

Dividend

The Magazine of the Graduate School of Business Administration • University of Michigan • Spring, 1976



Values: A Special Report

Is It a High or Low Return Investment?

by William K. Sturley, Jr.
Student, MBA Evening Program

What attracts hundreds of southeast Michigan's brightest business people to a project that requires an investment of \$4,000 and 2,300 hours, yet at best promises uncertain returns? Despite numerous other ventures that require half the expenditure in time and money and yield similar uncertain returns, there is continuing student interest in the evening MBA program conducted by the Graduate School of Business Administration.

As a student in the University's MBA evening program, I could easily relate the all-too-familiar difficulties of holding down a responsible full-time job, maintaining a home, raising a family and struggling through night school. However, my experience has indicated that the only people interested in such tales of woe are my wife and other evening MBA students.

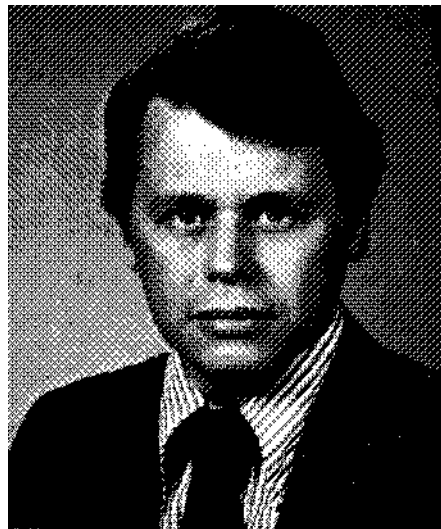
What may be of interest is the motivation for choosing the Michigan MBA program over at least four other local evening programs.

Many of my colleagues in purchasing at Ford Motor Company have asked why I abandoned 11½ years work at another university to undertake Michigan's 4-year evening MBA program. Sometimes I wonder why, too. Especially when in my case, as many others, acquisition of the MBA may have no assured effect on my career advancement.

There are numerous reasons for my preference for Michigan, not the least of which is the prestige associated with the University of Michigan's Graduate School of Business Administration. There are very few, if any,

other top ten business schools that offer an evening program equivalent in all respects to the day program. While the Michigan MBA degree requires 60 semester hours of class-work, other local programs offer up to 36 hours credit for undergraduate courses and work experience. One graduate business degree can be obtained for 24 credits in residence.

Although the MBA evening



About the author: Bill Sturley is in his third year of the MBA evening program, and expects to graduate next year. He is currently a buyer for the Ford Motor Company, assigned to the Truck Body Parts Department, Body and Assembly Purchasing Office. After graduating from the University of Michigan in 1967, he taught high school mathematics and served in Vietnam as an officer with the U.S. Army.

program's primary location is an office building in Dearborn, Michigan (I suppose it is theoretically possible to earn an MBA and never set foot on the Ann Arbor campus), all courses are taught by the same faculty who teach the on-campus courses. Faculty members either travel to Dearborn or teach via TV classes. Many courses offered by other evening programs are taught by professional business people who teach part-time. The part-time teacher is frequently as harried as the students and is rarely as effective as a full-time professor.

The professionalism of a highly qualified faculty has intangible benefits that make the ivory tower a welcome respite from continual business pressures. Last summer, after an especially grueling, problem-ridden day, I arrived late for a world economics class, still thinking about facing my office problems the next morning. My first reaction to the relaxed, refreshing appearance of the professor was envy. After 30 minutes or so, my envy changed to gratitude, because the classroom discussion concerning balance of payments concepts and foreign exchange rates so occupied me that I momentarily forgot my "real world" problems.

Believe it or not, I look forward to final exams because they signal the successful (so far anyway) completion of a considerable endeavor. On the job, there is little sense of satisfaction from completing a project. The pressure to make business decisions with insufficient time for proper
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Does the profit motive lead to unethical behavior? Should values be a part of business school education? How does a chief executive officer motivate his people toward morality? Why do we speak of "values" today instead of "morals"? What priority should making money have when considering life goals? The articles in our special report on values discuss these questions and others:

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Ethics, Morality, and th

About the author: W. Michael Blumenthal has experience in business, in government, and in the academic world as well. Prior to joining the Bendix Corporation as President of Bendix International in 1967, he was a U.S. Ambassador and served as the President's Deputy Special Representative for Trade Negotiations from 1963 to 1967 under Presidents Kennedy and Johnson. In this assignment, he was Chairman of the U.S. Delegation to the Kennedy Round of Trade Negotiations, with headquarters in Geneva, Switzerland. From 1961 to 1963 he served as Deputy Assistant Secretary of State for Economic Affairs and from 1957 to 1961 he was a vice-president and director of the Crown Cork International Corporation. He received a bachelor's degree in international economics from the University of California at Berkeley, and later attended Princeton University where he received a master's degree in public affairs and a Ph.D in economics. From 1954 to 1957 he taught economics at Princeton. Dr. Blumenthal was elected Chairman, President and Chief Executive Officer of The Bendix Corporation in April, 1972. His article is adapted from a speech he gave at the Business School this spring as part of the Dean's Forum series of lectures,

For anyone contemplating a business career these days, a reading of the daily press might well and understandably give rise to much soul searching, if not to an agonizing reappraisal of career goals.

The press is replete with reports of unethical corporate conduct, bribes, payoffs, and illegal political contributions at home and abroad. A chorus of questions is being raised in the media and amongst informed citizens about the adequacy of profit-motivated private corporations for meeting society's larger goals. It is understandable that one should be concerned about the chance for happiness and satisfaction in a business career. I would like to review with you what I think are some of the critical questions that have arisen in this regard.

There are those who suggest that the real issue at stake here is the legitimacy of the profit motive and the corporate form of organization. These people argue that profits are not the proper motivator and regulator of the process by which we decide how goods and services will be distributed in the society. I would like to begin by clarifying what I think are and are not the real issues raised by the recent revelations.

First of all, what are we to make of the proposition that it is the profit motive itself, or the structure of modern corporations that is directly or indirectly responsible for today's headlines? I do not believe that is the case, and I would urge us to curb

our zeal in order not to throw out the proverbial baby with the no less cliched bathwater. We have no reason to believe that government is any more or less ethical than business. Bureaucrats are no more or less ethical than executives. Nor are small businessmen who operate private businesses any more or less ethical than executives who manage large multinationals.

And I think that there remains much that is important in our so-called free enterprise system, which is in truth a form of mixed economy. I would be among the first to suggest that certain changes should be made in its operations. But I do believe that profit remains, on the basis of the available evidence, the best means of allocating goods and services in society. Throughout history, right into modern times, there have been attempts to substitute schemes based on motives other than profit. None have worked. Neither the more Utopian examples of organization which failed even in a simpler day, nor the centrally planned and directed systems of economic organization popular today in socialist and communist countries, have led to greater efficiencies or higher individual human satisfaction. Most certainly this is the case if we consider that, at least in our society, personal freedom and maximum individual choice remain high on our list of priorities. In this context, the value of a system such as ours is certainly underlined, because it is

Modern Corporate Executive

by W. M. Blumenthal
Chief Executive Officer
The Bendix Corporation

a system which permits individual freedom in a greater degree than any other and in which people can use their initiative to earn rewards commensurate with what they accomplish.

I think that it is clear that the cause of our current difficulties lies in factors other than the profit motive and the structure of modern business enterprises. What I believe has caused our problem is change and the unwillingness of many to recognize it and deal with it. John Bartlow Martin once wrote a description of American intervention in the Dominican Republic entitled *Overtaken By Events*. It's not a catchy phrase, but it should be the name plastered on the side of this boat we're all on. We are all overtaken by events: each of us individually, and the institutions we have organized to order our societies.

There have been important changes in the world. There have, partly as a result, also been important changes in what people expect of corporate executives. To some extent, our priorities have been re-ordered, and we now demand things from business that we used to argue were not its proper role. Indeed, certain extremely influential thinkers, such as Milton Friedman, continue to maintain that corporate executives have no other legitimate role than to maximize profit within the rules set for them by the system. And there have been changes in what are considered acceptable standards of moral behavior, as well. Things that were coun-

tenanced as normal practice, in business no less than in politics, are now regarded as unacceptable. And there have been changes in the ways in which we hold businessmen accountable, as well as to whom they must defend their actions.

What I would like to argue with you today is that it is in these changes that we find the roots of the current headlines. It has been the inability or unwillingness of some businessmen to accept and adapt to a rapidly changing environment that has caused much of the difficulty. It may be that the full implications of these developments are difficult to grasp, and therefore mistakes get made that, with hindsight, most businessmen are willing to allow were foolish. But what I would also like to suggest is that skill in anticipating societal evolution is critical, and that excuses and hindsight confessions will not do the job in the future. But before I get too far ahead of myself, I think it would be wise to stop and examine the nature of these changes in more detail.

First of all, the world has grown smaller, more interdependent. The modern corporate decision maker is more affected than in the past by government policies. Meanwhile, the growth of multinationals and foreign trade has meant that he has come to be concerned about incidents in remote parts of the world in ways that he has not had to face before.

At the same time, corporate organi-

zations have become larger. There is a real limitation imposed on the head of a corporation the size of Bendix. We employ over eighty-five thousand people. How can I be sure that they are all even observing operating procedures and minimum standards of conduct consistent with policies that I have promulgated? The answer is simple. I can't. Therefore, I must work through other people, and the skill of an executive in filling the slots of the hierarchy and dealing with it on a day-to-day basis in order to make it responsive is in many ways now the most important test of leadership ability.

But people have changed as well as the structures. Employees today as a group are much better educated, as indeed they must be in order to cope with the increasingly complicated operations of modern business enterprise. And with that education comes vastly different expectations about what their life and their work will be like. They come wishing to be involved in decisions. And if they are not, they will demand to know why decisions are made a certain way, and management must be prepared to respond to their questions. At the same time, employees are more concerned about the quality of their lives. They are less willing than their predecessors to be tied down to a job, or even a company. It is now critical to maintaining interest and motivation that they be provided an opportunity for personal development.

And the communities in which we operate are now more concerned about the behavior of the corporations in their midst. When we make a decision to close a facility, it is made much differently than it would have been twenty or thirty years ago. Now we consider whether it is fair to the community we are leaving to remove a major source of jobs. At the same time, decisions such as these are made much more in the open than ever before. The media, every public figure's favorite fall guys, are very much with us. Clearly, the attitude that the less said to the press, the better, is becoming increasingly difficult for any corporation to maintain.

The government is also very much more with us, as I have suggested earlier. There are entire sections of our corporate staff which are devoted almost exclusively to preparing and sending information to various governments, federal, state and local. The information is on everything from our profits to our hiring practices to our treatment of minorities to our use of energy. All of these things are matters on which the government and society have decided to act in order to insure that the activities of major corporations are not violative of the spirit of public policies.

And in general, there has been an increased demand by society that there be some accounting for the externalities of corporate activity. If we make a profit, but must ask people to work in a foundry to do so, where does the cost to our workers' health get accounted for? Where is the accounting for the cost to the environment of certain kinds of development? Increasingly, government has held business to account for these costs.

