

Corruption and inexperience - can business schools turn the tide?

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We live in a time of globalisation, faced with a worldwide economic recession and growing corruption which place unprecedented demands on leaders and managers to succeed.

Raymond Baker, executive director of Global Finance Integrity (GFI) in Washington, DC, is the leading expert on corruption, which, according to him, is "capitalism's Achilles heel". He points out that bribery has become the face of corruption, with \$40 billion being paid annually to corrupt government officials according to a study by Transparency International (TI). This in turn increases project costs by up to 10%, impact commerce and investments negatively, reinforces the power of corrupt regimes and injustices and frustrates entrepreneurship. The World Bank cites the creation of a competitive and successful private sector and improving public-sector management as two of the keys to reduce corruption.

What responsibility do business schools have to reduce corruption and to instil an ethic of corporate social responsibility (CSR)?

Dr Cobus Oosthuizen, Director, Management and Leadership Faculty at Milpark Business School, believes that business schools have a critical role to play in shaping the future leaders of business and industry and could do more to influence students to make decisions and behave in ways that reflect responsible leadership. Companies should be responsible corporate citizens; for a corporate social responsibility ethic is as important as profit margins and growth, and should not be reduced merely to lip-service.

Oosthuizen feels strongly that the ethics theme is paramount to shaping leadership and that business schools should include mandatory embedding of the CSR ethic theme into the different courses and not ring-fence it as a separate module. In other words, ethics should form the bedrock of an entire curriculum.

This view is mirrored in a recent MBA study by Ipsos Markinor where corporates emphasised that subjects such as finance, HR, BEE and others must be interlinked and not isolated, with less focus on theory and more focus on practical application, the effect decisions have on greater society and on case studies relevant to South Africa and Africa.

The Warwick Business School's (situated in the UK) approach to teaching business ethics and CSR to under-graduates through a real life CSR research project has set a benchmark. Oosthuizen agrees with Professor Contu from Warwick, that this experience gives the students the opportunity to investigate what "ethics politics and responsible governance entail and how they operate in the institutions around them." This gives students the opportunity to deal with the dilemma of what it means to be socially responsible.

It would seem that progress is being made in South Africa: the Ipsos Markinor study which tracked employers' views of their MBA students' capabilities over the last five years appears to indicate that intellectual ability and ethical orientation have continued to improve. Leadership abilities were rated the strongest ever in 2010, so too were strategic planning abilities and general management ability. Research ability and crisis handling were rated less favourably.

"There is clearly a growing realisation of the negative and counterproductive impact of 'toxic leadership' and corruption on business, the economy, and society as a whole, not forgetting the effect it has on individuals themselves" adds Oosthuizen. "It is imperative that business schools realise the influence they can exert in promoting the benefits of ethical behaviour through their various management programmes. In this way, they will contribute to breaking the vicious cycle of inexperience, corruption and self-enrichment we are now witnessing."

In spite of the global financial downturn management training enrolments are on the rise globally. There is the expectation that business schools can contribute substantially towards honing the skills of managers and leaders in the right direction. Milpark Business School appreciates the important part it has to play in this respect, inculcating its students with the vital values and principles as well as the knowledge and skills they need to help turn the tide and create a new professional management class that will benefit the country.

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