THE SOCIETY FOR BUSINESS ETHICS NEWSLETTER

Fall, 2015

Volume XXVI, Number 3

Letter from the Executive Director

Dawn Elm
University of St. Thomas

A Tribute to Ann Buchholtz

In September of this year we unexpectedly lost one of the most wonderful colleagues we had in our field. Ann Buchholtz passed away from complications of surgery at far too young an age. She was one of the most generous individuals that can be found in our profession and in life. She never said no to anyone regardless of the burden to her and was profoundly influential on many of us, never taking but always giving.

I got to know Ann very well during my tenure in the leadership track of the SIM division of the Academy, of which many of you are also members. She was very introverted and struggling with Multiple Sclerosis (or as Lori Ryan put it, "negotiating" with it), and was in and out of a wheelchair for several years. She never asked for any special treatment, and in fact, resisted it quite strongly, which is part of who she was. During my year as Division Chair of SIM in 2001 I asked six SIM colleagues if they would be willing to help me with a unique Division Chair Address. I had chosen to perform a play representing the character and value of our division within the academy as a warm, welcoming community of critical scholars interested in making the world a better place, even if it was at the margins of the profession. Ann was one of the individuals I asked to help me. I primarily asked her because she had always supported me as a colleague and scholar. I didn't expect her to agree given her typical desire to remain out of the spotlight, but she did. At the conclusion of the play and the address, Ann came to me and thanked me for doing such a wonderful thing for her – for her? She did it for me, and I never forgot that leap she took to help a friend.

The world is a little less bright without Ann in it and our profession has lost a jewel. I will miss her. Rest in peace my friend.

Lifetime Achievement Awards

The 2015 Lifetime Achievement Awards were presented at the conference in Vancouver. Professor Edwin M. Hartman, retired and formerly of Rutgers University, was awarded the Outstanding Scholarly Achievement Award for a career in the field of business ethics, and Professor Ronald F. Duska, retired and associated with St. Joseph's and Villanova Universites, was awarded the Outstanding Service Award. Congratulations to both of these amazing individuals for their accomplishments during their careers in our field.

Society Updates

As those of you who attended our annual conference in Vancouver last August are aware, we accomplished a number of things both at and before the meeting.

We successfully updated and revised our SBE bylaws to allow consideration of Co-Editors-in-

(Continued from page 1)

Chief for BEQ, as well as clarifying some language regarding the titles and responsibilities of the Executive Board members. We tabled a motion to revise the section of the bylaws that currently suggests that the Executive Board appoints members to the Society, which we will bring forth to the membership at our annual business meeting in Anaheim this August.

We elected Jeffrey Moriarty as the newest member of our Executive Board, and the Board introduced our new Conference Director, Vickie Hoyle, to the membership.

In addition, the Executive Board also delineated several policies for the annual conference going forward to help up maintain consistent processes from year to year. The policies deal with topics such as providing Visa letters for members from outside the United States, the registration fees for non-academic panelists and expense policies for such panelists and Keynote speakers, the Emerging Scholars and the PhD Poster Student registration/fee process. If you would like further information about these policies, please contact me or any member of the Executive Board.

Our next annual conference will be held in Anaheim California from August 4-7, 2016 at the Wyndham Garden Hotel. You will be receiving a call for submissions from our Program Chair, Heather Elms, in January. We will also be opening registration for the conference later this spring and hope you will be able to join us in sunny California!

Best,

Dawn

Update from the Editor in Chief of *Business Ethics Quarterly*

Denis Arnold
UNC Charlotte

Dear SBE Members:

I am pleased to share additional good news about *Business Ethics Quarterly* with members. In the Scopus SCImago journal rankings scheme published by Elsevier, *BEQ* has been ranked 1st of 450 journals in the Philosophy category, and 7th of 236 journals in the Business, Management, and Accounting category. This is a ranking scheme that takes into account citations in a wider range of journals and in many ways is better suited to assess the impact of a multidisciplinary journal, such as *BEQ*, that is frequently cited in both humanities and social science journals, than the Thomson Reuters journal ranking system which uses a much smaller list of mostly social science journals as the basis for assessing journal impact.

