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First, do no harm

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Do bosses need their own Hippocratic Oath?

ALREADY the managers of many of the world's leading financial firms have been found wanting. Now, as the world's economy slows, attention will turn to managers of non-financial firms, to see if they are any better prepared for the rainy day that was bound to come sooner or later.

It will be no surprise if soaring bankruptcies demonstrate that their risk management was just as inept, and just as focused on maximising short-term profits (and their pay packets) without thinking too hard about what would happen when the good times ended.

Why is this failure so unsurprising? In a new article in the *Harvard Business Review*, Rakesh Khurana and Nitin Nohria, who teach at the Harvard Business School, argue that the problem is literally a lack of professionalism. Contrasting corporate managers with doctors and lawyers, the authors title their article with their argument: "It's Time to Make Management a True Profession".

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Way of the future?

As they point out, “unlike doctors and lawyers, managers don’t need a formal education, let alone a license, to practice. Nor do they adhere to a universal and enforceable code of conduct.” Even if individual firms write and enforce corporate codes or value statements, “there’s no universally accepted set of professional values backed up by a governing body with the power to censure managers who deviate from the code.”

Implicit in this argument is a deep criticism of the MBA, a degree that Messrs Khurana and Nohria teach, and which many of today’s failing managers hold. Indeed, there are already rumblings about the failure of the MBA courses that Wall Street’s “finest” took before rising up the ranks of global finance—just as there was after Enron went bust in 2001 (Jeffrey Skilling, Enron’s chief executive, holds an MBA from Harvard).

Yet, as the professors point out, the desire to make management a profession like law and medicine was central to Harvard Business School in the first decades after it was founded 100 years ago. A start would be for management education to “adopt the more stringent knowledge and competency standards required by true professions,” they argue. For instance, the Association to Advance Collegiate Schools of Business “could devise and administer an exam that all graduating MBAs would have to pass before they were licensed to practice”. Managers could also be required to take top-up courses to retain their licences.

One question this raises, the authors concede, is just how essential management education is—indeed, the success of iconoclasts like Bill Gates might suggest that a lack of formal management training was a positive advantage in becoming a successful entrepreneur. Medicine and law have far fewer examples of top practitioners succeeding without professional training—despite the popularity of some alternative healers and upstart legal heroes such as Erin Brockovich. Messrs Khurana and Nohria propose that management jobs be classified according to the amount of professional training required in order to allow the market to make clear the value of such training, but it is hard to imagine the traditional entrepreneur educated in the university of life going out of fashion.

Perhaps more important than an educational standard may be a general agreement on what constitutes professional standards of behaviour. To this end, the two professors propose a managerial version of the Hippocratic Oath, to which all doctors must swear. “Codes create and sustain a feeling of community and mutual obligation that members have toward each other and toward the profession,” they argue.

The management oath they propose covers issues including selfishness (“I pledge that considerations of personal benefit will never supersede the interests of the enterprise I am entrusted to manage”) and transparency (“I vow to represent my enterprise’s performance accurately and transparently to all relevant parties”).

This lacks the simple clarity of medicine’s “First, do no harm”, largely because it is exceedingly hard to judge whether a manager is doing a good job until long after he or she has ceased to do it, if even then. The professors want managers to pledge “to

serve the public's interest by enhancing the value [their] enterprise creates for society." But this is a difficult standard to judge; peers and the public tend to focus on the measure of performance they can see easily: profit.

In business, profit can go up for years even when a manager is overseeing activities that neither maximise the long-term value of the company nor aid society. With the exception of Hugh Laurie's brilliant but misanthropic fictional doctor, House, going against the norms of the profession is not the route to success in medicine.

Yet, as the public and politicians increasingly look to blame business for the problems of the economy, the call for professionalism could hardly be more timely. If they are wise, today's business leaders and educators will see it is in their enlightened self-interest to take the goal of professionalisation seriously, and thus start to regain society's trust.