So what has changed is first, society's expectations, and secondly, the nature and complexity of the problems with which executives must deal. The most important effect that these changes have had, from the point of view of the executive, has been to circumscribe and complicate the decision making process. He is no longer free to consider only the issue of profits. The largest bottom line may carry with it so many legal or other obstacles as to be an unacceptable choice. The absolute pursuit of profit in disregard of all other con-

"It is simply not true that businessmen have become more corrupt. What has happened is that, as with the profit motive, the options have been narrowed."

siderations was never the operating principle of any significant number of businessmen. It cannot be the choice of any contemporary executive.

I want to make another point that I believe follows as a corollary proposition. It is simply not true that businessmen have suddenly become more corrupt. What has happened is that, as with the profit motive, his options have been narrowed. He may no longer do certain things which were once accepted practice. But if he does not grasp this lesson, and continues to operate in the traditional manner, then he will find himself the subject of news headlines. His sin is not sudden corruption, but failing to keep pace with the changes in the complexity of the world and the changes in society's expectations of him.

The response of many businessmen to this new and more complicated environment has been to gaze fondly over their shoulder at days gone past. Frankly, this response puzzles me in certain ways. I believe that American industry as an institution has a proud and important tradition of adaptation to change. In many ways, it is the engine that created many of the changes I have described. The increasing prosperity that has accompanied business growth has itself been responsible for most features of the new environment.

Curiously, this tradition of adaptation does not seem to be transferable

to certain aspects of corporate behavior. Lavish entertainment of customers has often been a normal and accepted marketing method in the United States. It does not seem to occur to many businessmen that there is an important distinction between that kind of behavior and outright bribery overseas. Too many seem to imagine that bribery is simply the local incarnation of entertainment.

If hiring and firing has always been little more than a matter of a whim, or at best of individual preference, then too often the modern executive learns to his sorrow that this method of operation may endanger his company's standing with the government agencies that enforce this country's equal employment opportunity laws. More importantly, he must learn that what was par for the course is now considered not just illegal, but also unacceptable if not unethical by the society as a whole. The response to this situation is too often grudging change or outright defiance. And the next step is usually to organize a public affairs department which is charged with rolling back the tide of public opinion, a self-evidently impossible task.

Clearly, I don't believe that this sort of response is appropriate. If corporations made product decisions in this manner, they'd soon be bankrupt. It will not do to simply decide that one does not want to change along with society's expectations. Further change is the only thing of which business can, in fact, be certain. So it seems to me that what business needs, in its relations with society as well as in its marketing programs, is a strategy for successfully adapting to change. I believe it is entirely possible to be successful in making decisions that are at once motivated by profit considerations and yet responsive to society's larger needs and changes. And, most certainly, it is possible to guide one's decision-making by standards of ethics and morality of a high order.

And it really comes down to the individual, for it is not the corporation that engages in ethical or unethical conduct, it is the individuals within it that do so. It is not possible

to hide in the collective anonymity of a large corporation as a means of escaping personal responsibility for one's actions. A corporate executive who understands the goals of the enterprise and of the people in it, who is willing to accept personal responsibility and who is concerned not only by what is legal but also by what is decent and proper, can look forward to a very high level of satisfaction in his work in a corporate setting. Looked at in this way, I have never found that the decisions I have had to make at all levels of the organization have led me into unbridgeable conflict between market decisions and what is fair and humane. Indeed, it seems to me, the trick is to recognize that what one does in a corporate setting is no different than what one does in one's private life.

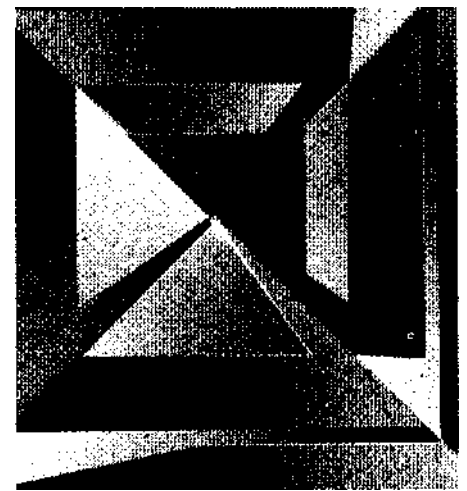
Let me illustrate by returning to the specific issue of payoffs abroad. At Bendix, for example, we decided some time ago that when it comes to the principles that guide our operations in foreign countries, we will not do in Rome as the Romans do. We will not, when we operate in other countries, observe what might be called the lowest common denominator of behavior and then tell ourselves that it is okay to behave that way since everyone else does. We don't think that's necessary. And we don't think our employees would feel very proud if we did it. So if it is common to make payoffs in a certain country, then we will attempt to do business there with a certain standard of conduct that excludes this, and if we cannot do business in that country as a result, well, then, we won't do it. So far, I can report that living by that precept has not hurt Bendix unduly.

And to deal with this issue collectively, business should itself take the initiative. It should be businessmen who are most vocal in denouncing behavior such as we have learned about. They don't hesitate to condemn it privately, I can assure you. I don't think there are many people in business who really think that such behavior is how people ought to behave in their personal lives, with their friends, or with their family. And it doesn't take much, just a little encouragement, before you'll find

that they're willing to agree that it doesn't have any place in business either, no matter what country they're in. And sometimes it doesn't even take encouragement. The attitudes are there. What is required is a perspective that sees that the hope of trouble dying away with the wind or new headlines is a false hope, and that it behooves the honest businessman to cast the first stone or else be tarred in the public's mind by the broad brush of public opinion. If we have nothing to fear, we should be among the first to speak out.

And I think that businessmen ought to get together and write a code of ethics that would deal with some of the more vexing questions about corporate behavior. One of the most difficult characteristics of the sorts of issues that are generated by rapid change is that they are almost never black and white, but an inconvenient shade of gray. The question of just what constitutes a payoff, for example, is not as easy as it appears on the surface. In many countries, for legal or cultural reasons, it is essential to employ a national as a local representative or agent. The universal custom is to pay that agent a commission on sales he generates. What do you do when he uses part of his fee to bribe someone? Do you consider that as being done in your name? I know how I feel about that question—I think that you treat it as if it was being done by an employee, and you forbid it. But these and other questions, such as the paying of minimal tips to get goods through customs offices more quickly, a practice which is legal and accepted in certain countries, are issues over which honest men can differ honestly.

The suggestion for a code is not very different in concept from the professional codes of ethics subscribed to by lawyers, doctors, and other professionals. Most modern corporate executives are not significant owners of the businesses they run. They are trained in a professional way to run the companies. Now there are many questions being generated by the pace of change that are very knotty, just like the question of payoffs. I certainly



"Businessmen ought to write a code of ethics that would deal with some of the more vexing questions about corporate behavior. The question of just what constitutes a payoff, for example, is not as easy as it appears on the surface. In many countries, for legal or cultural reasons, it is essential to employ a national as a local agent, and pay him a commission on sales he generates. What do you do when he uses part of his fee to bribe someone?"

don't have all of the answers. But I do think that a panel of my peers dealing fairly and openly with the complexities involved and setting down some standards would be very useful to me. And, I think, to a lot of other people.

So, let me review what I think is the appropriate business response to the questions that have been raised about the propriety of business behavior.

I think businessmen should speak out on the issue.

I think that they should insure that their own companies are above reproach.

And I think they should band together to create a self-policing watchdog mechanism which would continue to monitor the behavior of corporations and to offer a forum for discussion of the issues involved and the proper ways in which behavior can be changed so as to come into line with new public expectations.

And if I may return to my more general theme, I would like to point out that such a program is in essence a plan for adapting to change. It seems to me that here we have the critical issue for the modern corporate executive. I think that the issue of the corporation's viability as an appropriate form of economic organization should not be at stake in the discussions of improprieties that threaten to dominate the public's attitudes toward business in the foreseeable future. I think that is a false issue, because it is not the form of the organization itself that causes the problem. Similarly, the profit motive as a basic tool of organization is not in itself the cause of our difficulties. Nor is it that the people in the organization are in themselves worse than their forebears.

What has changed is the context in which corporate decisions are made and the nature of what is considered proper behavior. A modern corporate executive is answerable to more than his stockholders, or even his fellow members of management. Increasingly, his actions are questioned by government, by consumers, by employees, by the media, and by his colleagues in other corporations.

Business, in short, has become everybody's business. In some cases, the result has been a dramatic magnification of the significance of our actions.

What I have tried to outline in the specific case of the issue of payoffs is the kind of response that I believe these changed circumstances require from modern executives. It is no longer possible to run a corporation by trying to ignore the changes which are taking place in the pattern of its relations with society. Such an essentially conservative and reactionary stance—and I mean these adjectives in their precise sense, not their rhetorical sense—has become unhealthy.

In essence, the modern chief executive is subject to a new kind of accountability and must now always be prepared to argue just *why* he should have the authority to make the decision he makes. He will not always win the argument. But he should be prepared, not outraged, when asked to engage in the debate. It is not really possible to run a modern corporation like an autocracy; nor is it necessary; and I would argue that in certain ways it is not even desirable.

What is needed instead is a strategy for adapting to change. I would argue that those executives who are willing and able to understand this will be the leaders of American industry in the future. I do not have exaggerated hopes on this subject. I know that others who are less flexible will continue to run large sections of American industry. But they will not lead it. Partly they will not lead it because the wealth will tend to flow to those who are better able to adapt.

But also, more importantly, I believe that the talent that is being bred in today's environment, the talent that takes for granted all of the changes that I have catalogued because they have never known anything else, that talent will naturally be attracted to those companies that recognize the new world and make their peace with it. So let me conclude as I began, with a special note for those who are considering a potential business career.

Do not be put off by what you read in the headlines. Search out the companies that are the most flexible in

their approach to their obligations to society. And do not, along the way, abandon your demands for a better workplace, a more meaningful job, and a more flexible attitude on the part of this society's large corporations. You will get all of those things if you continue to press for them. I believe that there is nothing that makes the corporate organization inherently incapable of delivering them. And I believe that those who welcome change as a challenge instead of fearing it as a menace will in time be the leaders, instead of the critics, of modern corporations.

Q. You've worked for a number of years in government, and you've worked for a number of years in business. Occasionally I have worries that the people who write the laws don't understand what business is trying to do—what people have to gain by letting businesses operate. Do you think the government adequately understands what businesses are trying to do?

A. I don't want to be evasive, but it is a very general question. I think particular laws do reflect inadequate understanding of the realities in the business environment. But I would have to say that similarly, the gripes of businessmen frequently reflect an inadequate understanding of the problems of government. Businessmen take much too narrow a framework of vision of what the government is trying to accomplish, and you know some laws reflect a lot of understanding, so I think that I am nervous about businessmen who spend much of their time bemoaning the fact that they are misunderstood in Washington or in Lansing.

