Global Ethical Leadership

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Abstract

Recent scandals and accounting frauds, involving companies such as Enron, Global Crossing, ImClone Systems, Tyco International, Vivendi Universal and Worldcom, triggered much interest on ethical leaderships. The teaching of and research into ethical values, corporate social responsibility and global e-commerce in the private sector revitalized curriculum development for Universities and Colleges around the world. At Dominican College, courses in Corporate Values, Global E-Commerce and International Management were developed/restructured to meet this surging demand. This paper presents a summary of the research efforts.

Corporate social responsibility (CSR) and ethical values courses have attracted much interest in recent years. Global E-Commerce is a new paradigm for doing business. Badaracco (2002) preached an unorthodox guide to doing the right thing, Carver and Oliver (2002) outlined the corporate boards that created value, Cohan (2003) gave seven principles that drive corporate values, Gallagher (2002) gave examples of companies that embraced corporate cultures, Gilson (2001) did case studies in corporate restructuring, Hopkins (2003) did case studies on CSR for international firms, Hsu did work on the Business Process Outsourcing (2005), Kotler and Lee (2004) put forth cutting edge ideas on CSR, McLean and Elkind (2003) provided the riveting saga of the Enron downfall, Mallor (2003) wrote Business Law in a global E-Commerce environment, O'Brien (2004) made a comprehensive analysis of the ethical leaderships of 15 Dominican colleges in USA, Pennino (2001) investigated the relationship between principled ethical reasoning and managerial decision styles, Prahalad and Porter (2003) collected findings on CSR, Safty (2004) organized a global leadership conference to discuss value leadership and capacity building, Sims (2003) explained the failure of companies due to the lack of ethics and CSR, and Zenger and Folkman (2003) identified 16 competencies of extraordinary leaders.

Dominican College***

In the Fall Semester of 1988, Dominican College's student population was about 1,400 when this author joined the Division of Business Administration as an Associate

Professor in Computer Information Systems. The Business Division offers two Bachelor of Science programs in Information Technology, one in Computer Information Systems (CIS) and the other in Management Information Systems (MIS). In the Management area, there are five concentrations: Finance, Human Resource, International, MIS, and Marketing. As of the Spring Semester of 2006, the College's student population is about 2000+, with 70 CIS/MIS majors and 500+ Management majors. The College is located 14 miles northwest of the New York City. The largest major is Business. Other academic programs include Arts and Science, Education, Nursing, Occupation Therapy, Physical Therapy, and Social Science. Master degrees are offered in Education, Nursing, and Occupation Therapy. A Ph.D. program in Physical Therapy was approved by the State of New York in 2005. This author served as the Director of the Business Administration Division, from 1990 to 1996.

In 1992, a Business Advisory board was established to revamp the International Management curriculum. Students majoring in International Management must take (1) BU 325 International Business, (2) MK 326 Global Marketing, and (3) take three courses as electives from:

- BU 435   International Finance
- EC 338V   Wealth and Poverty
- EC 415   Global Economic Issues
- HI 453P   Emerging Third World
- MG 355   International Management
- PO 337P   World Politics
- SO 333 P   Global Interdependence
- Any foreign language course, 200 level or above

This author taught BU 325, BU 435, MG 355 and MK 326 since 1992. Student enrollment per class was 7 to 10 in the 1990s, and has been 17 to 30 since 2002.

International Management Course

This course, MG 355, covers: managing across the culture, strategic planning, managing global risks, decision making and controlling, labor relations, ethics and social responsibility. In addition to lectures, group exercises were done using materials from : 1. Economist.com, 2. Businessweek.com, 3. Financial Times (ft.com), 4. Forbes.com, and 5. Fortune.com. Case studies from Harvard Business School, Cranfield University (2003) and Thunderbird (2003) were used. Japanese management issues were discussed (Hsu, 1997). A comparison between Tokyo's, Hong Kong's and Shanghai's economy was covered (Hsu, 2003). Much in-class discussion centered on the ethical leadership and CSR issues of Enron, Imclone, and Worldcom. In Spring 2005, 19 students enrolled. Ten final projects were presented: China Guanxi, DaimlerChrysler, Dell Brazil, Footwear International, GM AvtoVaz, Pepsi India, Reebok International, Starbucks International, TeleSys International, and United Parcel Service vs Federal Express. Students presented their findings by using MS PowerPoint slides on CSR and ethical management issues.

