

## **Basic Business. Enron affairs shows need to provide for an ethical education.**

**By Leo I. Higdon, Jr.**

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What happened to Ethics 101? An ironic sidebar story in the Enron scandal is the fact that copies of the company's Code of Ethics are offered for sale on ebay. Although this sidebar is a trifle of a story compared to the larger one of Enron's hubris and collapse, it begs the question of how did scores of Enron executives fail Ethics 101 so completely? At a simple level the answer is easy. Enron was a confidence game, and as those who study such things know, successful con jobs demand that everyone involved - victims and perpetrators - believe they'll get something for nothing.

At a more complex level, though, one has to wonder how so many executives, many of them bright college graduates, some with MBAs from the finest universities, kept the con rolling along. Except for one memo, we have no evidence that much was said among these hundreds of executives.

The answer could be that ethics is often considered solely as a philosophical subject, rather than as a practical and integral part of the academic program.

However, that is no reason to give up on ethics as part of the curriculum. Quite the contrary, along with families and churches, educational institutions must teach ethics. One should not count on ethics being taught in the work place because those concerns can easily be jettisoned by concerns of job security, demanding supervisors, and the need to simply get by. Here is my prescription as to how to start using our educational system to strengthen an awareness of how to follow the rules.

1) Integrate ethics into the academic program. Ethics should not be confined to a single course, but be integrated into virtually every course of study. Educators must make ethical dilemmas germane, allow students to wrestle with the uncertainties of real case studies, and navigate the ethical minefields of complex issues.

2) Set expectations for entering freshmen on accepted standards of behavior. Students must be advised to heed laws, which include not only the laws of the state, but also the self-imposed laws of the community. Students should be involved in both lawmaking and law enforcement. Thus they learn the importance of laws that define the character of their community.

3) Emphasize the importance of values. In an ABC News report, Linda Treviño, a Penn State business professor asserted that unscrupulous behavior in the workplace is a direct result of corporate culture. For instance, management sometimes pressures employees to bend the rules to achieve financial forecasts. "People like Enron whistle-blower Sherron Watkins are a rare breed," said Treviño. Educational institutions must invest energy in formalizing shared values so that faculty, staff, and students can be guided in daily operations and decision-making, and thus, students can see the important influence of culture on behavior.

4) Encourage service learning. It strengthens and enhances classroom learning. It links academic theory with real world experience. In the workplace, a student will be faced with the inevitability of making ethical choices and dealing with the consequences.

5) Emphasize the importance of communicating honestly. Faculty must remain dutiful to their obligation to teach students to communicate clearly and to be wary of those who should, but don't. Part of this obligation means encouraging questions: including, "What exactly do you mean by that?" Enron claimed that their business was "creating value and opportunity for your business," and that they had a "unique business model" which they were "continuously looking for new opportunities to apply." Among other promises, they maintained they were able to help companies smooth revenues, cover excess costs, reimburse "lost opportunity" costs, provide flexibility and reduce uncertainty. A student should have the confidence to say, "What in the world are you talking about?" In the Enron case, challenged to provide specificity, the flim-flam would have been revealed. But how many educated stakeholders ever asked, "Hold up, exactly how do you plan to do that?"

6) Set ground rules with recruiters. We must require on-campus recruiters to address their company's social responsibility and policies. If the company doesn't offer this information, the student should be trained to ask questions about culture and values in any interview. It is not only in their long-term interest to do so, it's the right thing to do. Several studies, including a recent one by Harvard, have shown a positive linkage between ethical business practices and favorable financial performance. I started by saying that Enron executives attended our nation's finest universities. If something good could come out of the catastrophe, it must be that the measure of a fine university will be the extent to which it demands of itself and its students honesty, integrity and ethical behavior.

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**Lee Higdon wrote this article while president of the College of Charleston from 2001-2006.**