Q. Don't you think the profit motive itself can be a destructive value as far as ethics are concerned?

A. I think the behavior of people in bureaucracies is an interesting study. If you compared the behavior of a similar level Soviet
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A Hypothetical Question

Editor's Note: James S. Reece, associate professor of policy and control, presented students with a "hypothetical question" during Values Week that had a good many different values choices implicit within it. Here we reprint some of the dialogue that took place between Reece and the students on various aspects of the question.

Reece: Suppose you have started your own small business, and are successful enough so that at some point you find it necessary to take your company public. Your company continues to grow and you continue to add shareholders, and continue to keep your earnings per share growth on a nice smooth compound growth rate—with the result that people who bought your stock the last couple of years have been paying 20-25 times earnings for that stock. Now it's February, 1976, and your accountant comes in to you with the preliminary unaudited financial statements that show that this year is going to break the pattern of growth and earnings per share. But he points out to you that within the flexibility of generally acceptable accounting principles there are a couple of accounting policy changes you could make that would have your reported earnings per share be higher than they were the previous year—and thus maintain your growth pattern in earnings per share. What would you do?

Long Pause

Student: I think it would be dishonest. It's deceptive to change your accounting policies of the past in order to keep up your earnings per share.

Another student: I guess it would depend on what the long run effect would be—whether you'd be gaining earnings per share this year at the expense of maybe having even lower ones next year.

Reece: What do you predict will happen to the price of that stock when the nice smooth compound growth rate in earnings trend is broken? I can tell you that the break in that kind of pattern, particularly if the rest of the economy isn't in dire straits, does terrible things to the price-to-earnings multiple of a stock, and therefore it does terrible things to the price of a stock—particularly if the company didn't predict that that drop in earnings was going to come, or was surprised by it. Now, suppose you are a shareholder who paid 25 times earnings for that stock a couple of months ago. What decision would you like the president of the company to make about accounting policy?

Student: I'd like him to use what he can, obviously, to make the earnings as favorable looking as possible.

Another Student: But that's dishonest.

Another Student: And if he does it

this time he'll do it again in the future, and in the future it might be detrimental to your interests rather than beneficial.

Reece: Suppose the president thinks this is just a temporary phenomenon—that earnings will be up next year and so he won't have to keep doing this. What then? Perhaps you see the point. As an outsider trying to think of the person making that decision, the reaction might be that to choose an accounting policy unrelated to the underlying economic circumstances of the business is dishonest or unethical. But when you put yourself in the shareholder's role, you're kind of hoping that the person might make the decision anyway, because that maintains the value of your investment. Now what is the job of the president of a corporation? Isn't one of his jobs to protect the interests of the shareholders?

Student: Yes, but within certain constraints.

Reece: But we didn't ask this person to do anything illegal, or even to do anything that would result in a qualified opinion from the CPA firm. We asked him to take advantage of the inherent flexibility in generally accepted accounting principles to protect the shareholders. Why do managers in organizations do unethical or even illegal things, do you think? Why for example do you think that we're reading these days about payoffs to foreign officials to whom American companies were trying to sell aircraft? Do you have any thoughts as to why these things happen?

Student: They do their own cost-benefit analysis on the probability of getting caught.

Reece: It's not clear that the payoffs to foreign officials are illegal, in fact I think it's probably clear that they're legal. The illegality may involve the SEC and whether covering these up has resulted in some fraudulent accounting statements, but I haven't heard any charge that the act of paying off a foreign official to influence him to buy your product is illegal. So let's not get hung up on the "get caught" issue. If they believed
Continued on page 18

Excerpts from a lecture by Irving Kristol,
Henry Luce Professor of Urban Values, New York University

an Values Do Ine Job Moral beliefs

"Why," asked Irving Kristol, Henry Luce Professor of Urban Values at New York University, "are we always talking about *values*? Why not moral beliefs, or moral convictions? There is a difference between someone who says 'We want our children to have a sense of values' and someone else who says 'We want our children to be moral.' We all recognize that there is a difference, but it's interesting to wonder just what that difference is."

Mr. Kristol, who is co-editor of *The Public Interest* (with Nathan Glazer) and one of five professors on *The Wall Street Journal* Board of Contributors, asked this question at the beginning of a speech on values which he gave at the Business School in April as part of the Values Week program. He was originally scheduled to speak here during University Values Week which took place in February, but snow intervened. And in introducing him, Student Council president Joe Tenenbaum commented that it was appropriate that "Values Week" be extended throughout the semester, "so that our concern with the values underlying how and why businesses do what they do can remain a constant, recurring question rather than a one-time subject of passing interest."

Kristol said that we tend to avoid terms like 'being moral' or 'having moral beliefs' or 'moral convictions' and prefer instead to talk about 'values' because the terms moral beliefs and moral convictions are just

too objective. They suggest that morality comes from outside us—that it's larger than us, rather than something like values, which are ultimately created by us. They suggest that morality tells us what is moral with more or less the same authority that science tells us what is true or what is false, and, on the whole, we don't like this approach.

"This modern conception of morality," continued Kristol, "arises out of a very simple purpose: namely, to divorce morality from religion—that is why we talk about values, and why we don't talk about moral beliefs and moral convictions. Previous civilizations have rooted morality in religion. All organized religions used to believe—and, to the extent that they are still worthy of the title religion, still do believe—that he who says 'God is dead' also has to say 'Everything is permitted.' Organized religion says 'If you don't accept religious answers, there *aren't* any answers to certain kinds of questions—questions involving the 'thou shalt' and the 'thou shalt not's'—the 'whys?' and the 'why not's?' Religion—any religion—poses authoritative answers to these questions, and the modern emergence of values instead of moral beliefs comes about because we tend to be skeptical of any authoritative answers to questions of 'why?' and 'why not?'"

The question, said Kristol, is: Can values do the job that moral beliefs used to do? Namely, keep people

moral? If there is no God, how do you tell what is right and what is wrong? This, said Kristol, is one of the most important questions that the modern world has to face, and he says there have been three efforts in the modern world to cope with this question.

The first attempt is rational. This approach maintains that we don't need religion—we can demonstrate the truths of morality by reason. Nonsense, said Kristol. No philosopher has ever demonstrated the truths of morality by reason. If so, all that would be necessary to be moral would be to be rational. There are no *philosophical* answers to the questions: what should I do? What should I not do? What may I do? What may I not do? There are only *practical* answers to these questions. Moral activity of human beings is a practical activity, not a theoretical one.

The second response to the effort to live in a world in which morality is not seen as derived from religion may be called the aesthetic response. This can be summed up by the word "creativity." The idea here is that if we can get rid of something called "repression," the individual will flower creatively and the problem of morality will be solved because the individual will have solved it—the individual, in effect, will invent his own, individual, unique, appropriate morality. Again, this approach does not work, said Kristol. "None of you is going to develop a sense of values out of yourself, because that's not the

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way values are developed—out of ourselves, individually, through our own creativity. It's just not possible. Life involves very difficult choices, and to be guided in those choices you need external authority."

There is a third way to cope with the divorce of morality from religion, and that may be called the conservative response. This approach says that values emerge out of collective human experience over generations. "I think this is true," said Kristol, "and that is what religion is. Religion is a symbolic statement of the moral beliefs and moral convictions of human beings over many generations. The assumption is that the experience of all of these people over all of this time adds up to something wiser than any one of us could possibly be. This collective human experience (of which religion and religious institutions are an expression) has an implicit, inarticulate reason behind it. Inarticulate is the word—that is, it knows more than it can say. There is a *reason* why religions say 'do this' or 'don't do this' even if they cannot tell you the reason—perhaps because the reason is not philosophically *say able*, but simply comes down to profound human intuition developed over centuries by generations of people who were no stupider than we are. Unless you are willing to believe, literally, in divine revelation, this is, I think, the only obvious explanation of how moral beliefs and systems of

moral beliefs evolved in all nations of the world among all peoples."

The difficulty with this point of view, said Kristol, is that it is completely dependent on a sense of piety to the past, and ours is a civilization that believes in progressive change. If you believe in progressive change, it's hard to accept the notion that what came down to us from our forefathers is good because it came down to us from our forefathers! If you believe in progressive change you will think, "Well, it came down to us from our forefathers, but the future will be better than the past, we're the ones who are going to make the future, and perhaps we can do better than they. Let's start inventing new moral codes." Then you're right back with the rational response or the aesthetic response.

The result of the failure of these efforts to divorce morality from religion is utter confusion about morals, which we now call values, Kristol asserted. "We think, for example, that it is unreasonable to ask people to be virtuous though poor. But poverty has nothing to do with virtue. Being poor is no excuse for being immoral. Everyone has good reason not to be moral when the circumstance is such that it is very inconvenient to be moral."

Having clearly developed his ideas on how the modern world has tried to cope with the separation of moral behavior from religion, Kristol turned to the condition of morals in the

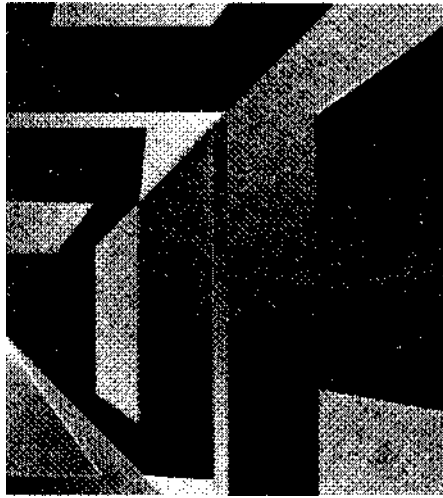


"There are no *philosophical* answers to the questions: What should I do? What should I not do? There are only *practical* answers to those questions. Moral activity of human beings is a practical activity, not a theoretical one."

business community: "After all I've said you can understand why the condition of morals in the business community is not a very good one. I find it laughable, however, that politicians and professors should attack businessmen for being immoral. On the whole, businessmen are infinitely more moral than politicians, and on the basis of my own experience in both worlds, I would say they are certainly no less moral than academics.

"Business, until fairly recently, took certain moral beliefs for granted, but then certain corruptions set in. Two corruptions I will mention: corruption by affluence and corruption by rationalism.

"Corruption by affluence may begin when you divorce the idea of the economic system from the kinds of people it is supposed to produce. The function of capitalism was *not* just to produce economic growth! The function of capitalism—of bourgeois society if I may use that more comprehensive term—was to produce certain kinds of human beings—people who were honest, diligent, reliable, trustworthy. The assumption was that if you had people with these virtues, you would have economic growth and prosperity. Affluence has changed all that. I think the big breakthrough came with the legitimization of bankruptcy which used to be a moral disgrace, and now becomes an economic inconvenience. If a man went bankrupt, he used to spend the rest of his life paying off his creditors, even though he had no legal obligation to do so—as a matter of honor, that is—because a man who has trusted you with his money is entitled to repayment. Affluence removed the whole moral component from this matter, and bankruptcy became a matter of economic circumstance, not of morality. Similarly, I think installment buying is a very dangerous and corrupting thing for a capitalist society. I sometimes feel that on the grave of capitalism there will be the words 'fly now, pay later.' Because the profoundest moral belief of capitalism is 'work now, fly later.' Capitalism is a system of delayed gratifications. Capitalism says, work hard, be honest, and in the end you'll do better. Installment buying should have been declared immoral under capitalist



is a *reason* why religions say "do this⁵" or "don't do this" even if they cannot tell von the reason—perhaps because the reason is not philosophically *sayable?* but simply conies down to profound human intuition developed over centuries by generations of people who were no stupider than we are."

rules, but it's now so widely accepted that w⁷hen I say this to my business friends they look at me blankly and can't understand what I'm talking about. But then they denounce the revolution of rising expectations all over the world which is making people unreasonable. And what was the first revolution of rising expectations? Installment buying. It permitted people to enjoy things they didn't have the money for and hadn't worked for.