At the Society for Business Ethics annual meeting *Business Ethics Quarterly* issued its annual awards. The 2015 Best Article Award and Best Reviewer Award are given for articles published in 2014 or reviews completed predominantly during 2014. Norman Bowie (University of Minnesota) received the 2015 Best Reviewer Award. Bowie undertook more reviews than any other Editorial Board member during the same time frame. Associate Editor Alan Strudler (Pennsylvania) describes Bowie's referee reports in this way, "His comments go to the core of an author's arguments, suggesting how the arguments can be sharpened, perhaps simplified, challenging the arguments at even their strongest points. Bowie tries to find the value in an author's argument and never nitpicks. If any referee rises to the level of a Socratic midwife, it is Bowie."

The *BEQ* Associate Editors, Managing Editor, and Editor in Chief constitute the nominating committee for the Best Article Award. The 2015 Best Article Award Committee was comprised of Associate Editors Jerry Goodstein (Washington State University) and Jeffrey Moriarty (Bentley University), and Managing Editor Elizabeth Scott (Eastern Connecticut State University). Finalists for the Best Paper award were Pablo Garcia-Ruiz and Carlos Rodriguez-Lluesma, "Consumption Practices: A Virtue Ethics Approach," *Business Ethics Quarterly*, 24, 4, (2014): 509-531; and Joshua Preiss, "Global Labor Justice and the Limits of Economic Analysis," *Business Ethics Quarterly*, 24, 1 (2014): 55-83. The winner of the best paper award was Tae Wan Kim, "Decent Termination: A Moral Case for Severance Pay," *Business Ethics Quarterly* 24, 2 (2014): 203-227. Thanks to all the finalists and winners for their contributions to the field.

The *BEQ* pipeline is strong, and while we have been publishing paper issues of the journal with a delay as we changed publishers, we anticipate publishing complete issues of the journal on schedule by mid-2016. Please continue to send us your best work. Our publisher, Cambridge University Press, reports that there have been over 6,400 downloads of *BEQ* articles in the first six months of 2015 alone, so you can be assured of rapid publication and wide dissemination upon acceptance.

Denis G. Arnold

Report from the Conference Chair
2015 Society for Business Ethics Annual Conference

Nien-hê Hsieh

This year's Conference brought us to beautiful Vancouver, British Columbia. 191 attendees gathered at the Metropolitan Hotel for four days of stimulating intellectual engagement and opportunities to meet and reconnect with colleagues from around the world.

This year we saw submissions from 27 countries, with 56% coming from outside the United States. In the case of the Emerging Scholars Program, the increasingly global nature of the Conference was underscored by the fact that 72% of the submissions were from outside the United States. The Conference Program included 13 panels, 2 workshops, and 78 paper presentations. One deviation from the format of previous years was to have two-paper sessions (as opposed to the usual three), in order to allow for more focused discussion within sessions. Another deviation was to schedule related sessions in succession to allow for sustained conversation across sessions.

There also were a number of conference-wide special events, including:

- "35 Years of Ethical Issues in Business with Emphasis on my Russian Experience" by Bill O'Rourke, retired Alcoa executive and President of Alcoa Russia, Fellow of the Wheatley Institution
- "Celebrating *Business Ethics Quarterly's* 25th Anniversary: Trends and Prospects in Business Ethics Research," the opening plenary session
- "Is it Time to Jump off the Sustainability Bandwagon?" Presidential Luncheon address by Joseph Desjardin
- The SBE/SIM Joint Keynote Address, "Reflections on Business, Society, and Ethics," by Chrystia Freeland, Canadian Member of Parliament for the riding of Toronto Centre

In addition, the Conference provided occasion to celebrate the accomplishments and contributions of many outstanding individuals. In addition to the *Business Ethics Quarterly* awards (see the report by Denis Arnold, Editor-in-Chief), the Best Conference Paper Award was given to Daryl Koehn for her paper, "Why the New Benefit Corporations May Not Prove to Be Truly Socially Beneficial," and the Best Dissertation Award was given to Emilio Marti for "Financial Regulation, Financial Innovation, and Public Deliberation: Critical Insights from Organization Theory." In recognition for his service to the Society for Business Ethics, Ron Duska received the Lifetime Achievement Award for Service, and Ed Hartman received the Lifetime Achievement Award for Scholarship (see the ***). Looking forward, twelve doctoral candidates were selected for the Emerging Scholars Program, and eight doctoral candidates presented posters at a session before the reception to celebrate the 25th anniversary of *Business Ethics Quarterly* and to recognize Cambridge University Press as the journal's new publisher.

