montréal*).

On a closing note, as I am stepping down as director of the Alliance after 10 years, this program marks the last symposium that I will develop. It has been a wonderful experience and I am truly grateful for all the support that I have received over the years. Although this is my last year, the program will continue under the leadership of Cynthia Clark, the incoming director of our Alliance for Ethics & Social Responsibility. Planning is in progress for our 2014 Bentley-State Street Foundation Global Business Ethics Symposium and Teaching Workshop, which will focus on "The Opportunities and Challenges of Integrated Reporting: Stakeholder Perspectives in a Global Environment." I look forward to seeing you on the Bentley campus in Waltham this May.

Anthony F. Buono
Bentley University
Waltham, Massachusetts

Additional information on the Bentley Alliance for Ethics & Social Responsibility can be found at:

http://www.bentley.edu/alliance

Further information on the Bentley Global Business Ethics Symposium series sponsored by the State Street Foundation can be found at:

http://www.bentley.edu/events/symposium

2013 Symposium Program

Welcome

Anthony F. Buono, *Professor of Management and Sociology, and Executive Director, Bentley Alliance for Ethics and Social Responsibility*

Gloria C. Larson, *President, Bentley University*

Keynote Speaker

Fredrik Gjerstad, *Senior Vice President and Head of Investment Risk Management, State Street Global Advisors (SSgA)*

Enhancing Organizational Integrity

Moderator:

W. Michael Hoffman, *Hieken Professor of Business & Professional Ethics, and Founding Executive Director, Center for Business Ethics, Bentley University*

Panelists:

Jeffrey Oak, *Senior Vice President, Corporate Responsibility and Development, Bon Secours Health System, Inc.*

Lynn Paine, *John G. McLean Professor and Senior Associate Dean for Faculty Development, Harvard Business School*

S. Prakash Sethi, *University Distinguished Professor of Management, Baruch College, City University of New York*

Whistleblowing, Retaliation and Organizational Systems

Moderator:

Robert Frederick, *Professor of Philosophy and Chair, Department of Philosophy, Bentley University*

Panelists:

Janet P. Near, *Dale M. Coleman Chair of Management, Kelley School of Business, Indiana University*

Mark Rowe, *Advisory Services Leader, LRN*

Mark Schwartz, *Associate Professor and Area Coordinator, Law, Governance & Ethics, York University*

The Role of Government and the Regulatory Process

Moderator:

Will O'Brien, *Visiting Lecturer, Clark University*

Panelists:

Marta Geletkanycz, *Associate Professor of Strategic Management, Carroll School of Management, Boston College*

Jeanne Logsdon, *Jack and Donna Rust Professor of Business Ethics, University of New Mexico*

Wayne Norman, *Mackowski Professor of Ethics, Duke University*

Luncheon Speaker

Patricia Harned, *President, Ethics Resource Center*

ACCOUNTABILITY STANDARDS IN A GLOBAL ECONOMY

Moderator:

John P. Hansen, *Corporate Ethics Officer for RBS Citizens Financial Group, and Executive Fellow, Center for Business Ethics, Bentley University*

Panelists:

Michael Behnam, *Associate Dean and Professor of Strategy & International Business, Sawyer Business School, Suffolk University*

Anil Chopra, *Former Tata consultant*, India

James Weber, *Professor of Business Ethics and Management, and Senior Fellow and founding Director of the Beard Center for Leadership in Ethics, Duquesne University*

THE BUSINESS OF PEACE – BUSINESS AND THE ARAB SPRING: DELIVERING ON ASPIRATION OR CREATING OBSTACLES?

Moderator:

Robert E. McNulty, D*irector of Programs, Center for Business Ethics, Bentley University and Founder and Executive Director, Applied Ethics, Inc.*

Panelists:

Ouafaa ElGarah, *Dean and Associate Professor of Management Information Systems, School of Business Administration Al Akhawayn University, Morocco*

Tarek Hatem, *Professor of Strategic Management and Entrepreneurship, American University in Cairo, Egypt*

Noômen Lahimer, Associate Professor of Economics, *SMU – Mediterranean School of Business, Tunisia*

Tarek Mahmoud Tantoush, *Associate Professor of Management & Engineering, Libyan Academy of Postgraduate Studies, Libya*

Cleaning Up Organizational Messes: Principles, Practices & Possibilities – Where do we Go From Here?

Moderator:

Cynthia Clark, *Assistant Professor of Management and Director, Harold S. Geneen Institute of Corporate Governance, Bentley University*

Panelists:

Wesley Cragg, *Senior Scholar and Professor, Schulich School of Business, York University, and Project Director and Principal Investigator, Canadian Business Ethics Research Network*

Amy Sepinwall, *Assistant Professor, Legal Studies and Business Ethics, Wharton, University of Pennsylvania*

David Walek, *Securities Lawyer, Ropes & Gray*

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