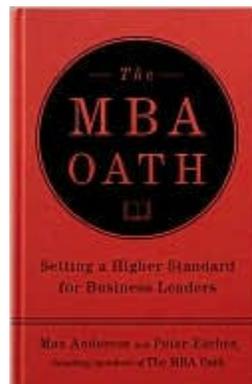




Just Business: Peter Escher on the MBA Oath

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MBA Oath: Setting a Higher Standard for Business Leaders

JULIA KENNEDY: Welcome to Just Business, a series of interviews on global business ethics. Today we're asking whether MBAs can be held to similar "Do no harm" standards as MDs. I'm here with Peter Escher, cofounder of the [MBA Oath](#) when he was a student at Harvard Business School in 2009.

After graduating in 2009, he has gone on to a career as a financial analyst, but has continued his affiliation with the MBA Oath, coauthoring a [book](#) by that title and encouraging other business schools to adopt it.

Peter Escher, thanks for joining me on Just Business.

PETER ESCHER: Julia, it's great to be here. Thank you.

JULIA KENNEDY: Tell me about the origin of the MBA Oath. How did you come up with the idea?

PETER ESCHER: In the midst of the financial crisis, there were a lot of people in the media, at business schools, in business, and on Main Street asking, what can business do better? What is the purpose of a businessman or a businesswoman?

The MBA Oath was initiated by students at Harvard Business School and at other business schools, where we came around this idea that business should be about, certainly, profit making, but also about a greater set of responsibilities. That's what the oath speaks to, this idea that, as a graduate with a business degree, you go on to a career in business and have a certain set of responsibilities that you should keep in mind as you make business decisions.

JULIA KENNEDY: Did you generate this idea sitting around the lunch table, meeting with professors? What was really the spark?

PETER ESCHER: One of the interesting things about the MBA Oath is that it's not really a new idea. As my coauthor, [Max Anderson](#), and I were researching the MBA Oath, it really became apparent that this is an idea that has been around for a long time in business schools: that business school students would have a duty to society, as well as to shareholders, as they managed a business.

We were talking to two professors in particular at Harvard Business School, Dean [Nitin Nohria](#) and [Rakesh Khurana](#), two luminaries who had already presented this idea. When we said, "Hey, we'd like to take a stance on what we think an oath could be," they said, "We've already been thinking about this idea. Here are some words that you might want to adapt for yourself." The idea spread from there.

JULIA KENNEDY: Reading through the oath, it starts very generally, saying, "As a business leader, I recognize my role in society. My purpose is to lead people and manage resources," and then gets a little more specific, talking about corruption, sustainability initiatives.

How did you choose what to include in the language?

PETER ESCHER: It was kind of like the Constitutional Convention. That's a bridge too far—certainly a little different time period. But the MBA Oath really was an aggregation of different ideas. Certainly professors and students inputted to it. We even had input from the World Economic Forum, Aspen Institute, and other MBA programs.

The essence of this is that as a business leader I have responsibility to my shareholders to make a profit for my business, but within that there is this tension. I need to balance my responsibility to employees, to customers, to

the environment, and in that way create a sustainable platform that will be mutually beneficial to shareholders and other stakeholders in the business.

JULIA KENNEDY: Kind of implicit in this effort is not just that this needs to be implemented in the business world, but also that there is something lacking in business school curriculum. That's when the [Hippocratic Oath](#) comes up for med students, and there isn't a kind of corollary for business students. Is that where it comes from?

PETER ESCHER: Certainly the MBA Oath is rooted in the idea that is taken from a medical degree program, where doctors say, "We have a specific set of boundaries that we have debated and set in place over time."

Business school students don't have such a construct, and the MBA Oath is a way to come into the curriculum, come into that conversation that students have while they are on campus, to say, "What if there was a clearer construct on what my role as a businessperson should be, because I do have vast influence and potential as I go on from here to manage people, capital, and environmental resources."

JULIA KENNEDY: Is there a forum that exists for business ethics within business schools that is taken seriously?

PETER ESCHER: One of the things that I have discovered from my role as a student and now a graduate of Harvard Business School is that ethics is practiced and taught differently on different campuses. Some schools, anecdotally, spend a lot of time on it as part of their required curriculum and some schools don't. That's what the MBA Oath really is. It's a starting point and a foundation for conversation across business school students, faculty and administration, to say, what is a businessperson's role in society?

