

BUSINESS ETHICS

Fallout From Past Corporate Scandals Lingers at University Business Schools

■ By CHRIS CZIBORR

Memories of the accounting blowups at Enron Corp. and WorldCom Inc. live on.

Particularly at universities, which have seen interest in corporate governance and business ethics classes persist a couple of years after accounting reform was enacted under the Sarbanes-Oxley Act of 2002.

Orange-based Chapman University's MBA program continues to offer a graduate school elective in corporate governance. Chapman invites local chief executives, such as Parker S. Kennedy of Santa Ana-based First American Corp. and James V. Mazzo of Santa Ana-based Advanced Medical Optics Inc., as guest speakers at its Argyros School of Business and Economics.

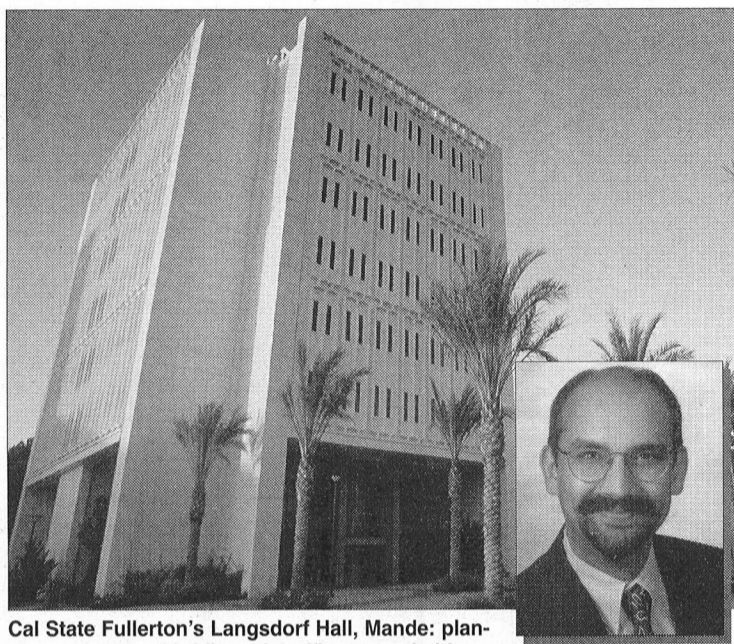


Chapman's Turk: chief executives lecture in corporate governance course

"The course is especially popular with our executive MBA students," said Thomas Turk, professor of accounting with Chapman. "Students take it in their last semester of the MBA. It's a good opportunity for them to interface with top management."

It's the third year Chapman's offered the course.

"Some of the interest is an inherent interest in corporate governance spurred by the visibility of the scandals in recent years," Turk said. "But mostly the students like the



Cal State Fullerton's Langsdorf Hall, Mande: planning quarterly chief financial officer roundtables

opportunity to interact with top management and get an idea of how they think. Corporate governance problems affect them directly—their career opportunities could be hampered by mismanagement. If a CEO did something inappropriate or unwise, it affects their career potential."

Some universities have tinkered with their corporate governance classes.

In a "ripped from the headlines" programming strategy a couple of years ago, the University of California, Irvine, created a course solely about Enron.

"It was one of the most popular courses we had," said Marty Bell, director of the

full-time MBA program at UCI's Graduate School of Management. "But it was also the most time intensive course for our faculty that we were involved with it, so we couldn't sustain it."

The university cancelled the class. Now, rather than offering such specific electives, Bell said MBA programs at UCI and other national schools weave corporate governance issues into

their bread-and-butter classes.

"We touch on both corporate governance and ethical behavior in business and management in our core courses—in the accounting courses as well as the required organizational analysis class and our class that covers the management of complex organizations," Bell said.

"Most MBA schools tend to be reactive. When Enron, WorldCom and all those other things were occurring, a flurry of ethics courses appeared. I don't see that as much now. We're seeing the pendulum swinging back to where we're not going to have specific electives, but rather teach it

in the core courses," he said.

Students want to leave school with basic but critical skills, such as dissecting an earnings report.

"Typically financial statement analysis is one of the classes that MBA students say they are interested in," Bell said.

Meanwhile, California State University, Fullerton's Center for Corporate Reporting and Governance is in its second year.

The center, which is part of its College of Business & Economics, was designed for Orange County companies, not just for students.

"We provide resources to the business community in OC on how to cope with some of the complex regulations from the Securities Exchange Commission and the Financial Accounting Standards Board," said center director Vivek Mande.

In September, the center held a conference on Section 404 of the Sarbanes-Oxley accounting reform act. Officials with the Securities and Exchange Commission spoke, while executives at Big Four and mid-sized accounting firms sat on panels.

Last year the school hosted a conference on "Fraud, Ethics and Changes in the Accounting Profession."

Mande said the center plans to hold a chief financial officer roundtable soon.

"The plan is to have these roundtables every quarter," he said.

The center also is surveying small and medium-sized businesses to see if they bear a disproportionate burden complying with Sarbanes-Oxley's Section 404 compared to larger companies. ■

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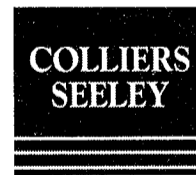
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