(Continued from page 4)

The Conference closed with the Emerging Scholars and Farewell Reception, which was generously sponsored by the W. Maurice Young Centre for Applied Ethics, University of British Columbia.

Thank you for joining us this year and helping to make the 2015 Conference a success. We look forward to seeing you next year in Anaheim, California (August 5-7). For more details, please visit the Society for Business Ethics website (http://sbeonline.org/?page_id=8126).

Nien-hê Hsieh

CALL FOR BOARD NOMINATIONS

The Society for Business Ethics is accepting nominations for the 2016 position on the Executive Board. The board is responsible for overseeing all activities of the Society including governance, conference planning, and oversight of our journal, *Business Ethics Quarterly*. The term for board members is 5 years. The first year has minimal responsibility; the second year the member serves as secretary for the society and liaison to the Social Issues in Management Division of the Academy of Management for the annual keynote speaker at the conference; the third year the member is the program chair for the annual conference; the fourth year the member serves as the President of the Society; and the fifth year the member remains on the board as the Past -President for the Society.

Membership on the board is a crucial role in advancing the interests of the Society. Nominees should be active members of the Society and have a desire to enhance the performance of the organization and its activities for the future. Please send nominations to any member of the Executive Board, including Dawn Elm, Executive Director of the Society at drelm@stthomas.edu. Nominations will close on March 1, 2016.

CALLS FOR PAPERS AND CONFERENCES

Character and Virtue in the Professions: An Interdisciplinary Conference

Jubilee Centre for Character and Virtues, University of Birmingham, 2 – 4 June 2016

It is a pleasure to invite you to the International Conference 'Character and Virtue in the Professions'. Working in the spirit of a neo-Aristotelian virtue ethics which takes virtuous character to be something that may be developed or enhanced by appropriate education or teaching, the Jubilee Centre for Character and Virtues at the University of Birmingham has lately been researching various possible approaches to character education in a variety of human occupations and professions such as law, medicine, nursing, teaching, the military, and business. The conference seeks to bring the work of scholars from different disciplines – including psychology, sociology and theology as well as philosophy – to bear on issues of how best to educate moral character for the professions.

Most publicly significant professions, vocations and other human occupations in civil and civilized societies have more or less formal codes of conduct or 'professional ethics' designed to ensure good or just practice and to protect clients from bad or unjust practice. However, such codes seem insufficient to guarantee conformity to them of individual practitioners. From this viewpoint, many latter day professional failures or 'scandals' in such contexts of public concern as (for example) politics, law, medicine, social work, education and commerce would appear to have been attributable more to the personal weakness, irresolution, greed, self-serving and sometimes just plain folly of individual practitioners: in short, to failures of personal moral character. Thus, while institutions and agencies of professional education and training have recently and rightly sought to promote deeper appreciation of the principles of just professional engagement on the part of professional practitioners, it would seem that the no less urgent matter of helping them to acquire the moral qualities of integrity, courage, self-control, service, selflessness and so on for the robust pursuit of such just practice has received less attention.

We are pleased to announce that the following distinguished speakers have been invited to help identify and define some of the key issues and questions concerning character education in various professions:

- *Sarah Banks*, Professor of Applied Social Sciences, University of Durham
- *Patrick Boleyn-Fitzgerald*, Edward F. Meilke Professor of Ethics in Medicine, Lawrence University, USA
- *Ann Gallagher*, Professor of Ethics and Care, University of Surrey
- *Geoffrey Moore*, Professor of Business ethics, University of Durham
- *Justin O*akley, Professor in the Centre for Human Bioethics, Monash University, Australia
- *Nancy Sherman*, Professor of Philosophy (including military ethics), Georgetown University, USA

We invite interested parties to submit abstracts of papers on some aspect of professional character and virtue. Abstracts must be no more than 250 words, in Word format, and sent to jubileecentrepapers@contacts.bham.ac.uk **by 5pm on Monday 4th January 2016** with the email subject '**Proposal for Character and Virtue in the Professions**'. Please include full name, position, affiliation, and email in the abstract. This conference accepts papers in English only.

