

## Education in America

Reports of potential employers and educators expressing serious concern at the skill levels of our high school and college students and their inadequate preparation for professional life are appearing with increasing frequency. A report<sup>i</sup> released on Oct. 2 by a consortium of business research organizations states that “The future U.S. workforce is here—and it is woefully ill-prepared for the demands of today’s (and tomorrow’s) workplace.” While this is a serious issue, a more ominous one is the preparation of today’s youth to be the ‘public’ citizens of the future. The youth of today are learning from the examples set by their parents, business leaders, politicians, educators and the like- examples that stand out for their notoriety.

A recent study<sup>ii</sup> found that 56% of graduate business students admitted to cheating one or more times in the past academic year, compared to 47% of nonbusiness students. Other reports indicate that acts of academic dishonesty, including cheating, are common in colleges and universities. On December 3, 2006, Columbia's Graduate School of Journalism announced that it was investigating charges of academic misconduct, i.e. cheating, in the final exam for the required ethics course "Critical Issues in Journalism." Before vilifying the students, the American public at large needs to examine its own acts, and the way it rewards positive and negative behaviors and actions. It is also imperative to remember that a “corporation” is a legal entity, and the actions of a corporation are always performed by people. Here are a few examples.

1. On January 2, a New York subway rider, Wesley Autrey, jumped onto the tracks of the New York Subway to save a man’s life from an oncoming train. He later pointed out that while many people were present, only he and two women aided the distressed person. He was later rewarded with the Bronze Medallion, New York City’s highest civilian honor, by the Mayor. Donald Trump cashed in on some publicity by giving a gift of \$10,000, and a few others made other gifts to Mr. Autrey, a true hero. On the other hand, on January 3, the Board of Directors of Home Depot Inc., removed Robert Nardelli from the Chief Executive Officer position for poor performance. After paying him \$225 million during his six-years as the CEO, the Board gave him a farewell gift of \$210 million as part of his separation package. Pfizer Inc.'s Board asked its CEO, Henry (Hank) McKinnell, to take “an early retirement,” in part because Pfizer’s stock price declined more than 40% when the market was up . However, the Board gave him a retirement package valued at more than \$180 million as a farewell gift.
2. President Bush, in his address to the Nation on January 10, said “The situation in Iraq is unacceptable to the American people -- and it is unacceptable to me. ... Where mistakes have been made, the responsibility rests with me.” Without saying that mistakes *have* been made, it is unclear as to what he meant by the statement “the responsibility rests with me.” Taking responsibility means paying a personal price for a person’s actions. For instance, on Mar 14, 2006, South Korean Prime Minister Lee Hae-chan resigned because he accepted responsibility for playing golf at a time when the country’s rail workers were on strike.
3. In the same January 10 speech, Bush reminded people that “The year ahead will demand more patience, sacrifice, and resolve.” While the families of those serving in

the armed forces have demonstrated plenty of patience and sacrifice , the President's sacrifices are unknown, as yet. Of course, he has taken more than 330 vacation days during his tenure, including an extended retreat at his Texas ranch last year which Hurricane Katrina rudely cut short. President Bush, based on public reports, apparently does not even sacrifice his sleep.

4. In a December 29, 2006 SEC filing, Apple Computer Inc. disclosed that records were falsified to support a 2001 options grant to its CEO Steve Jobs of 7.5 million shares. Apple disclosed that this grant was ``improperly recorded as occurring at a special board meeting on Oct. 19, 2001. Such a board meeting did not occur." The Company recognized total additional non-cash stock-based compensation expense of \$84 million after tax, including \$4 million and \$7 million in fiscal years 2006 and 2005 respectively. In addition, the company reported that "although the investigation found that CEO Steve Jobs was aware or recommended the selection of some favorable grant dates, he did not receive or financially benefit from these grants or appreciate the accounting implications." It does not seem to matter that a person who made hundreds of millions by exercising stock options is not expected to know the immorality of "backdating" options, or appreciate the accounting mischief. Apple has cleared him of wrongdoing, and the shareholders have bid up Apple's stock price to an all time high.
5. On January 9, 2007, Lou Dobbs railed against Venezuelan President Hugo Chavez on his Lou Dobbs Tonight show on CNN. In a piece titled a "Leftist Menace" he said that "Venezuela's leftist president, Hugo Chavez, takes a major step toward socialism with his plans to nationalize two key industries in his country." Earlier, President Chavez had said that he would consider nationalizing Venezuela's electrical and telecommunications assets because they "ought to be the property of the Venezuelan nation." Ironically, a little later in the same broadcast, Mr. Dobbs severely criticized state governments, including New Jersey and its governor John Corzine, for selling state toll ways to private interests. He claimed that these assets belonged to the 'American people.' Of course, Mr. Dobbs does not call himself a socialist or a "leftist menace" for suggesting government control of assets.

America's future depends on its youth. It is vital that parents, politicians, businesspeople, teachers, and others collectively educate them, with personal examples, to engage in broader intellectual discourse than to just apply labels, and reward them for socially positive behaviors.

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<sup>i</sup> Report titled "Are They Really Ready To Work? Employers' Perspectives on the Basic Knowledge and Applied Skills of New Entrants to the 21st Century U.S. Workforce." Published Oct. 2, 2006 by The Conference Board, Corporate Voices for Working Families, the Partnership for 21st Century Skills, and the Society for Human Resource Management.

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<sup>ii</sup> Paper titled "Academic Dishonesty in Graduate Business Programs: Prevalence, Causes, & Proposed Action," by Trevino, Linda., et al, to be published in an upcoming issue of the *Academy of Management Learning and Education*.