"There is another corruption—rationalism—and this involves the

movement from family capitalism to corporate capitalism. It's very hard for people in a corporate bureaucracy to be moral in the same way as people in a family-owned business. The average chief executive of a corporation is in his job for something like six years. He's got six years to prove to the world that he's a success as a chief executive. It is inevitable under those circumstances that he will concentrate on what we call 'the bottom line' and be somewhat negligent of other matters. He simply doesn't have the time to relax and say 'all right, we'll do this. It's true it'll cost us profits for the next three years, but it's the right thing to do.' "

At this point in his talk, Kristol turned to the question of a code of ethics for business. He said it is absurd to expect a meaningful code of commercial ethics to arise out of the business community if no other group has a meaningful code of ethics. For example, he asked, what about politicians? It is an immoral doctrine to say that the first duty of a politician is to be re-elected. The first duty of a politician in a democracy is to do his duty—which may *interfere* with his getting elected. "So," Kristol summed up, "I would like to see the business community a lot more moral than it is, but I would like to see all communities a lot more moral than they are. And businessmen are just as capable of being corrupt as the rest of us. They're just as capable of asking the questions "why" and "why not?" and getting unsatisfactory answers. They behave like the rest of us—namely, in a way that best suits our advantage. I do not think it is going to work to come up with a code of morality for business and not have one for journalists, or professors, or politicians—not a legal code but a moral code. If we're going to have moral codes we have a long, very difficult job because we have divorced ourselves from the source of moral codes which is religion. It really doesn't make sense to turn to one section of the community and say: 'your morals are terrible—you must understand what is right and wrong' while all other sections of the community talk not about right or wrong, but about values."

"We aren't Really Tested on Values Until There is a Confrontation"

Editor's Note: During a lunch hour discussion which was part of the Values Week activities, Lee Danielson, Professor of Industrial Relations, passed out a sheet containing eleven possible life goals, and asked students to rank them in order of importance. Some of the comments he made then are included here, as well as the list of goals he gave the students for ranking (see box), in case any of our readers would like to rank them for themselves.

Danielson: I am going to ask you to spend a few minutes ranking these life values as far as you are concerned. Now, in looking at your personal responsibilities and values, I think it's interesting to ask "where did I get my values?" Many of you have gotten them because you were told by the church, or by your parents, or by all kinds of institutions that this is what you should believe in. Another way we learn about values instead of being taught is just by experiencing . . . by testing ourselves and finding out do we gain something or do we lose something? Just because we are in a certain work situation, circumstances may come up that may test our values or our responsibilities. Or something may happen to you or your family or your friends that you had no control over. Many of you, for example, may find that as your parents grow older you will have a feeling of "how much will I do for my parents versus my own children?" For instance, your very ill mother may want you to come visit her every night, but then if you do that you're not going to be able to have any time to spend with the kids.

Each person is a unique individual, each of you has to decide for yourself—what do I want to be like, what

kind of a person do I want to be, and where do my values come from? Periodically you have to evaluate your values—if we take a look at this prior to your getting a job, you may have certain things very high—and after you've gotten the job there might be a shift, and five years from now there might be a shift.

Student: How do you as a professor see your responsibility as to teaching values to us?

Danielson: I think this is taught primarily in the examples or case studies that we give you. We've had a big controversy over whether we should have a course in ethics, and I think the approach that most of the faculty takes is that every professor should try to be ethical in his own behavior and the way he teaches his courses. Only about a fourth of business schools have a course in business ethics. Usually it's a very dull course. It's somebody up there preaching about what you should do, rather than what the world is like, and you sort of get turned off by that. You might write a credo out—what do I really believe in, how far am I willing to go?

You see, one of the problems is, we aren't really tested on our values until there is a confrontation. So you can say you want self-realization, but my question is how badly do you want it? If you have this, or this, are you willing to pick self-realization over these other things? In many cases people say "this is what I want," but when it gets down to the nitty gritty they back off. We can't give you these kinds of confrontations except in simulations, or in examples. We should confront you with some of these issues. To say—be prepared for these things—don't fall into them and then say "What do I do? I never thought about this kind of situation."

Life Goals

Place in Rank Order

LEADERSHIP. To become an influential leader; to organize and control others to achieve community or organization goals.

EXPERTISE. To become an authority on a special subject; to persevere to reach a hoped-for expert level of skill and accomplishment.

PRESTIGE. To become well-known; to obtain recognition* awards or high social status,

SERVICE. To contribute to the satisfaction of others; to be helpful to others who need it.

WEALTH. To earn a great deal of money; to build up a large financial estate.

INDEPENDENCE. To have the opportunity for freedom of thought and action; to be one's own boss.

AFFECTION. To obtain and share companionship and affection through immediate family and friends.

SECURITY. To achieve a secure and stable position in work and financial situations.

SELF-REALIZATION. To optimize personal development; to realize one's full creative and innovative potential.

DUTY. To dedicate oneself to the pursuit of ultimate values, ideals and principles.

PLEASURE. To enjoy life, to be happy and content, to have the good things in life.

Editor's Note: This discussion of values education was another of the "Values Week" events. Participants in the discussion include Herbert W. Hildebrandt, professor of business administration; Steve Spolar, BBA candidate; David L. Lewis, professor of business history; and Chuck Houy, MBA candidate.

Hildebrandt: I'd like to discuss my concept of values and how they are communicated in the Business School under three headings. The first way to communicate values is a highly prescriptive way—that is, a professor may subtly or not so subtly moralize as to what his beliefs are. For example, he might say "Experience has taught me that this is true, and to save you people time, this is what I'm going to suggest as to how you proceed." This is one way you might get a sense of values in the School.

A second approach is the *laissez faire* approach. Here the professor might say "There's no system of values that is right for everybody. Everybody in this Business School should have the right to select his own sense of values, and therefore I'm not going to tell you precisely how to proceed in developing your sense of what is right and wrong." The problem with this is that there may be a degree of confusion in the mind of the student, and so he may leave a particular school or course with the idea, "Well, I've had to decide myself again without any guidance from anybody."

The third way to communicate values is to serve as a model. Here the professor handles themes and ideas so that there is a meshing together of theory as he sees it and the way he leads his life in fact. What I would do if I were you is to search out a professor who is a model and use that person as a basis for setting a sense of values as you go through life and as you leave this School and ultimately enter the business world.

Steve Spolar: I think I came here to the panel with the idea of trying to identify the source of value problems in the School, and I find it's not so much the School and the professors, but the students themselves who are

A Panel Discussion

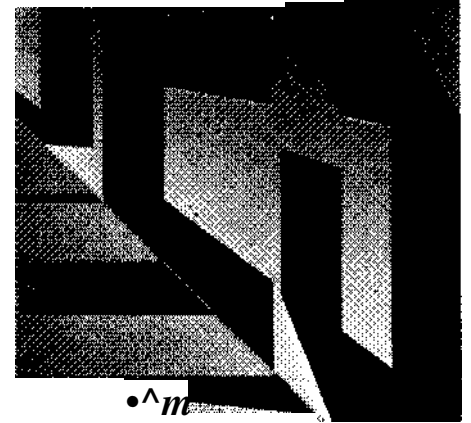
Can Values Be Taught in th

perpetrators of the value problems of the Business School. I have two points under that. The first one has to do with the intense competition here, which I think students themselves stir up. I think that if you work for yourself, you're doing a better job than if you're worrying about what the next person is doing. You know I hear stories all the time of students refusing to share notes in class. The Business School likes to work with groups in classes, and I've sat with a lot of groups. And the goal seems not so much to get things done as it is to find ways we can beat the next group out—not so much to have done a good job, but just so that we'll look better. That really disturbs me, and I've tried to think about what would be the reason for this. The only thing that I could finally come up with is that I find the typical BBA student here might be insecure and not have enough confidence in his ability to do a good job. When you have insecurity, you lose a lot of value orientation. A second point is that students not only stir up intense competition, but I think they refuse to think of values. There's no course concerned with ethics in the School, and even though a few students are pushing Values Week and are really concerned about it, on the whole I think students are glossing over it. They don't seem to want to think about values. It seems any course that's even partially concerned with values and ethics is ridiculed. So I don't wonder so much about the faculty. I wonder a whole lot about the students.

Lewis: I think it's important for each of us to think our personal values through, and the sooner in life the better. Values do change through life. When I was 21 years old my values dealt mostly with making money and rising within whatever organization I might work for, and having power. I actually had a goal at the time of making \$10,000 a year by the time I was 28 (\$10,000 then was a little different than \$10,000 now of course) but then when I got to be in my mid-30s my values began to change. Whereas before I had wanted to be a top executive of a large corporation, I began to think other things were more important. That was when I started teaching. Really important to me now—and I think to most people—are good health, a job that you like and that likes you, and then to love and be loved. If you have those three things you have most of what you need, and the rest are fringe benefits. I would encourage everyone to think in terms of his or her personal values, re-evaluate them from time to time, even write them down. Through the years I've put together a list of some of my favorite things, and that list tells me a great deal about myself and would tell anybody else a great deal about my values.

Chuck Houy: I started this program a number of years ago and dropped out of this School—one of the reasons being I didn't think the School had any values. In my first semester here I met a professor who told his

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class of 130 students that if they were working for a company that had the option of accepting a contract which would make them a great deal of money—that they should take the contract whether or not they could fulfill it. That threw me, and I began wondering if we should have a class on ethics or values or something like that because I really disagreed with that professor. I'm not convinced that we should have a class on ethics here at this School, but I think that values can be brought into the classroom by the students, by the professors, and even by the administrator, and I have a number of ideas on ways to do that.

One way to bring values into the classroom is to talk more about current events. Those things are very concrete such as payoffs, companies that make loans to their officers so that they can buy stock options, or companies that lower the option price because the price of the stock has declined and they still want the officers to make money—using the stockholders funds to do this. There are a number of different current events which I think could be brought into the classroom. It's not necessarily the professor's responsibility to bring these up. Students read the newspapers, and I think it's their responsibility to bring these to a class discussion if possible.

Another way to bring values into the classroom is through cases. The MBA faces cases almost every day, and there can be cases either created or already in existence that can be used to illustrate value conflicts. One professor here does use some cases

in this way, and I think it's very, very effective.

Still another way is to bring in graduates of this School to talk to students. They don't necessarily have to be business executives—they could be in teaching, in the public sector, or doing other kinds of things. I would like to talk to them—to find out what kind of people they are, and I would like to find out what their values are and whether and how they've changed.