(Continued from page 6)

We will send out notifications of acceptance before the end of January 2016.

There is a conference registration fee of £150. The fee covers lunch, drinks and the conference dinner. A link to pay the registration fee will be circulated at the start of December.

Accommodation for the conference has been reserved at Lucas House, University of Birmingham. Details about Lucas House can be found here. Rooms have been reserved for 2 nights (2nd and 3rd June) and will be available through Lucas House on a first come first serve basis. Details of how to book will be circulated in due course. If you require accommodation for additional nights, these can be booked directly with Lucas House. Rooms will be around £65 per night per room bed and breakfast. Lucas House can be contacted on 0121 414 3344.

We would be grateful if you circulated this Call to your network of colleagues, whether or not you are intending on submitting an abstract. Please accept my apologies if you have already been invited to submit a paper for this conference or receive this email twice. If you have any questions or queries regarding the conference please send them to Dr Rosie Buggins, r.e.buggins@bham.ac.uk

The Center for Business Ethics at Bentley University is pleased to announce

The Center's 40th Anniversary Conference and Gala Dinner Celebration

July 25 – 26, 2016

Bentley University, Waltham, MA

Back in 1976, the Center for Business Ethics (CBE) was founded by Dr. W. Michael Hoffman, and with it, a significant step was taken in launching a movement that would forever change the face of commerce globally. Please join us for a two-day conference entitled, "Global Perspectives on Business Ethics," with papers delivered from some of the field's most respected leaders and distinguished scholars from around the world. These invited presenters have been CBE Verizon Visiting Professors and CBE Visiting Scholars over the years.

CBE Verizon Visiting Professors in Business Ethics planning to present:

John Boatright, Loyola University Chicago
Norman Bowie, University of Minnesota
George Brenkert, Georgetown University
Francis Daly, Northrop Grumman Corporation
Richard DeGeorge, University of Kansas
Thomas Donaldson, Wharton, University of Pennsylvania
Kenneth Goodpaster, University of St. Thomas
Laura Hartman, Boston University
Sandra Waddock, Boston College
Patricia Werhane, DePaul University and Darden, University of Virginia
Thomas White, Loyola Marymount University

CBE Visiting Scholars planning to present (among others):

Kristian Alm, BI Norwegian Business School, Norway
Monica Baraldi, University of Bologna, Italy
Ulas Cakar, Dokuz Eylul University, Turkey
Jacob Dahl Rendtorff, Roskilde University, Denmark
Joan Fontrodona, IESE, University of Navarra, Spain
*Manuel Guillén P*arra, University of Valencia, Spain
J. Brooke Hamilton, University of Louisiana, USA
Avi Kay, Jerusalem College of Technology, Israel
Mollie Painter Morland, Nottingham Trent University, United Kingdom
Alvaro Pezoa, University of the Andes, Chile
Arthur Shacklock, Griffith University, Australia
Ilona Szöcs, Vienna University of Economics and Business, Austria
Jianfeng Yang, Jiangxi University of Finance & Economics, China

Conference attendance is free. All are welcome!

Come Celebrate with us at the Gala Dinner!

Monday night July 25, 2016

Tickets for the Gala are $50.00 for one person and $75.00 for two. All proceeds will go to the John Casey Visiting Scholar Fund.

If you plan to attend, please do one of the following: register online at http://bit.ly/cbe40_plans; email Gail Sands at gsands@bentley.edu; or telephone Ms. Sands at 781-891-2981.

Please try to inform us as soon as possible.

Primary Sponsor, Raytheon Company, Co-Sponsor, Verizon Communications, Contributing Sponsor, Bon Secours Health System, Inc.