Global E-Commerce Projects Course

This course, MG 366, has been an additional elective for the International Management concentration (Hsu, 2004). Using the E-Commerce leader Ebay.com as a base and adding many other global business models, MG 366 was offered in the Fall Semester of 2000, with 11 students enrolled. It was a combination of using lectures, Internet search, software labs and group projects. CSR and ethical values were discussed at length in class. E-commerce (payment over internet) is based upon mutual trust between the buyer and seller. Global E-Commerce makes the payment much more difficult. As of 2005, Ebay derives only a small percentage of sales from foreign customers due to the inability to pay by credit cards and/or lack of trust. Ebay does not sell internal organs, fire arms or weapons. This is Ebay's CSR, one of the best ethical leaders in the Global E-Commerce environment.

For over 100 years, multinational enterprises (MNE) such as GM, IBM, and Sony have been doing international business and the letter of credit (LC) is the standard form of trust, establishing a mechanism for payment. Many types of LCs exist today, such as irrevocable LC and revolving LC, just to name two. Countries appearing on the worst transparency list for international payments are: Nigeria, Russia and China. In the Global E-Commerce environment where everything happens in a click of a mouse time-frame, what are the rules and regulations? How do the buyers and sellers conduct transactions involving millions of dollars? Is a letter of credit enough? Are we doing something new? Many of these issues are surfacing now as Global E-Commerce is quickly becoming the new paradigm of doing business. The MNEs that have ethical leadership and CSR will be the winners for years to come.

There were 22 students enrolled in Spring 2005 for the Global E-Commerce course. The Kogut textbook was used (Kogut, 2004). This book covers successful E-business leaders in 7 countries. In-class discussion was focused on ethical leadership, CSR, and related issues. Eleven final projects were done with two students each. CSR and ethical leadership were emphasized in these projects (see Table 1).

In Spring 2006, 19 students registered in this course through the Accel program. The Accel program is designed for working adults. The course ran one night a week for 8 weeks. Students needed to do 13+ hours of independent work outside of lectures. Homework assignments, internet search, case studies and final projects provided the mechanism for the independent component. The final project was on the global e-airline industries, Hsu (2005). Southwest Airline, JetBlue, and Airtran are few of the successful US discount airlines. In the continental Europe, there are 64 discount airlines, (Europe 2006). People come to Slovakia via SkyEurope for E-Leader conference, CASA (2006)

Students started with a country such as Ireland, picking one traditional airline AerLingus and one discount airline Ryanair. Using websites, students compared two firms on CEO/founders, core business models, revenues/costs, net profit margin, global locations/routes, global competitors, benefit of e-commerce, and future trend. Students then presented their findings using MS PowerPoint slides in addition to the 12-page

written papers. Ten countries and 19 airlines were covered (Table 2). E-leaders in the airlines were discussed. Students loved fly to Europe on these discount airlines.

Manhattan Institute of Management*

In the Spring Semester of 2001, "Global E-Commerce Projects" was offered at the Manhattan Institute of Management (MIM), New York City, to 14 students from Paris, France. In Spring 2002, 26 students enrolled. Teaching foreign students has been a challenge (Hsu, 2003). However, teaching 26 French students in the same classroom is worse because they keep talking to each other in French. Nonetheless, with effort and discipline, they do come around. Most of the students came from the Weller Institute and European Business School in Paris. French place a strong emphasis on social programs and CSR. This course used a combination of lectures, Internet search, software labs and group projects. E-Commerce, IPO success, Enron-collapse and Worldcom-crash stories were explained in detail. There were few dot.com companies in France. Vivendi Universal was used for extensive in-class discussion on CSR and ethical leaderships. The students displayed much interest because they were familiar with Jean Marie Messier, CEO of Vivendi Universal, a global French company that just established a branch office in New York City. Students considered Mr. Messier a hero when he and his family moved from Paris to the $18 million apartment on Park Avenue, New York. A few months later, he was forced out due to poor management skills and ethical problems.

Jean-Rene Fourtou, took over as the new CEO, in July, 2002, and vowed to restore corporate governance. On the Vivendi website, a summary of transactions can be downloaded to provide transparency and regain investors' confidence. Jean-Rene Fourtou provided ethical leadership and CSR. Vivendi Universal shareholders benefited much since 2002, as the stock price has risen many fold.

In July 2002, President George W. Bush signed the Sarbanes-Oxley Act into law. American CEOs not only have to pay higher accounting/auditing fees to meet the Sarbanes-Oxley requirement (Chief Executive magazine 2005), but also have to weigh the pros and cons of the Business Process Outsourcing (BPO) issues, Hsu (2005). India is the leading country to benefit from BPO; estimated to be a $9 billion business by 2008. Table 3 provides a partial list of the ethical leaders in the world.