I'll end by making one last point. Business is one field that doesn't seem to have any sort of centralized monitoring agency. For example, if you're a doctor, then you belong to the County Medical Society which can supposedly discipline you. If you're a lawyer, the bar can discipline you, but if you're a businessman I don't know what you do. I guess you get your hand slapped in court or you get fired. Mr. Blumenthal, the president of Bendix Corporation, has proposed an idea for something that puts out general guidelines, almost like the Accounting Principles Board, and I think I would like to see that. Perhaps business needs that sort of thing in order to get itself focused on its values. (See pages 4-8 for Blumenthal's proposal—Ed.)

Hildebrandt: I invite you listeners out there to direct questions toward any of us. Does anybody want to propose a challenge or a question to any member of this panel?

Staff Member: I have a basic question that I guess I would like to address to you, Chuck. I don't have a

business background. I work in the Business School. I am curious as to what extent students in classes have a sense of the professor and the particular subject including the question of the place of business in society? As a citizen I must say that I think the position of business in regard to the environment and in regard to affirmative action is terribly central to the sense of values of lots of plain citizens and I wonder how pressing these issues seem to students?

Chuck: I can only speak from my own perspective, but I think that unless one makes an effort to get involved in some of the elective courses—for example you can take some OBIR courses that talk specifically about affirmative action—that it's difficult for students to concern themselves with the place of business in society. What they're really concerned with is solving the particular case's set of problems. In other words, should we acquire this particular company or should we do something else? I think that cases are unfortunately presented too narrowly. They ask "what's the problem and how do we solve it" rather than "what's the greater problem and what do we do about that?"

Hildebrandt: The problem with looking at current events it seems to me, Chuck, is that if you have 14 people in the room, you're going to have 14 concepts of values applied to a particular problem. We've got to have more than a pooling of ignorance which we get from 14 ideas, but some kind of an overseer here who has an

idea of what is ethically right or what is wrong, and so I see a problem in looking at current events to arrive at some idea of values. I don't know how you would react to that?

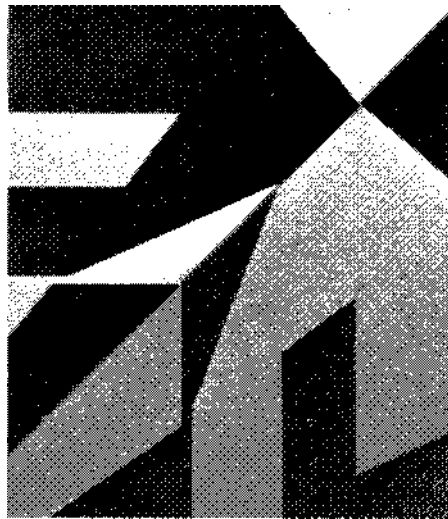
Chuck: Well, I think that it does place a great burden on the professor, because to some extent in that situation he may have to act as the moral leader, and that can be a problem because I'm not sure that all of them are prepared to do that.

Steve: But there has to be a first step in everything, and at this point we don't even have the first step, so I think it's something. I think it's a good idea.

Lewis: Often you will indicate to the students one way or another that this is one man's opinion—mine—but that honest people can disagree. You may be twice as old or maybe more than your students—that doesn't make you twice as wise or even more mature—but all things being equal, you perhaps can bring to bear on a question some information and perspective which they cannot, and therefore you have an obligation. You shouldn't be reluctant to pass on your point of view, your opinion on something. So we have some obligation I think to pass on value judgments—but you wouldn't prepare an examination in which *your* answer has to be the right answer—food for thought is what you toss out.

Chuck: I would rather have students discuss current events and think about them. That way, if a student graduates and eventually has a decision-making role in a large corporation, he will have thought some about values. His decisions will be more thoughtful, and he may have explored some of the implications of what he may be deciding from day to day. If someone says to him "Okay, we have to pay off this particular government in order to do business in this country," he will not just automatically say "Okay, let's do it."

Student: The point that I see in the Business School is not so much who's values are where, but are values being brought up at all in the classroom? The whole idea of this Values Week is to raise the awareness of values.



I'm sure the faculty has been in situations where there have been value conflicts, and it would be good just to expose the students to some of this, so that when they get out and are in values situations they can go through the thought process a little more clearly. I'm not saying that the faculty should express what their particular values are, but just bring up some questions or situations that they've been exposed to, to kind of help the students along.

Another Student: Right now I have a course that could be on values—we talk about business and society—and I walked in one day after the announcement about a large corporation involved in payoffs. I thought why don't I talk about that? Why don't I say something about that? And the reason I didn't say anything was because although I was concerned and didn't know all the implications and thought we should discuss it, I didn't think the students really cared about it, so I didn't bring it up.

Chuck: I had a different experience. I did bring up the payoff thing in a class I had last semester. To show you the depth of feeling that we don't talk about this enough, the hour and a half of the class was then devoted to this topic. It was a class of about 15 people, and we kept the conversation going. The professor hardly got a word in edgewise.

Student: Is there time in the curriculum to set aside for these kinds of things?

Lewis: That may depend somewhat on the size of the class. If it's smaller there's more likelihood that you'll get good participation. If it's bigger there will be some who will participate but a lot will be sitting on their hands, and you may go down pathways that may not be of great interest to a lot of people.

Student: I agree with what you're saying, but I think there's another way of looking at that. People might not necessarily feel a need to comment at all times, but learning can be going on anyway. Whether they are sitting on their hands and not commenting isn't necessarily an indication that they aren't learning.

Lewis: It's true that wherever you go to work, your values, whatever they may be when you walk in the door, are going to be shaped largely by conditions and people as you find them. As a young person, a neophyte getting started, you may perhaps find yourself doing things that you will really question from a values standpoint. It may even be that you will have to put your job on the line at some point. You may run into situations where you won't want to do something because you don't think it's honest, but you have a choice of doing it or of not doing it. However, if you decide not to do it, you may not be fired, but your bosses won't forget you didn't do it. So where do you stand when you're 23 years old?

Student: I'm not sure that I have a strong enough value system to stand up and say, "No, I don't want to do this." Maybe people haven't defined their values enough. I think the School could help if they were to discuss it more in class—not necessarily for the professors to say "this is right and this is wrong," but just to discuss value questions more.

Hildebrandt: I have yet to know a professor who would not bend to the wishes of a delegation of students if they came to him and said we would like to have about five minutes of class time on this case devoted to a discussion of values. So that is one way to begin.

What Is This School Doing About Values and The Curriculum?

Shortly after the panel discussion on values and the curriculum (for excerpts, see page 14) *Dividend* followed up the subject by talking with Associate Dean Alfred W. Swinyard. Professor Swinyard serves as Secretary of the Curriculum Committee and Chairman of the Core Course Coordinating Committee. Here's how the conversation went:

Dividend: Has the Business School ever considered how to incorporate values into the curriculum?

Prof. Swinyard: Yes. Some years ago, we believed that ethical issues in business are so pervasive that it was impossible to study business without considering them. At the same time, however, we felt that it was really the prerogative of the individual faculty member to decide to what extent the ramifications of these issues would be explored in the classroom. Since then, however, our thinking has changed.

Dividend: In what way?

Prof. Swinyard: About six years ago, members of the Curriculum Committee of the School came to the conclusion that not enough was being done by individual faculty members to incorporate values issues into the curriculum. Accordingly, in 1971 a special experimental course was begun on the social responsibilities of business. However, after several years, the Curriculum Committee concluded that a single course in values is a disservice to students, and the course was discontinued.

Dividend: Why?

Prof. Swinyard: Because the fact

that a single, separate course existed gave individual faculty members a reason *not* to consider values issues in other classes, and there was a feeling that these issues should be considered along with the particular subject matter of whatever was being taught. In addition, not enough students were interested in the course when it was taught as a single subject.

Dividend: Does that mean, then, that the School is again leaving the consideration of values in the classroom up to the discretion of individual faculty members?

Prof. Swinyard: No. We now have a different approach to this subject. What was decided was that values issues should be considered throughout the curriculum, so that the pervasiveness of values questions will come across in the teaching of business. After all, we want our students at both the undergraduate and graduate level to have a full grasp of the implications of operating a business in this society, and certainly values are an important part of that grasp.

Dividend: But how is it possible to insure that values issues are included in the classroom?

Prof. Swinyard: We have started with the required courses for the MBA degree—that is, the core courses. The Core Course Committee of the faculty has just completed a thorough audit of all our core courses with a view to values issues.

Dividend: How have they done that?

Prof. Swinyard: The Committee has gone over every course hour by

hour using course outlines supplied by the faculty. They have also conferred with the faculty members who are teaching the core courses, and have given each faculty member a brief questionnaire asking what ethical issues are considered in the course, and what reading matter has been assigned as part of that consideration? Now that the Committee has a good idea of what is actually being done in the core courses, we can go on to the second phase of the program.

Dividend: What is that?

Prof. Swinyard: The Core Course Committee is currently in the process of pointing out areas where additional work might be done on values issues, and will in a short time be making specific recommendations to individual faculty members on this matter. We have two student representatives on that Committee, so that the student viewpoint is also represented. Our objective is to have values issues become an integral part of the basic curriculum of the required courses in this School.

Dividend: What about other non-required courses?

Prof. Swinyard: We believe that the natural momentum developed through our work in the core courses will carry over to both faculty and students in the elective areas. We also hope to follow-up in the undergraduate courses. Our ultimate goal is to have both faculty and students more interested in critical discussions of the social and ethical issues in business and to help raise the standards of acceptable behavior in both business and government.

Ethics, Morality, and the Modern Corporate Executive

Continued from page 8

bureaucrat—who's not motivated by the bottom line but is motivated by fulfilling the plan—to that of an American executive, I think you might find the behavior patterns are not so dissimilar. I found that the behavior patterns of government bureaucrats—and the federal government is hardly motivated by the profit motive—are not really all that different from those of my colleagues at Bendix. So I conclude that it isn't the pursuit of the bottom line that makes bureaucrats do certain things—it's recognition, it's success, it's power, it's promotion.

Q. *What suggestions would you have for a school like this as to how to incorporate values/ethics in the curriculum?*

A. It seems to me that it would be useful sometime during the course of the MBA program—either as a separate course or as part of a course, maybe on a case study basis—to confront some of the real dilemmas that typically face an executive. And to do two things. First, to recognize that there are no easy answers, it's not so simple.

A Hypothetical Question

Continued from page 9

that it was illegal and that they might get caught, then that certainly is an issue, but payoffs for foreign officials aren't illegal. Why are people doing that?

Student: Maybe the boss had put a lot of pressure on the person to get this sale—this contract, and so he'll do anything in his power to get this contract for the security of his own job. Whether he thinks there may be something shady about giving the payoffs is up to his own discretion or his own ethics, but the fact that he does it can be caused by pressure from his superiors.