COMMENTARY

Teaching Business Ethics: More Than Theoretical Lip Service

Dr. Thomas P. Corbin Jr
Assistant Professor
American University in Dubai

Business Ethics is a required course at AUD and now in many business schools. Although this has not always been the case as some experts point out that attempts to teach business ethics at the beginning of the 20th century was a bit hit and miss, current attempts to teach the topic is now standard practice. (Abend 2013). Experts and scholars in the field continue to believe that a fundamental education of ethics and critical thinking are an indispensable part of a business school education. (Nastase and Corina 2013). AUD feels that the teaching of ethics is essential to its mission statement and includes measure of ethical function as part of the measured learning outcomes for their programs. (AUD 2015). In theory, business students need to complete the course to move onto upper level courses and ultimately graduation. But it is necessary in the approach to the subject matter and practice to view business ethics as more than a simple pre-requisite and obstacle to overcome and rather as method to develop critical thinking and practice skills for the professional world. The teaching of ethics, whether it is done through business or humanities, should be geared towards the development of soft skills and instilling a competitive edge in our students of today that will be employees of tomorrow. In essence, the development of an ethical skill set can be seen as survival skills to help keep a future employee or manager from being in a situation where they will lose their job or even worse, be sued or incarcerated for their unethical behavior. Teaching ethics in the business sense is a question of both logic and courage. To have successful graduates, learning institutions need to develop students that have critical thinking, strong logic skills and the courage to practice those skills in the workplace.

In a recent business law class at AUD the students had a clear opportunity to learn and recognize potential ethical pitfalls and were installed with the tools necessary to navigate a decision making processes that could lead to the best possible solution for an ethical dilemma. While using case study scenarios to develop the understanding of concepts of Human Resource Management (HRM), the students stumbled upon the cultural relativism issue that once brought to light instilled the students with the ability to see the differences even if they fundamentally disagree with the premise. The scenario outline asked the students to assume the role of management/human resource teams and to deal with a lead government worker that was placing at risk children into care homes. The scenario also suggested that the worker appeared to be living above his means and that a cursory review of the placements showed a tendency towards putting the children into favored homes as opposed to qualified homes. The case study further indicated that no children under the review of the worker were endangered and the placement and care protocols were otherwise maintained; however there did exist at the department in question a certain level of acrimony among the other employees. The general suggestion of the case study was used to outline the principles of HRM Ethical Leadership which calls for a leader to be "a role model for maintaining the highest standards of ethical conduct." (SHRM.org 2014). The intent of this is to encourage human resource managers and by proxy organizational managers to exhibit leadership qualities through their actions that can be viewed as the highest of standards for ethical behavior. After a lengthy discussion on the probability of bribes or kickbacks as being the reason for the perceived higher standard of living and what methods could be used to determine if there was an actual conflict of interest was exhausted the true educational moment occurred. A hand from the back of the class went up and the student said, "Wait, I don't understand the problem. If the kids are okay what is the issue with the worker receiving gifts from the place-

(Continued from page 9)

ment homes?" There are a multitude of ethical lessons to consider but in the discussion with the student as well as analyzed here, three can be considered. Firstly, any employee, whether governmental or otherwise is receiving a salary for their work. Eliciting, taking or expecting bribes on the side erodes confidence in the general system or organization. This erosion of trust can lead to poor work attitudes within the structure and public confidence issues from the outside. Secondly, as managers concerned about the integrity of the system, confidence in the organization and the continued function of the program, the decision to at a minimum investigate the claims in an open and fair measure is an obligation that cannot be neglected. Failure to do so can be consider a fundamental breach of the duties of loyalty and care, both of which are fundamental to both law of agency and ethical leadership. Finally, even if a practitioner comes from a softer ethical school of thought on the issues of bribery, gifts and facilitation payments, the ability to consider these matters logically and measure if one's own position on the matter is in sync with organization's view as well as the perceived view of the community is a learned skill. From this lesson the student in class as well as the rest of the class can begin to separate their own views on situations to critically think about what a better or superior solution to a problem would be with regards to the ethical confines of the organization at which they are employed. That logical method as applied is to first identify the ethical dilemma, break down the principal elements in the situation as presented, factor in any and all alternative courses of action and how they may impact the organization and then select the best or most ethical alternative course of action after considering all of the consequences.

Another area of concern is one of ethical empowerment. In the same ethics class, another scenario where a business entity conducts a surprise inspection of a supply chain partner's manufacturing plant yields the discovery of child labor and other human rights abuses. Upon case study review, students often point out that unethical behavior is a regular part of the business world and 'everybody' engages in the activity. What possibly could one person or company do to make a difference? A great example of proof that a successful company can have high ethical standards, demand ethical practices from partners and ensure ethical behavior throughout the supply chain process is demonstrated by IKEA. IKEA, as demonstrated in the Manufacturing and Logistics IT magazine as a demonstrated case study provides an excellent example of maintaining ethical standards and still being successful. The message to students therefore becomes one of looking for examples of business that can be both ethical and successful from having the courage to police the corporate policies of both their own activities as well as their suppliers.