JULIA KENNEDY: The Hippocratic Oath has been around since ancient times and is, thus, pretty well ingrained into our culture. How do you hope to achieve that with the MBA Oath? Is it something where you need an enforcement mechanism? How do you hope to spread it in the same way?

PETER ESCHER: This is an idea that's time has come. We sense that students from all over the world are gravitating towards this idea. Right now we have about 5,000 MBA students who have signed the oath on our website. There are more who are contacting us every day.

The idea, in our minds, is, can we get all of these common, like-minded students who are out there to come together around a single idea like an oath, give it enough force and potential to then really make change happen in business schools, in curriculums, and certainly, beyond that, in how people manage their companies?

JULIA KENNEDY: Looking at more of a grassroots movement approach than having any kind of board that reviews violations of the oath or anything like that.

PETER ESCHER: Enforcement is certainly an idea that we have talked about a lot internally. It's something that any good organization needs to grapple with. How do we raise our standards upon entry and then upon sustaining our membership base?

There may be a point where the oath does try to enforce who can sign and who can't. But right now the authenticity is the organic, as you said, grassroots movement of students raising their hands and saying, "I like this idea. It's not an idea that I'm hearing in the classroom, but it's an idea that I feel profoundly and that I want to be a part of."

JULIA KENNEDY: I remember reading headlines about the MBA Oath in the midst of the financial crisis back in 2009. You are still getting coverage on NPR and other news outlets, partially helped by your book. But I'm wondering if you are at all surprised that it has sustained this kind of attention.

PETER ESCHER: No one was more surprised than we were back in 2009. It was a group of 30 students in the class of 2009 at Harvard Business School who said, "What would this look like?" It was a dream that quickly became a reality. We did have the benefit of receiving some media attention.

The reason this is sustainable, though, is that the idea has really taken root in the minds of current students. If one thinks about this, the MBA degree is the fastest-growing degree in the entire world. We estimate that each year 300,000 MBA degrees are conferred.

That's a large pool of students, which renews itself every year and that wants to grapple with these ideas as they sit in the classroom and talk in the halls with their peers: What is my role as a businessperson? What is my purpose? Yes, I want to learn about accounting; I want to learn about strategic frameworks; I want to learn about financial modeling. But beyond that, if I'm going to be a manager of people and capital, what is my role?

The MBA Oath is really compelling to students in that way.

JULIA KENNEDY: You have a website associated with the oath and the book, and a social networking site that is related to that, too, where there can be a dialogue among students who have signed the oath or are considering it. Are you reaching out to new schools to bring them in or is this really kind of growing by word of mouth?

PETER ESCHER: It's a great question. Right now it is the early winter of 2011, and spring is coming. Graduation is coming. As I mentioned, hundreds of thousands of MBA students will graduate from their class work into the business world and take on real jobs. We hope that this time ushers in a period of reflection and that students will begin to sign the oath, that they will engage their peers about the idea of an oath, whether it works for them, how they might apply it to their own life, how they might change it and modify it to their own value construct.

This is something that we do hope continues to catch fire in the minds of the students as they approach graduation.

JULIA KENNEDY: Do you have in mind eventually working at an institutional level, to say, "Our business school endorses this oath and requires students to sign it. Why not work from the top down?"

PETER ESCHER: As you mentioned, a lot of the authenticity comes from the students, the organic roots of this organization, with students raising their hands. But the sustainability that we have found over the last two years working on the MBA Oath really is of a top-down nature.

We are partnering with different institutions. Right now the MBA Oath is a part of a larger consortium of organizations that include the World Economic Forum, the Aspen Institute, several business school professors at Harvard and at Thunderbird in Arizona, and students. Combined, we hope that we can institutionalize this in the appropriate way.

JULIA KENNEDY: Some have criticized the idea of having an MBA Oath as kind of lip service to ethics in business, that you can say, "I promise to uphold these values," and then you get into the workplace and the realities and the standards to which you are held are very different.

How do you respond to that kind of criticism?

PETER ESCHER: We hear a lot of criticism. We think that that dialogue is important. We really do want to influence behavior. That's what the oath is about. We want it to be more than words on a page.