Another Student: I think the basic

Even this business of payoffs gets very complicated. For instance, take the question of just what is a payoff? Is it a payoff when you pay \$5.00 to the custom's agent to get your bags out? Where do you draw the line? It's important to see the complexities and the ambiguities of some of these problems. Second, to sensitize people entering a business career to these issues. What are the limits to the pursuit of the largest bottom line in a modern society? There are some limits. There always have been except they're different limits now. So many people in senior positions today didn't have that opportunity when they were studying, and really in their business lives were not faced with it in quite the same way in which they're faced with it now. So I would be for it if you're not already doing it.

Q. *How does a chief executive officer motivate his people toward morality? How do you check to see if things are going as you want them to?*

point is pretty simple. There are going to be all kinds of ways to get that bottom line to look as good as you can get it to look—and I think it's a pretty relevant point because I think everyone in this room is going to be faced with it in the first month of employment. Somebody comes in and decides to take you out for lunch, or you decide to take somebody out for lunch getting a contract. It's just going to start there and as you get more power and a little bit more authority, the take gets bigger—that's all. You've just got to decide how much you're going to get involved in that whole thing and where your values are.

Another Student: I think you have pressure all around you—your family, your friends all want you to succeed and have a job and be successful.

A. It's a very, very difficult thing. One of the first things you learn as a chief executive is that you'd better set your priorities and pick your targets. If you haven't learned to delegate by then you're lost. The second thing you learn is that you can really only do things by exhortation and example. You try to back it up by systems, but basically how *you* conduct yourself and what *you* communicate as being important to you and to the board that you represent is very, very critical. And so in my own case, what I do is I *talk* about it all the time. Also, we reward people who act ethically and we make sure that it is clear that we get rid of people who do the opposite. There is a saying—the sight of the gallows clarifies the mind. We have positive and negative incentives. We have a system of bonuses and supplemental compensation, and these are determined on the basis of achievement of both financial and non-financial goals. So you have disincentives, you have incentives, you have exhortation, you have personal example, and then you keep your fingers crossed.

And then you have the pressure of your bosses, your shareholders to make the most money. And in order to cope with all that pressure you can compromise your own values. You may not want to, but in order to please everyone else, you have to do it. It's sad, but most people do.

Reece: Often when this sort of thing gets talked about, we who are not intimately involved are very quick to explain the situation as attributable to the evilness of certain people—and to think if *we* were there we'd do something different because we're not evil. I'm pleased that you've seen beyond this simplistic "evil man" explanation, and that you sense the complexity inherent in these situations.

*An informal collection of items, including news of the faculty, of alumni, and of the school, and assorted other information, opinion or comment that we think will interest you**

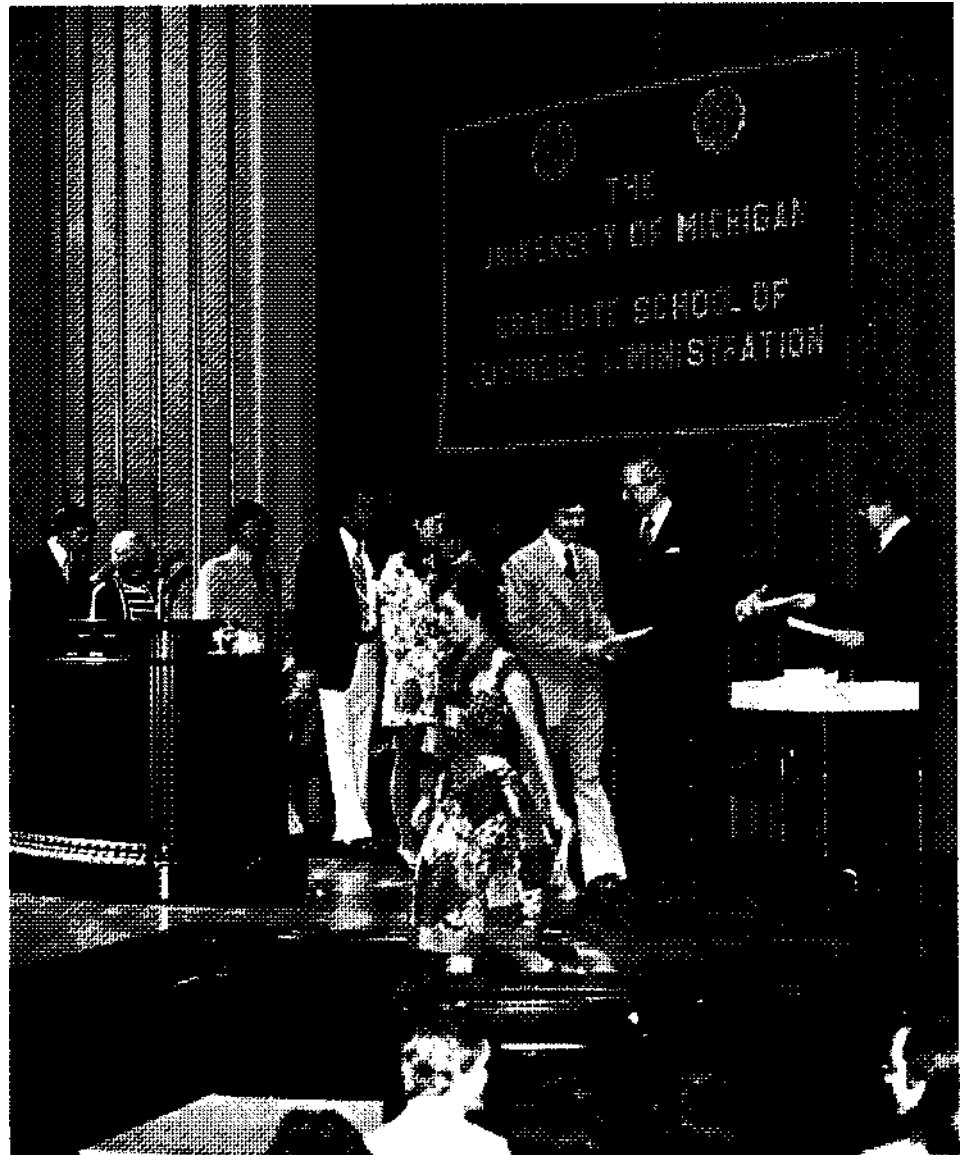
Business School Holds Special Commencement

At the special request of students, the Business School held its first School Commencement in Rackham Lecture Hall on April 30. Students wanted an event, in addition to the University Commencement, to which they could bring their spouses, parents, relatives and friends and which would mark the culmination of their two years of work at the School. The informal event was held on an experimental basis this year.

Dean Bond, on behalf of the faculty* congratulated the graduates as they marched across the stage. He also congratulated their spouses and families. A surprise element was introduced when he promised to send all of those present who were graduating from the School a special remembrance for their attendance at this first School commencement in the School's history.

The commencement address was given by Professor Paul McCracken, Edmund Ezra Day Distinguished University Professor of Business Administration and former chairman of the President's Council of Economic Advisers. Over a thousand were in attendance.

In honor of the graduating students and also in honor of our alumni who returned to campus for reunions, the School held an open house in the afternoon of April 30 in the Executive Lounge of the Assembly Hall.



Dean Bond officiates at School's first special commencement

Program Director in
Division of Management
Education Receives Award

Jeffrey B. Van Almen, program director in the Division of Management Education, has been named to receive a program development award from the National University Extension Association (NUEA).

Van Almen was cited by NUEA's Business, Industry and Labor Division for his development of a program titled "Introduction to Organizational Development," conducted for the first time in March, 1975.

Albert W. Schrader, director of the Division of Management Education, described the new program as one of the Division's most successful. He explained that the program enables practitioners to identify organizational objectives, apply new information and skills, and make use of research data and existing organizational resources in the establishment of new programs.

"Organizational Development" thus far has attracted participants from 26 states, four Canadian provinces, and Japan.

The Economic Effects of
Multinational Corporations
Is Considered in DOR Book

The proliferation of multinational corporations has raised some basic economic questions which are examined in a book just published by the Division of Research of the Business School. For example:

—Has foreign expansion deprived the U.S. work force of jobs?

—Why has it been more profitable for U.S. firms to expand abroad?

—How do multinational corporations affect competition?

—Do multinationals help underdeveloped countries escape the "vicious circle of poverty" via technological transfer?

—How vigorously should the United States protect the foreign investment of its multinationals?

—What effects might we expect from foreign multinationals operating in the United States?

Two members of The University of Michigan economics faculty are among six noted economists who explore these and other questions in "The Economic Effects of Multinational Corporations," a book just published by the Division of Research of the U—M Graduate School of Business Administration (103 pp., \$4.50).

The book focuses on effects ranging from the impact on the balance of world power to the impact on the consumer's pocketbook. It is edited by Werner Sichel, professor of economics at Western Michigan University and president of the Economics Society of Michigan. The volume is the 10th in a series about current issues which derive from the interaction of economic and public policy. Papers in these collections have originated as lectures sponsored by the WMU department of economics.

W. James Adams of the U-M economics department discusses "Multinationals Effect on Competition." He points out that firms become multinational only when host and source country markets are imperfect. He holds that multinationality, especially when achieved via merger or joint venture, tends to reinforce the initial imperfections and suggests that government should, at minimum, stop providing incentives to multinationality. He advocates an outright ban on international mergers or joint ventures involving leading firms.

William G. Shepherd, also of the U-M economics department, asks: What would be the effects if the multinational trend changed course and foreign firms began to enter U.S. markets? He sees such a development—not unlikely in view of the abundance of petro-dollars—as a

potential corrective to "our monopoly problems." Although he does not expect major incursions, he cites several target industries—automobile manufacturing, steel, banking, and airlines among them—that might be vulnerable to competition from abroad, and suggests that we preserve the moderating effect of such competition and avoid exclusionary policies.

George Hildebrand of Cornell University examines the pattern of U.S. direct foreign investment as to both function and location. He concludes that "multinational firms promote optimal use of capital around the world and they also benefit the consumer." Inroads on domestic employment, he suggests, come more from official fiscal policy than from the trend toward multinationality.

Harry Magdoff, co-editor of *Monthly Review*, concentrates on the multinationals' effects in the third world countries where they operate. He finds severe, inherent limitations in the benefits of multinationals to emerging economies. "Multinationals invest in areas which are not necessarily advantageous to the welfare of the host country," he contends, "ignoring key needs for development." He emphasizes that technology will not necessarily effect the domestic social change he views as a prerequisite for the final emergence of developing nations.

Gary C. Hufbauer, who is director of the International Tax Staff of the U.S. Treasury, describes many aspects of U.S. taxation of American enterprise abroad, including proposed changes that would discourage the outflow of capital. He suggests that, with the rising price of fuel, the United States should modify its tax system to encourage an inflow of capital, and he cites as desirable the encouragement of participation in multinationals by foreign local investors, because he sees such a policy as easing national tensions. Hufbauer also examines governmental protection of the foreign investment of U.S.

corporations and the multinationals' overall effect on U.S. diplomacy.