Ethics are relative. Doing the right thing or making the right decision is not always easy. Furthermore, teaching students to see ethical problems and think about them logically instead of out of simple instinct or on a basis of cultural norms is a substantial task. In the study and education of ethics, again with the goal of developing survival skills in the workplace, we seek out normative similarities to aid in working environments. Certain schools of ethical thought point out that bribes or gifts, as they are considered in the fact pattern, are often facilitation devices instead of encouragements to break the rules. (Hamilton and Knouse 2001). In the discussion of the fact scenario above it can be seen that an effort by a human resources officers to avoid not only unethical behavior but also the appearance of unethical behavior was necessitated. However, the severity of the behavior as well as its outcome seemed important for the student's consideration. It is important to note that many professional societies including the Society of Human Resource Management, the American Bar Association and the Charter Institute of Management Accountants to name just three, indicate that ethical considerations should include not only the deterrence of unethical behavior but also the avoidance of the appearance of unethical behavior. In Professor Archie Carroll's crafted work on ethics entitled: 7 Habits of Highly Moral Leaders, Professor Carroll calls for ethical leaders to "have a passion to do right". There are no clarifiers. It is not do right only if there is harm or damage being done. It is not do right if it will look like the right thing to do. It simply calls for ethical leaders to have a passion to do what is right. Corrective behavior and planning are perennial in producing successful graduates. As such, preparing students to view potential

(Continued from page 10)

ethical conflicts and logically ascertain solid solutions to the problems based on thoroughly thought out analysis will lead to superior solutions in the workplace and ultimately a more ethical standard of practice in the business world. With regards to educational commitment to the teaching of ethics, practices such as logic based decision making and encouraging courage in corporate practice leads to the assurance of learning and the assessment of learning which are standard parts of business school missions, learning outcomes and strategy. Therefore, as can be seen at the outset in the modern world of putting principle decision making above simple rules-based approach is a focus that is necessary for the procurement, continuance success for students in the post graduate workplace.

References

About AUD, Mission and Goals, online November 10, 2015, http://www.aud.edu/about_aud/en/page/315/aud-campus-#/about_aud/en/page/263/aud-mission?sub=473&show_title=1.

American Bar Association, Cannon 9. A Lawyer Should Avoid Even the Appearance of Professional Impropriety, ABA Model Code of Professional Responsibility, online, November 5, 2015, http://www.americanbar.org/content/dam/aba/migrated/cpr/mrpc/mcpr.authcheckdam.pdf.

A. B. Carroll, "Ethical Leadership: From moral Managers to Moral Leaders," in Rights, Relationships and Responsibilities, Vol. 1, ed. O.C. Ferrell, Sheb True, and Lou Pelton, Kennesaw, GA: Kennesaw State University 2003.

Charter Institute of Management Accountants, 120 Objectivity, General Application of the Code of Ethics, November 5, 2015, http://www.cimaglobal.com/Professional-ethics/Ethics/CIMA-code-of-ethics-for-professional-accountants/Part-A---General-application-of-the-code/120-Objectivity-/.

G. Abend, Business Ethics Quarterly, Vol. 23 Issue 2, p 171-205, April 2013.

J. Hamilton, B.S. Knouse, Multinational Enterprise Decision Principles for Dealing with Cross Cultural Ethical Conflicts, Journal of Business Ethics, 2001.

M. Nastase, D. Corina. Review of International Comparative Management: Revista de Management Comparat International, Vol. 14 Issue 2, p191-201 May 2013.

Manufacturing and Logistics IT, [Online] November 29, 2015, http://www.logisticsit.com/articles/2006/10/26/2353-ikea-revamps-supply-chain-strategy-with

Society of Human Resource Management, SHRM Code of Ethics, online, November 5, 2015, http://www.shrm.org/about/pages/code-of-ethics.aspx.

A reflection on ethics in finance – just how far have we come?

