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## **An Assessment of the MBA Oath After 10 Years**

### **Compliance and Ethics**





In 2009, in the wake of a global financial meltdown blamed on reckless and greedy business professionals, two Harvard MBA students, Max Anderson and Peter Escher, collaborated with their fellow classmates to draft the “MBA Oath.” The oath was conceived as a “Hippocratic Oath” for business professionals. It is premised on three fundamental concepts: (1) act with integrity; (2) follow the law in letter and spirit; and (3) balance the interests of stakeholders.

On the MBA Oath website, oath proponents observe that it is “a voluntary pledge for graduating MBAs and current MBAs to create value responsibly and ethically.” They further state that their mission “is to facilitate a widespread movement of MBAs who aim to lead in the interests of the greater good and who have committed to living out the principles articulated in the oath.”

## **THE MBA OATH**

The oath, which can be found at <http://mbaoath.org>, reads as follows:

*As a business leader, I recognize my role in society.*

*My purpose is to lead people and manage resources to create value that no single individual can create alone.*

*My decisions affect the well-being of individuals inside and outside my enterprise, today and tomorrow.*

*Therefore, I promise that:*

*I will manage my enterprise with loyalty and care, and will not advance my personal interests at the expense of my enterprise or society.*

*I will understand and uphold, in letter and spirit, the laws and contracts governing my conduct*

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*and that of my enterprise.*

*I will refrain from corruption, unfair competition or business practices harmful to society.*

*I will protect the human rights and dignity of all people affected by my enterprise, and I will oppose discrimination and exploitation.*

*I will protect the right of future generations to advance their standard of living and enjoy a healthy planet.*

*I will report the performance and risks of my enterprise accurately and honestly.*

*I will invest in developing myself and others, helping the management profession continue to advance and create sustainable and inclusive prosperity.*

*In exercising my professional duties according to these principles, I recognize that my behavior must set an example of integrity, eliciting trust and esteem from those I serve. I will remain accountable to my peers and to society for my actions and for upholding these standards.*

*This oath I make freely, and upon my honor.*

Just prior to their graduation, Anderson and Escher submitted the oath to their fellow classmates on a makeshift website and were astonished when two-thirds of them publicly pledged to abide by it. They followed up by writing and publishing a book entitled *The MBA Oath* in which they present the idea that business professionals should make a public commitment to general standards of conduct in the same way that doctors, lawyers, and other professionals do. Specifically, on their website, they write:

Our long-term hope is to transform the field of management into a true profession, one in which MBAs are respected for their integrity, professionalism, and leadership. We hope to see hundreds of thousands of MBAs take the MBA Oath, or something like it, as a step toward realizing this vision.

Sadly, the oath movement launched a decade ago has missed this mark by a wide margin. As of this writing, only 9,290 individuals have “signed” the oath on the MBA Oath Website (<http://mbaoath.org/list-of-oath-signers>), including 118 MBA graduates from the class of 2018. Although the oath is still alive and garnering some attention by recent graduates, its signatories represent an infinitesimal fraction of the hundreds of thousands of annual MBA graduates. Moreover, the professionalization of the field of business management seems no closer today than it was 10 years ago. For those of us in the business of promoting ethical business practices, the reasons for this are worth exploring.

Established professions like law and medicine have four essential characteristics:

1. A common body of knowledge grounded in a widely accepted theoretical base;
2. A system of certification;
3. A commitment to professional standards of conduct that generally require members of the profession to place the interests of their clients, patients, or the public good ahead of their

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own; and

4. A governing body that both establishes and enforces professional standards of conduct.

There are advantages to such professionalization. In exchange for demonstrating a degree of competence and committing to professional standards and self-regulation, the public affords members of established professions certain privileges and a heightened degree of trust. Currently, business professionals do not appear to value the benefit of this bargain.

Today, the field of business management arguably has a well-established common body of knowledge, but it lacks the other three elements defining a profession and shows little appetite for pursuing them. There may be many reasons for this, but central to them all may be a desire by the business community to maintain as much moral flexibility as possible in plying their trade. This is understandable. To survive, let alone thrive, in free-market capitalism, business professionals must have the freedom to innovate and take risks without concern for what an unaffiliated governing body may think about their methodologies. So, unless forced to do so by necessity, I think it likely that the dream of Anderson and Escher to professionalize the field of management will remain just that — a dream.

The irony of the persistent, centuries-old, laissez-faire business culture is that by choosing to not self-regulate as a profession via certifications, professional standards, and a governing body, business professionals continue to perpetuate a downward spiral of self-interested and self-indulgent transgressions that erode public trust and result in ever-increasing regulation that threatens to stifle the very innovation and risk-taking freedoms business professionals strive to preserve.

Given this state of affairs, we corporate counsel and compliance professionals should not wait for the field of business management to professionalize with the hope that it will bring our colleagues to heel. Instead, we must continue to work inside our companies to persuade our colleagues that self-regulation and adherence to high ethical standards are in both their, and the company's, best interest.

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