Ethics and governance

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Throughout this year's issues, our journal has examined the causes of the Great Recession and its emerging consequences, from growing enthusiasm for such new technologies as Extensible Business Reporting Language (XBRL) that promise better reporting to a critical look at the role played by boards, auditors and regulators. And although there is undoubtedly much to criticize about the actions of all these players, there is also a feeling that getting the incentives or training of individuals is not sufficient. For the system to work there also has to be foundation of ethics and the willingness to abide by those principles even when circumstances make it all too convenient to do otherwise, to look the other way, to bend or to ignore.

Recently much publicity has been given to the efforts of some MBA students at Harvard Business School to take an oath at their graduation that is modeled on the Hippocratic Oath taken by doctors. The intentions are the same, that as future managers, they will 'first do no harm' and behave in ethical ways with responsibility to the wider community. The actual oath is worth reading in full:

Preamble: As a manager, my purpose is to serve the greater good by bringing people and resources together to create value that no single individual can build alone. Therefore I will seek a course that enhances the value my enterprise can create for society over the long term. I recognize my decisions can have far-reaching consequences that affect the well-being of individuals inside and outside my enterprise, today and in the future. As I reconcile the interests of different constituencies, I will face difficult choices.

Therefore, I promise:

- *I will act with utmost integrity and pursue my work in an ethical manner.*

- *I will safeguard the interests of my shareholders, co-workers, customers, and the society in which we operate.*
- *I will manage my enterprise in good faith, guarding against decisions and behavior that advance my own narrow ambitions but harm the enterprise and the societies it serves.*
- *I will understand and uphold, both in letter and in spirit, the laws and contracts governing my own conduct and that of my enterprise.*
- *I will take responsibility for my actions, and I will represent the performance and risks of my enterprise accurately and honestly.*
- *I will develop both myself and other managers under my supervision so that the profession continues to grow and contribute to the well being of society.*
- *I will strive to create sustainable economic, social, and environmental prosperity worldwide.*
- *I will be accountable to my peers and they will be accountable to me for living by this oath.*
- *This oath I make freely, and upon my honor.*

Needless to say, this initiative has met with derision and scorn from the media, business people, and from fellow Harvard MBA graduates, almost 80 per cent of whom declined to take this oath. Many consider the fact that the oath was felt necessary more telling than the oath itself, while others consider it an open invitation to hypocrisy. But perhaps that reaction is itself indicative of the age in which we live. After all, when Harvard Business School was formed at the turn of the twentieth century oaths were considered sacred, be it pledges to ones profession or to one's monarch or nation. Indeed, in that culture where a simple recitation of words had such force on one's behavior, the oath itself was virtually superfluous. It is

when an oath is needed, perhaps, that it does indeed become a worthless exercise.

These are questions that the journal has frankly not examined in sufficient detail during its existence. We have focused on the mechanics of governance and reporting and not on the motivation for doing so with integrity. And that is why looking forward to 2010 and beyond the journal is making an important strategic decision to expand our domain of coverage to encompass business ethics. We are doing so in partnership with the newly formed Institute for Ethical Leadership at Rutgers Business School and the aim is to bring to our readers insightful

and critical analysis of what ethics is and the role it can play in bringing about better governance and reporting. I am inviting submissions in the application of business ethics to the governance of businesses and non-profits, and especially on how ethics varies across cultures. To help launch this initiative, we now have a guest editorial by Alex J. Plinio, Co-founder of the Institute for Ethical Leadership at Rutgers Business School and a newly joined member of the advisory editorial board of this journal.

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Editor