What we hope to do over time is foster a community that is able to keep each other accountable, that, in the moment when an ethical dilemma is being faced, is about to stand up and do the right thing. It won't be easy, but we do think that the MBA Oath is a good first step, and beyond, to start to think about these situations before they arise so that when they do and when you are faced with them as a businessperson, you have a better foundation to work from.

JULIA KENNEDY: I assume, since you wrote the oath, you have signed it yourself. Now that you're working in the financial sector at Liberty Mutual, how have you put it into practice and how have you had to face some of these issues in your field?

PETER ESCHER: Finance is essential to any healthy economy. The availability of capital, the availability of debt for small businesses and large businesses alike, keeps an economy moving, as people innovate and launch new products. In that role, my work is meaningful. It's meaningful to me, and if done in the right way, it's very essential to the economy.

The interesting thing about Liberty Mutual is that—and it's in our mission statement—we view our purpose through the lens of the customer. Our role is to act with honor, integrity and honesty, and to keep in mind the customer as we go about our business. That is emblematic of what the MBA Oath speaks to, which is that every businessperson has to keep in mind, and an eye on, profits, but also the need the customer has.

JULIA KENNEDY: How much at the forefront of your mind, since you were putting together this MBA Oath at the same time or just after you had conducted your job search—I don't know when you ended up getting your position—I'm curious about how that was intertwined with the way you were looking at potential employers.

PETER ESCHER: I look at the business world with optimism. I look at each potential employer, I see good. I see

a company meeting a customer need. When I was conducting my job search as an MBA student—and, by the way, that was a pretty atrocious time to be job searching, in the spring of 2009—

JULIA KENNEDY: Yes, I can imagine.

PETER ESCHER: —I was hopeful. Every company that I looked at had a high regard for its customers. It had a high regard for its duty to society and also, of course, its duty to shareholders.

I personally think the reason the MBA Oath is so compelling to students these days is because they see models in the business world around them and they say, "Ah, this is possible. I want to work for that company," or "I want to start a company like that." I'm talking about companies we have heard of, such as Starbucks Coffee, which wants to source fair-trade coffee, and like Walmart, which says, "We want to understand the carbon footprints of each of our products."

Do these companies have issues? Do they have public relations issues that they face? Absolutely.

But students look at these companies as models and say, "This is possible. We can do well by also doing good." That's what really drives the students to think that the oath is a reasonable and realistic idea.

JULIA KENNEDY: You are at the beginning of your post-MBA business career. Juggling your job, writing this book, doing these kinds of interviews, and working on the MBA Oath's growth is a lot to juggle. Why do you keep doing it?

PETER ESCHER: The most exciting thing is when I get to talk to students and I ask them, "Why are you here at business school? What are you hoping to get out of it?" Those are big questions that not everybody has at top of mind. I certainly didn't have it all together when I was an MBA student. But that's the exciting part, to think that there is a lot of potential in this body of students who will go on to influence society and the business community. If we can get them to think about their greater roles and greater responsibilities, we can make business better and we can make it safer for a broad array of constituencies.

JULIA KENNEDY: You mentioned that major companies are having this growing awareness of their social responsibilities. Not everyone—yourself included—will take this oath and suddenly say, "I want to start a social enterprise. My first focus in my job is going to be on an explicit triple bottom line."

What are some of the behavioral changes or day-to-day changes that you hope that signing onto an oath like this will implement?

PETER ESCHER: That's the interesting question. We do want to influence behavior. We want the oath to be applied. It really starts, initially, with a flexing of ethical muscles before one gets into an ethical dilemma, so that you can recognize the issue as you face it. Oftentimes these things creep up on us, until we're beyond where we wanted to be ethically.

The second thing is that we do hope to change culture at firms and organizations. That change can happen from the bottom up, but often it does need to happen from a leadership perspective, from the top down. Hopefully, the oath is preparing and creating an internal and intellectual stimulus within business school students to go on and to lead organizations down the road in a way that will create better culture and a more sustainable mindset as businesses operate.

JULIA KENNEDY: You said something a few minutes ago that I want to follow up on, which is that when you first came to business school, your focus was not necessarily on creating an ethics oath and focusing on that in your second year of study. I know it came out of the financial crisis, but is there something further back in your history that really has drawn you to these issues and questions?