Christina Kleinau
Wittenberg Center for Global Ethics – PhD Program "Ethics and Responsible Leadership"

In the financial crisis of 2007/08, countless emergency meetings were called and emergency measures were put into place to avoid the collapse of the financial system. Why? Because a stable financial system is vitally important to so many aspects of modern life. Without the financial system, payments for goods and services cannot be transferred, insurance contracts cannot be used to manage risks and investments for the future cannot be made. Constituents in the finance industry are well entitled to earn profits by providing services such as these – but they thereby also have a responsibility to ensure that they can continue to provide these services in future.

Because of this responsibility to the rest of society, there was well-founded outrage at the lack of ethics which played a role in the creation of the financial crisis. Too many constituents of the financial system profited from the trust placed in them by society without taking the necessary precautions for guaranteeing that they could continue to fulfil their responsibilities in future. To be sure, technical flaws in the calibration of models and valuation of risks also played a role. Nonetheless, the sheer number of institutions which became insolvent, new laws which were passed and organizations which were established at light speed to try to stabilize the system exemplified that there had been a systematic of investments in the ability of the financial system to fulfill its functions on a sustainable basis.

Why? Arguably, the problem starts with the education (or lack thereof) that future constituents of the financial system receive. Prior to the financial crisis, people with degrees in finance, mathematics and physics – so called 'quants' – were hot property. These people generally did not receive any formal training in understanding the responsibility to society associated with their position in the economy. Following the crisis, there was a general cry for more business ethics education but this cry has faded and there is still a gaping absence of educational offerings regarding ethics in finance. Logically, there are therefore few people in the finance industry with the necessary qualitative knowledge regarding which functions of the financial system they have a responsibility to safeguard and how they should go about doing so.

Many would argue that it is the responsibility of regulators to ensure that the financial system remains stable. This is a valid point – but there are also caveats. Firstly, the problem of the lack of specific training regarding how to realize ethical conduct in the financial system applies equally to the people with an education in finance who become financial market regulators. Secondly, constituents of the finance industry also protest against the restrictions posed by 'inefficient' regulation, for example, when an increase in the capital base which banks are required to hold are discussed and, to a certain extent, this complaint holds water. If, for the sake of stability, participants in financial markets are so tightly controlled that they have no freedom to innovate or pursue efficiency gains, the ability of the financial system to serve society is also hindered. An understanding of ethics in finance means understanding the potential trade-off between efficiency and stability. It also means understanding the role of institutional profit maximization and of market regulation. On this basis, sound judgements can be made regarding investments and activities which safeguard the ability of the financial system to fulfil its role in society on a profitable and sustainable basis. In particular, this means avoiding decisions and activities which undermine systemic efficiency and stability.

Much as the Basel Committee on Banking Supervision arguably does its utmost, there is simply no one, central authority which can guarantee the ability of the financial system to fulfil its role in society.

(Continued from page 12)

It is up to every educational institution to prepare its students well, every financial institution to define its structures accordingly, every employee to question the effectiveness of their activities and every regulator to proactively address threats to the stability and productivity of the system. As we observe in the case of Tom Hayes, who has been sentenced to 14 years in prison for his role in the LIBOR manipulation scandal, the individual consequences of *not* systematically addressing the topic of ethics in finance can be immense.

The fact that the financial markets have returned to a period of relative calm, is no reason to adjourn the case for ethics in finance. Precisely these times need to be utilized to question and, if need be, to reform structures, processes and activities so as to ensure that a culture of ethics can be systematically anchored in the financial system. This is vital for avoiding the societally detrimental boom and bust cycle which calls the societal legitimacy of the financial system, as a whole, into question. Hence, it begs the question just how far we have come in our endeavors to do so?

Christina Kleinau

Academic Coordinator of the PhD Program *Ethics and Responsible Leadership*

Wittenberg Centre for Global Ethics e.V.