Gerhard Rosegger of Case Western Reserve University investigates the role of technology transfer in forming observed patterns of trade and investment. He defines conditions necessary to successful transfer and shows that multinationals have been key agents of such change. But because of this very success, he suggests, "the heyday of multinationals as agents in the rapid leveling of technology around the globe may already be past." He adds that we are presently in a phase of technological convergence and entering a slowdown of multinational expansion.

Professor Spivey Named Adjunct Scholar

The American Enterprise Institute for Public Policy Research has named W. Allen Spivey, professor of statistics, as an adjunct scholar of the Institute. The American Enterprise Institute (AEI) fosters innovative research, identifies and presents varying points of view on issues, develops practical options and analyzes public policy proposals. Areas of concentration are economics, law, government and foreign policy.

AEI works to place scholarly studies on public issues into the mainstream of political debate. It pursues this objective by commissioning scholars to undertake original research. It has four resident scholars—people who live in Washington—and about 30 adjunct scholars who work in areas of interest to AEI but who live outside Washington. Professor Spivey has been designated an adjunct scholar in time series analysis and econometric forecasting.

AEI materials serve as a bridge between scholars and those who make public policies. All publications are made available to the general public.



Linda Kopec Kell admires the award she was given at a surprise presentation organized by the doctoral students at the Business School. The award, given for outstanding service on behalf of the Ph.D. program, was presented by Russ Ray (left) president of the Ph.D. Forum. Professor Dick A. Leabo, pictured in the center, was the recipient of the award last year.

Linda Kopec Kell Receives Special Award from Ph.D. Forum

Linda Kopec Kell was the recipient this year of the Ph.D. Forum's second special merit award designed by the doctoral students of the U—M Graduate School of Business Administration to recognize outstanding service on behalf of the Ph.D. program. Mrs. Kell, administrative assistant for the doctoral program, has worked at the Business School since October of 1959.

At the surprise presentation of the special award, Russ Ray, president of the Ph.D. Forum, said, "Virtually

every Ph.D. student who has worked his way through this program in recent years owes a tremendous personal debt to Linda for the role her aid and assistance have played in obtaining his degree. Her concern for the Ph.D. program, her long hours of work on our behalf, and her always encouraging manner, have all combined to make her a very worthy recipient of our award."

The award consists of a permanent trophy in the Ph.D. Forum lounge with an engraved plaque going to each recipient. Last year the award was presented to Professor Dick A. Leabo, director of the doctoral studies program.

Three Accounting Ph.D. Students **Win** Fellowships

Three students in the Ph.D. accounting program at the Business School have won fellowships awarded by Ernst & Ernst and Arthur Andersen & Co. The fellowships are given to enable prospective accounting teachers who are outstanding candidates for the Ph.D. degree to complete their accounting-related dissertations without the necessity of teaching or doing outside work in order to finance themselves.

Two Ph.D. students here are winners of Arthur Andersen & Co. Foundation Doctoral Dissertation Fellowships. They are Lowell Dworin, whose dissertation is on "Inflation and Corporate Taxation," and Robert Milbrath, who is writing his dissertation on "Development and Evolution of a Generalized Bayesian Approach to Statistical Design and Inference in Auditing."

Winner of an Ernst & Ernst Doctoral Dissertation Fellowship is Daniel Short, whose dissertation topic is "The Relevance of Price-Level Adjusted Accounting Numbers in the Context of Risk Assessment."

Professor Karl Pearson Debunks Real Estate Myths

Karl G. Pearson, professor of business administration, says that it's high time to dispel some of the myths that have grown up about real estate. In an address to the Delaware Association of Realtors, Professor Pearson gave some examples of the myths that need to be put to rest. They include:

The "Midas Touch Myth" which says that any investment in real estate is bound to rise in value because there is a fixed supply of land and an ever-growing demand for land. "This myth does not take into account that the demand for land must be implemented by the financing required for its acquisition," said Pearson, "nor does this myth take into account where the land is, what it is suitable

for, and the income stream that may be derived from it."

The myth that real estate investment does not provide adequate liquidity. Pearson points out that real estate investment, although it cannot be turned into cash in the twinkling of an eye, as can stocks or bonds, "is excellent security for a mortgage loan, which can provide the liquid proceeds required."

The myth of the "Fat Cat Landlord." This myth, said Pearson, "flies in the face of the fact that apartment houses are a nickel and dime business, that rental rates have lagged far behind the escalation in operating expenses, and that rent controls in most cases do not permit rental increases in line with the increase in operating disbursements. It is quite common now for operating expenses to reach 50 per cent of gross revenues and debt service to reach 45 per cent, leaving only 5 per cent."

Concerning the myth that the day of the single family detached home is over and that the townhouse and condominium will take over, he noted: "Professional Builder magazine and others have taken comprehensive surveys showing that the vast majority of American families still want the single family detached. True enough, they may have to settle for less than in times past, reconciling themselves to the 'no frills' home. Along with this is the myth that the deciding factor in whether or not to buy is the total price of the home. This is just not so. The deciding factor is the monthly payment.

"Perhaps the hoariest myth of all" said Pearson, "is to defer the purchase of a home on the expectation that prices are so high now that they must come down. They never have. They never will. Inflation is a fact of life, and it applies to homes just as it applies elsewhere. Actually, the other side of the coin bears more credence—'buy now because it will cost more to wait.' "

Pearson said many politicians this election year of 1976 will campaign in part on the promise to close up alleged tax loopholes available to the real estate investor.

"On most occasions," he explained, "they refer to the depreciation against income tax liability investors may take on income type structures. Actually, this is merely a recognition that as time goes on, time takes its toll; structures, like everything else, do depreciate, and taking depreciation is merely recovering in part the wasting asset. Furthermore, these same politicians fail to point out that accelerated depreciation is recaptured on the property's sale and that the tax on tax preferences is a form of double taxation."

Christie Allison King Is Killed in Accident

Christie Allison King, MBA 70, was killed in an automobile accident in California last fall. She had entered the Business School after receiving her BA in mathematics in May of 1969. After receiving her MBA with a major in operations research and management science, she was hired by Pacific Bell Telephone Company, and entered their junior management program (MAP).

She was the daughter of Col. (Ret.) and Mrs. Donald H. King of Aspen, Colorado. Mrs. King, the former Betty Lou James, graduated from the University of Michigan School of Music. Christie's grandfather, Judson C. King, was a 1913 graduate of the University of Michigan School of Medicine.

The family has established the Christie Allison King Memorial Fund which will be turned over to the University of Michigan as a scholarship or student loan fund. Contributions to this Fund may be made directly to the Fund, Aspen Savings and Loan Association, P.O. Box 2121, Aspen, Colorado 81611, or through the family, P.O. Box 3725, Aspen, Colorado.

Black Economic Development
Examined in Collection of
Essays Published by the DOR

Black economic development—its progress, problems and potential—are examined in a collection of essays just published by the Division of Research of The University of Michigan Graduate School of Business Administration.

"Black Economic Development: Analysis and Implications" traces the history of black business efforts from post-Revolutionary times, assesses the persisting barriers, and focuses on such issues as capital shortage, profit motivation and politics.

It is edited by education Prof. William L. Cash Jr., assistant to the president of the U-M, and Lucy R. Oliver, a doctoral candidate in the U-M Graduate School of Business Administration. Cash is also a lecturer in psychology, and is active in the Michigan Office of Minority Enterprise.

"By definition, black economic development is the process by which the total quantity and quality of resources available in and to the black or minority community is increased in relation to the total resources of the white or majority community," the editors explain.

"The essential policy question facing the black community is whether to have a few large corporate-type businesses or many small businesses. The choice of industry should reflect both the economic and social needs of the black community. Both the available and necessary resources should be analyzed to insure the venture's success."

The 30 writings are presented both as a text and a reference book, combining the divergent viewpoints of social philosophers, academicians, economists and activists. "Black Economic Development" also presents strategies for developing businesses, obtaining capital, attracting good management and making a profit.



Three members of the same family are all students in the Business School this year. They are pictured above taking a break between classes. From left to right they are Steve Cenko, who has just graduated this term with an MBA in accounting, and Paul and Michael Cenko, identical twins who are juniors in the BBA program this year and who plan to get their MBAs in accounting. The Cenkos are not the only family to have multiple students in the Business School. Four children of Robert and Louise Finlayson have come here, two for BBAs and two for MBAs, and now their fifth child, Roderick John, will be entering the Business School as an MBA student next fall. Robert and Louise Finlayson met in a classroom at the Business School in the 1940s and Mr. Finlayson has both the BBA ('47) and the MBA ('48) from the School. He is a partner in Ernst & Ernst in New York.

Two Business School Faculty Members Publish Books

Vera Terpstra, professor of international business, and Bernard J. White, assistant professor of industrial relations, have both written books which are to be published this year.

Cases in Organizations: Behavior, Structure, Processes was published in March by Bernard J. White and co-authors John H. Stamm, a former faculty member at the Business School, and Lawrence W. Foster. The 358-page book plus an instructor's manual was published by Business Publications, Inc.

Professor Terpstra's book, to be published by Southwestern Publishers later this year, is entitled *The Cultural Environment of International Business*. It includes contributed chapters by four recent University of Michigan Ph.D.s in international business. They are Tom Gladwin, now an assistant professor at New York University; Ian Giddy, assistant professor at Columbia, Steve Kobrin, assistant professor at MIT, and Ravi Sarathy, assistant professor at the University of Detroit.



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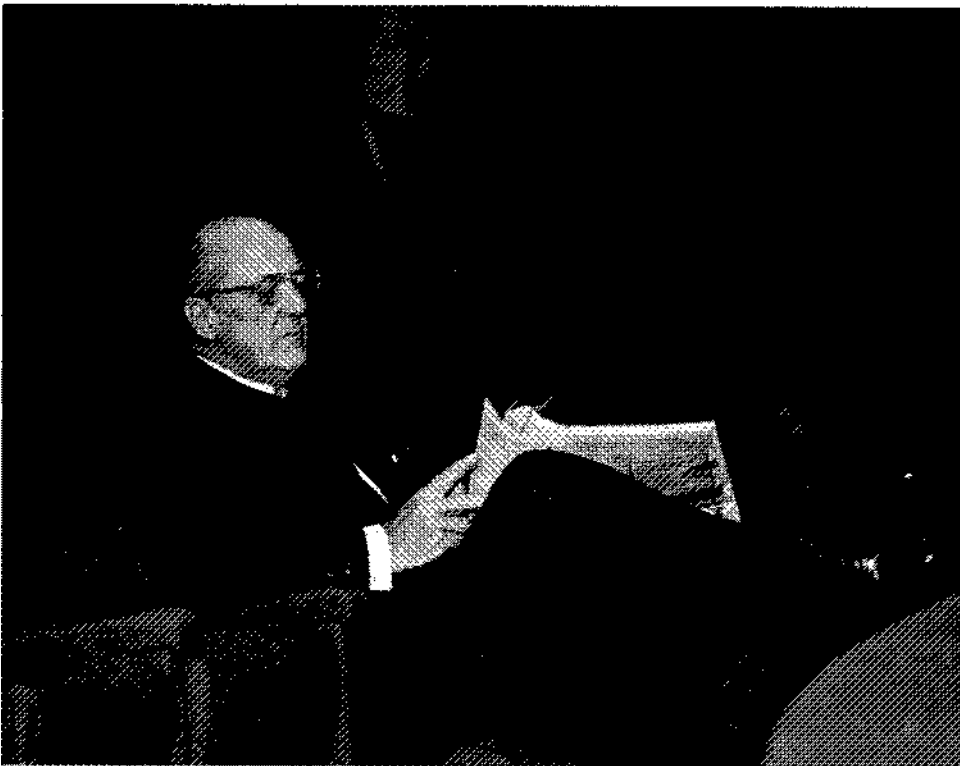
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Thomas A. Murphy, Chairman of the Board and Chief Executive Officer of General Motors Corporation, was the recipient of the 1976 Business Leadership award at ceremonies held this spring in Hale Auditorium. The award was presented by Joseph Tenenbaum, president, and Dave Gillhouse, vice-president, of the Student Council. Dean Floyd A. Bond presided over the meeting, and Dr. Patricia Shontz, professor of business administration and director of the Office of Publications at the Business School, introduced Mr. Murphy.