PETER ESCHER: I graduated from the University of Washington in 2001. The next day I got on a plane to work in Kenya for two years with a nonprofit organization. That was part curiosity and part desire to see how business and the nonprofit space could align. It was a very meaningful time to try to help people, to try to build a small organization that was working with former street children who were living on the streets of Nairobi and were now in schools.

One of the compelling messages that I took away from that experience was that business skills, business processes, the way that a businessperson thinks about inputs and efficiency—that can be very useful in the social arena. It can be very useful in a nonprofit in the United States or in a nonprofit in Kenya. That was a very foundational experience for me that has helped me think about the importance of an MBA Oath as meaningful for society.

The thing that I would add to this is that Master's of Business Administration degree holders don't just go on into business; they go and manage governmental organizations and nonprofit organizations. Business schools really are becoming a training ground for these types of leaders. It really behooves us to think about what these students are learning at Harvard Business School, at Thunderbird Business School, at Wharton and Stanford, and to think about how they will take this message into their nonprofit role or even their governmental role.

JULIA KENNEDY: You have this social network that you have set up on your website, where you are in dialogue with students that have signed on and are going in all these different sectors that you have mentioned. Are you learning from them? What kinds of directions do those discussions take?

PETER ESCHER: A lot of students want to know, "How can I make this live on my campus? I have a particular forum or a particular apparatus that I'm trying to operate within," whether it's a campus club or a student council. "How do I take the oath and make it live here in a real meaningful way? Do I dialogue with professors? Do I dialogue with other students?"

The answer to all those things is yes.

The other main thing that we hear students talking about is current events. How can the oath respond to something like the [BP oil spill](#)? How can the MBA oath respond to the [Toyota recall of automobiles](#)? How can the oath come into these situations and inform business leaders as they happen? That has been just a neat part of the conversation that I have been able to participate in.

JULIA KENNEDY: What are some of the answers? How can it inform BP, Toyota, and some of these other major scandals that have come out in the last couple of years?

PETER ESCHER: There is no simple answer. Business is a very complicated field. There are many things that a manager needs to have in mind as he or she makes a decision.

The MBA Oath doesn't try to oversimplify. Rather, it says, let's get the foundation right. Let's get the rules of the road right. When I enter into a situation where I may have a faulty product, in the case of BP or Toyota, how do I respond to the marketplace? How do I keep in mind the safety of my employees and customers, and the duty that I have to create long-term shareholder wealth?

The oath is a way to speak to those in a way that is complementary and keeps them all in an appropriate tension.

JULIA KENNEDY: There is definitely a tension there, because there is accountability in so many different directions, especially for these larger global companies. What you're saying is that you have to leave room for interpretation and for people to kind of take their own path.

PETER ESCHER: That's right. Every businessperson has a decision that they need to make to optimize shareholder value, to create the right product for their customer within a certain cost construct, to make sure that their employees are paid in such a way that will retain them, but not hurt the bottom line inappropriately. And that's exactly what businesspeople do. They enter into these nuanced situations. They need to have a construct, a foundation of values that will then guide the decisions that they make.

JULIA KENNEDY: You have this oath. You have the website. You have the book. You are speaking to the media. You have your job. What's the next step?

PETER ESCHER: Spring 2011 is a big step for us. This will be the third year that MBA students will step up proactively and will sign the MBA Oath.

If you are an MBA student out there, go to [mbaoath.org](#), engage in the dialogue, consider signing the oath, and engaging your classmates. That's the real power behind this and the real energy that comes when students proactively say, "This is something that will change the world. I want to change the world and make business a better place."

We hope that you'll join us.

JULIA KENNEDY: Peter, do you see yourself involved in this MBA Oath for the duration of your career?

PETER ESCHER: I certainly hope so. It's one of the few organizations that I have been a part of that seems to have really caught the imagination, the intellect, and the desire of so many different people, both in business and beyond. I hope that I will continue to stay involved and will be able to see this organization grow from 5,000 signers today to tens of thousands of signers in the future.

JULIA KENNEDY: Peter Escher, it's been a real pleasure talking to you. Thanks so much for joining me on **Just Business**.

PETER ESCHER: Julia, thank you.

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