Schlossstraße 10

D-06886 Lutherstadt Wittenberg

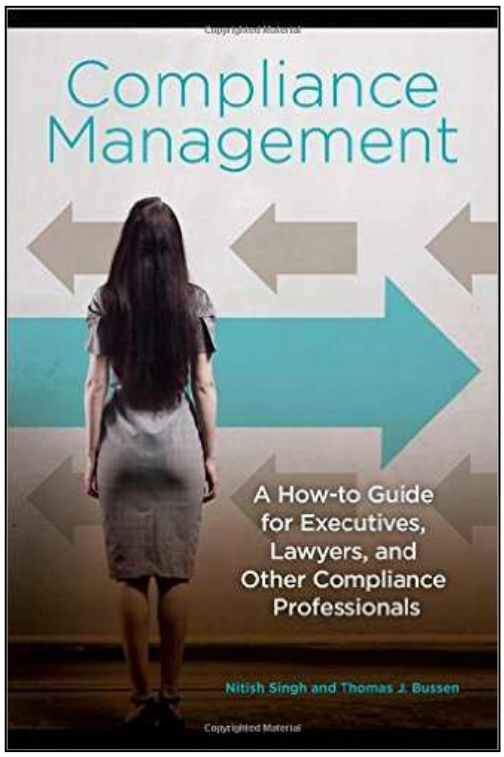
Tel +49 (0)3491 / 5079 117

Fax +49 (0)3491 / 5079 150

Email christina.kleinau@wcge.org

Web www.wcge.org / www.ethicsinbusiness.eu

BOOKS, JOURNALS & MULTIMEDIA



Compliance Management: A How-to Guide for Executives, Lawyers, and Other Compliance Professionals

Written by: Nithin Singh & Thomas J. Bussen

Praeger, 2015

ISBN: 978-1440833113

This newly released book on Compliance Management is grounded in ethical foundations and would serve as rich resource and book for any ethics and compliance class. It offers comprehensive guidance on developing and implementing an effective global compliance program. The book is especially beneficial for 'Business Law', 'Governance' and 'Compliance' students as it provides advice on complying with specific regulations.

The book is authored by business educator and compliance expert Dr. Singh and former litigator Thomas Bussen.

Some unique highlights of this Corporate Compliance book include:

First Book: This is one of the first compliance books which comes with a complete set of free resources. e-learning modules for all book chapters+ power points, quiz and discussion questions available at: http://compliancehandbook.integtree.com/course-materials/

Guide: Offers a step-by-step guide to creating and managing an effective compliance program.

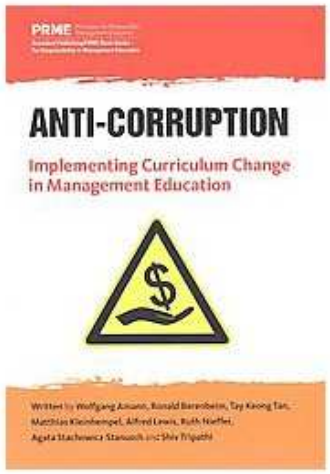
Showcase: Provides the latest best practices in a world of ever-changing regulations.

Culture Shaping: Identifies the importance of developing and maintaining a corporate culture of "doing the right thing", and shows how ethical training improves compliance.

Real World Highlights: Features interviews with, and best practices from, top executives, judges, Department of Justice attorneys, and infamous FBI informant Mark Whitacre

Regulatory Compliance: Provides easy to understand overviews and recommendations for complying with specific laws, including labor, international, environmental and more.

Blog: To complement the book, we have created a blog which provides cutting edge commentaries on key ethics and compliance issues. www.ethicsresources.org



Anti-Corruption: Implementing Curriculum Change in Management Education

Written by: Alfred Lewis, Ronald Berenbeim, Wolfgang Amann, Matthias Kleinhempel, Tay Keong Tan

Greenleaf Publishing, July 2015
ISBN: 9781783535101

Anti-Corruption: Implementing Curriculum Change in Management Education provides resources for building trust through the implementation of comprehensive guidelines on how to professionalize ethics and anti-corruption education worldwide in a variety of classroom settings. It is written and tested by highly experienced program directors, deans and professors, in how to adopt, adapt and develop best teaching practice. It highlights successful patterns, details illustrative case studies and offers clear, hands-on recommendations.

Call for Newsletter Contributions

In an attempt to revive a vibrant and current newsletter, we need your contributions to the next issue.

Please send your letters, announcements, professional notes, information about new books, journals, multimedia, calls for conferences and special journal issues, position announcements, and other items of interest to the Communications Director, Katherina Glac (kglac@stthomas.edu).

The deadline for submissions for the March issue is **February 15, 2016**.