In discussing the award, Dean Bond said, "Murphy has successfully guided General Motors through two of the most difficult years in automotive history. His firm, despite its size and complexity, has responded quickly and creatively to present and future market opportunities. We are honored to include his name with the list of distinguished past recipients."

Murphy's Business Leadership Lecture covered the topic of ethics in business and relationships between government and business. The text of his remarks will be published in a forthcoming issue of *The University of Michigan Business Review*.

Murphy held successive positions with General Motors as an accountant, statistician, and supervisor and as director of units concerned with corporate forecasts, financial analysis, and pricing. He was elected a Vice-President and Group Executive in charge of the Car and Truck Group in 1970, and served as Vice-Chairman of the Board from 1972 until his election as Chairman in 1974.



Top of page, Joseph Tenenbaum, president of the Student Council, and Dave Gillhouse, vice-president, present the Business Leadership medallion and scroll to GM's Chairman Thomas A. Murphy. Above, Robert G. Wingerter, Chairman of the Board of Libby-Owens-Ford Corporation, arrived early for the Business Leadership ceremony, and used the time to read *The Wall Street Journal*.

Photos by Virginia Geren



The program begins, Paul
 University Professor of Business Administration,
 talks with Roger Smith, Executive Vice-President
 of General Motors Corporation. Above, Dean
 Bond enjoys a moment with Walter J. Simons,
 retired Vice-President and Treasurer of Chrysler
 Corporation, before the Business Leadership
 ceremonies begin.

Faculty News

Dean Floyd A. Bond attended a meeting of the advisory board of the U.S. General Accounting Office (GAO), which audits programs for Congress, in February, and a meeting at The White House on deregulation in March.

Raymond E. Hill, associate professor of industrial relations, and Laurie Baron, BBA student graduating this term, will present a paper, "Interpersonal Openness and Communications Effectiveness," at the 1976 Academy of Management meetings in Kansas City.

C. James Pilcher, professor of finance, has been elected director of The Financial Executives Institute, Detroit Chapter, for a third term. He was a visiting professor at the University of Hawaii during July and August.

Thomas C. Kinnear, assistant professor of marketing, and Claude R. Martin, Jr., associate professor of marketing, have articles in *The Elderly Consumer*, published by the Human Ecology Center of Antioch College. The book is the first attempt to assemble major research findings on consumer behavior of the aged. Martin has two articles in the volume: "The Elderly Consumer: One Segment or Many?" co-authored with Jeffrey G. Towle, doctoral candidate in marketing, and "A Transgenerational Comparison: The Elderly Consumer." Kinnear's article, "Profiling the Senior Citizen Market," was co-authored by Kenneth L. Bernhardt of Georgia State University, who received his Ph.D. in marketing from the University of Michigan. Martin has presented papers at four national conferences on his research into Electronic Funds Transfer Systems. These included a National Conference to Consider the Ability of Banks to Serve the Public held on December 7-9 in Chicago; the Annual Conference of the National Retail Merchants Association held in New York in January; the Payment Systems Research Program's Workshop on Marketing EFTS to Consumers held in Chicago in March; and the annual meeting of the Midwest Business Administration Association held in St. Louis in April.



L. Lynnwood Aris, MBA '60, former assistant dean of the Business School, has been named an assistant vice president of Educational Testing Service in Princeton, New Jersey. He joined ETS in 1971 as program planning director, and now will have responsibility at ETS for management services, educational relations and administrative support services.

Alfred W. Swinyard, associate dean and professor of business administration, was one of 12 members of an interdisciplinary site visitation team from the North Central Association that reviewed the accreditation status of the University of Chicago this spring.

Dick A. Leabo, professor of statistics, is the author of the textbook, *Basic Statistics*, recently published in its fifth edition by Richard D. Irwin, Inc. In addition, this text has been translated and published in India by D. B. Taraporevala Sons under a program co-sponsored by the U.S. Information Service and the government of India.

James F. Filgas, director of student services and associate professor of business administration, taught two price theory classes and delivered a public lecture at Hope College this spring. His lecture was entitled "Government Regulation: The Railroads as a Case Study."

Paul W. McCracken, Edmund Ezra Day University Professor of Business Administration has published several articles recently on the economic outlook. They include: "Economic Shadows and Substance for 1976" published in the *Business Outlook Forum* of the First Hawaiian Bank; "Financing the Future" published in the annual report of the First National Bank of Minneapolis; "The 1976 U.S. Economic Outlook," translated into Japanese and published in *Nihon Keizai Shimbun* (a Tokyo newspaper); "Doing Business in the Emerging Economy," published by the Economic Club of Detroit; "The Hazards of 76," published in *Economic Outlook USA* for winter, 1976. In addition, he has published an article entitled "Stabilization is Home Grown?" in the *London Daily Telegraph* and "Our Underpinnings: A Bicentennial View" in the *Journal of Neurosurgery*. Dr. McCracken also writes monthly articles for *The Wall Street Journal* editorial page as one of the members of the Board of Contributors.

William G. Moller, Jr., assistant dean, made a site-visit to the University of Petroleum and Minerals in Dhahran, Saudi Arabia, from March 5-10 to evaluate the progress of the newly created College of Industrial Management. Creation of the College to teach management was recommended by Dean Bond when he was invited by the University to advise them on management education during 1974. In 1975, Dean Bond was asked to join a University Consortium to provide continuing guidance.

Thomas J. Schriber, professor of management science, has been named program chairman of the 1976 Bicentennial Winter Simulation Conference, which is being held December 6-8 at the National Bureau of

Standards in Gaithersburg, Maryland. The annual Winter Simulation Conferences focus on the subject of discrete-event simulation. Professor Schriber was also recently elected to a two-year term as a national vice president of AIDS (American Institute for Decision Sciences). He also serves AIDS as an associate editor for its *Decision Sciences* journal in the area of simulation and computer-based modeling.

Karl G. Pearson, professor of business administration, has published an article entitled "Forecast for Real Estate in 1976" in the February, 1976 issue of *The Detroit Realtor*. He also wrote a book review of "Mastering Real Estate Mathematics" for the winter, 1976 issue of *Real Estate Review*. Professor Pearson has also given numerous talks on the future of real estate and on resort and retirement real estate before various state associations of realtors.

Mary C. Bromage, professor of written communication, has conducted the following three seminars recently: a seminar on reporting at the invitation of the Comptroller's Office in St. Thomas, Virgin Islands; a seminar during spring break in Boston for the Department of Labor auditors, and one for the Great Lakes Fishery Laboratory on scientific writing. She also spoke on report writing to the U.S. Army's Institute of Administration at Fort Benjamin Harrison (Indianapolis). Her article, "Bridging the Corporate Communication Gap," was published in the winter, 1976 issue of *Advanced Management Journal*, and her biography of *Eamon de Valera* will be reprinted by the Greenwood Press. She has been appointed to the executive board of the Institute of Labor and Industrial Relations.

Arthur F. Southwick, professor of business law⁷ and hospital administration, has been appointed by Governor Milliken to the State Health Planning Advisory Council.

Is It a High or Low Return Investment?

Continued from page 11

evaluation does not allow the opportunity to look back on one's accomplishments. One is always pushing on to the next crisis. Night school, however, offers a sense of achievement that is easily and immediately measured. There is no waiting for annual performance ratings or promotions.

There probably exists a greater difference between day and evening students than full-time versus part-time class schedules. Class attendance, study, and scholastic achievement are the occupation of a full-time student and can become a monotonous routine, while evening students may think of school as an avocation that can be enjoyed.

If I am adequately prepared, class attendance is an enjoyable part of night school. Associating with some very smart people, challenging and being challenged by their ideas, having the opportunity to be the boss and decision-maker during case discussions, and having the opportunity to understand complex concepts and business relationships can be an ego inflater. The relaxed,

informal atmosphere fosters discussion and encourages ideas that would not be risked on the job.

However, my evening classes are not a forum for discussion from which a student earns a degree by mere participation. Reality comes home on non-school nights and weekends, where the conflicting demands of family, social and school responsibilities cause tensions and problems. That relaxed, informal feeling in class and anticipation of exams is only the result of many hours of hard study and successful resolution of inevitable family conflicts.

My wife must be given credit for helping me earn the MBA degree. She bears an added load of caring for the house, yard, cars, and children while I am hidden away using school as an excuse not to paint the bedroom or fix the leaky faucets. She stoically gives up her weekend social life while waiting for the departure of a part-time student and return of a full-time husband. While my wife pursues her demanding existence, punctuated

Continued next page

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Dividend Magazine
The Graduate School of Business Administration
The University of Michigan
Ann Arbor, Michigan 48109

Is It a High or Low Return Investment?

Continued from page 27

by a weary or petulant spouse, I have the opportunity to participate in affable classroom activity twice a week.

As an undergraduate on the Ann Arbor campus, I found the University an impersonal, unfriendly place. Many students cultivated a small circle of friends that did not grow despite daily contact with thousands of people. As an evening graduate student in Dearborn, I find a certain camaraderie among students. Al-

though most of our contacts are limited to before-class or break-time discussions, there seems to be more friendliness than can be found on campus. Perhaps the physical proximity of the Dearborn classrooms encourages cordiality.

The investment put into earning an MBA degree from the University of Michigan has higher returns than just another hole punched in the computer card my employer uses as a

personnel file. It is worth more than the MBA's incremental opportunity for promotion. It is the opportunity to develop skills that only a rigorous course of study can develop. It is the personal satisfaction of participating in and completing a venture not available to everyone. The increase in personal, net present value to be gained from investing in a Michigan MBA can't always be measured in dollars or time.

Cut Along This Line. Address on Other Side.

**WE WANT
TO HEAR
FROM YOU!**

Believing that a two-way flow of information between the School and its alumni is important and mutually beneficial, we are continuing to publish a postcard on which we invite you to write us. Unless you indicate otherwise, we will feel free to publish your remarks in a letters column.