Corporate Value Course

The course, MG 310 Business, Society and Corporate Business Value, was developed by Clare Pennino (2002) and taught by Victoria Szerko at Dominican. Topics include: ethical criteria, societal norms, equity in the workplace, consumer safety, and government regulations, just to name a few. This author did not have a chance to teach this course yet, but is interested in possibly teaching it in the future. Both the Corporate Value course and the International Management course are now requirements for all business majors at Dominican, starting in Fall 2005. It is a mandate of the accreditation agency, International Assembly of Collegiate Business Education (IACBE), to emphasize the importance of ethical leadership, CSR and globalizations.

Conclusion

   CSR and ethical leaderships have generated much interest in the last few years. As a professor, these topics were covered in courses such as Corporate Values, International Management and Global E-Commerce. A hands-on approach, in-class discussion of CSR and ethical leadership, extensive internet research, Harvard/Cranfield/Thunderbird case studies, and final project presentations are the strategies that will have the best chance of success. Student evaluations are extremely positive.

Notes: *** Full time position   * Part time consultant

Acknowledgment

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<u>Table 1</u>   <u>MG 366 Final Projects</u>
<u>Ethical Leaders</u>

Group	*Names*	*Project*		
1	Armiento	Martha Steward		
	Terpstra	Omnimedia		
2	Frierson	Bernie Ebbers		
	Noel	Worldcom		
3	Maynard	Kenneth Lay		
	Tom	Enron		
4	O'Connor	Gary Winnick		
	Walsh	Global Crossing		
5	Bertuzzi	Jean Marie Messier		
	Lavecchia	Vivendi Universal		
6	Darden	John Riga		
	Washington	Adelphia Communications		
7	Escalera	Dennis Koslowski		
	Mondesir	Tyco International		
8	Hassan	Frank Quattrone		
	Silvia	Credit Suisse First Boston		
9	Garcia	Sam Waksal		
	Tolentino	ImClone Systems		
10	Byrne	Maurice Greenberg		
	Gilardo	American Internt Group		
11	Tirc	Michael Milken		
	Jerome	Drexel Burnham Lambert		

	Table 2	MG 366 Final	Europe Airlines
Group	**Names**	**Country**	**Project**
1	Alkhawam	Germany	Lufthansa
	Damiani		Air Berlin
2	Bannon	Ireland	AerLingus
	Gannon		Ryanair
3	Amoruso	Italy	Alitalia
	DiRenzo		MyAir
4	DiFulvio	France	All others
	Feniger		Air France
5	Herrera	Spain	Iberia Airline
	Hilario		Air Madrid
6	Conte	Poland	LOT
	Laboy		Central Wings
7	Onderdonk	Netherland	KLM Airline
	Schutte		Martinair
8	Casscles	UK	British Airway
	Thomas		EasyJet
9	Sutter	Finland	Finnair
	Ty		Blue 1
10	St. Louis	Hungary	Hungarian Airline
			SkyEurope

Table 3   World Ethical Leaders
a partial list

Last Name	First Name	Company	Title	Country
Albrecht	Karl	Aldi	CEO	Germany
Bettencourt	Liliane	L'Oreal	CEO	France
Bin Tala Alsaud	Alwaleed	Kingdom Holdings	Chairman	Saudi Arabia
Bjorgolfsson	Thor	Hafskip	CEO	Iceland
Branson	Richard	Virgin Group	Founder	UK
Breen	Edward	Tyco Interntl	CEO	USA
Buffet	Warren	Berkshire Hathwy	CEO	USA
Drucker	Peter	None	Consultant	USA
Fourtou	Jean-Rene	Vivendi	CEO	France
Gates	William	Microsoft Corp	Founder	USA
Ghosn	Carlos	Nissan	CEO	Japan
Helu	Carlos Slim	Telmex	CEO	Mexico
Jung	Andrea	Avon Products	CEO	USA
Kamprad	Ingvar	Ikea	CEO	Sweden
Krawcheck	Sallie	Citigroup	CFO	USA
Li	Ka-Shing	Hutchinson Wamp	Founder	Hong Kong
Mateschitz	Dietrich	Red Bull	CEO	Austria
Mittal	Lakshmi	Mittal Steel	CEO	India
Mulcahy	Anne	Xerox	CEO	USA
Neeleman	David	JetBlue	CEO	USA
Parsons	Dick	Time Warner	CEO	USA
Paul	Vivek	Wipro Tech	CEO	India
Schultz	Howard	Starbucks	Chairman	USA
Son	Masayoshi	SoftBank Corp	CEO	Japan
Soros	George	Quantum Funds	Founder	USA
Stringer	Howard	Sony Corp	CEO	Japan
Whitman	Meg	Ebay	CEO	USA