



*Challenges in Business Ethics Education*

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# IS TEACHING BUSINESS ETHICS MY RESPONSIBILITY?

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The chaos of recent corporate legal woes and media inquiry into violations of public trust has created a business environment that brings transparency and corporate compliance to the forefront of business policies and processes. But the need for scrutinizing business activities goes beyond accounting and financial disciplines. For example, the requirements of the Sarbanes–Oxley Act of 2002 are just as relevant to the sales forces of public companies as they are to financial officers (Barry, 2003). Today, environmental concerns, vigorous consumerism, employee relations, and activities of business partners up and down the value chain are being viewed under the microscope of public scrutiny.

Internal and external stakeholders will continue to care about the ethical effects of the actions of business, which will remain subject to legal boundaries. As a result of the current epidemic in corporate America, the attitude and approach at business schools need to be re-examined (Lissack and Richardson, 2003). Although the law does and should play an important role in business education, the obligations of teachers extend beyond instructing students in the law as the sole arbiter of right and wrong business behavior. (The law is not synonymous with

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ethics, but the connections between the two are solid, for the latter can function as a front-line defense against legal violations; Thorne-LeClair, Ferrell, and Ferrell, 1997.) Business leaders must be responsible for both legal and ethical compliance, and “business schools worldwide must reinvigorate their emphasis on developing ethical graduates that will lead tomorrow’s organizations toward good corporate citizenship” (Fernandes, 2003).

The intent of this article, as well as the overall theme of this collection of readings, is to address the issue of how best to teach business ethics. Focusing on the dynamic nature of teaching business by bridging the gap between ethics and strategy for future managers who must consider complex issues when making decisions, the collection furthers dialogue among faculty and administrators by providing various perspectives on the topic of best pedagogical practices. The challenge is to include ethical perspectives when teaching decision making processes that will affect diverse constituents. The object of the collection is neither to dispute the tenets of business nor to encumber the purveyors of business knowledge or the emergence of corporate leaders; rather, we mean to direct attention to a range of perspectives on why ethical dispositions should be addressed in the business curriculum.

#### **Why is Ethics an Important Part of a Business Education?**

The issue of teaching business ethics is hotly debated throughout the academy. Faculty, administrators, and accrediting bodies, as well as business organizations, the media, and society, all have contributed to this discourse. Currently, the underlying issue is the role of business schools in teaching students to think and to behave ethically in business environments.

“The claim that business schools are to blame for corporate misconduct is based, at least in part, on the premise that faculty at academic institutions educate students to disproportionately serve ‘the bottom-line’ by over-emphasizing the obligation to maximize shareholder wealth and to engender a competitive market advantage” (True and Pelton, p. 3, 2004). Indeed, “(s)hareholder value is as powerful as it’s ever been” (Henry Mintzberg, quoted in Skapinke, 2003).<sup>1</sup> Alsop (2004) speaks for many critics when he states that business schools are “producing graduates obsessed with making money regardless of the ethical consequences.” What is more, Conroy and Nelson (1989) have found that business schools actually are contributing to the regressive moral development of students. Their empirical findings on the subject of moral psychology suggest that the business major attracts the least morally mature students and that, after graduation, these students’ ethics scores are even lower than they were in the first year of college.

But are business schools and their faculty really responsible for the unethical attitudes and behaviors of their graduates in the business world? Is our function to educate students as knowledgeable and skilled business practitioners, or as theologians? It seems unreasonable to many to hold us completely accountable for the unethical actions of our graduates. Yet because we play a significant role in their learning and training in regard to making decisions in complex and competitive business environments, there may seem to be at least an indirect link between business curricula and corporate irresponsibility. After all, as Carolyn Y. Woo, Dean of the

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<sup>1</sup>See Michael Skapinke’s *Financial Times* article “In Search of a Balanced Society” (September 16, 2003), which reported on Henry Mintzberg’s session at the 2003 Academy of Management meeting in Seattle, Washington.

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Mendoza College of Business at the University of Notre Dame, notes, “(t)he priorities taught in business schools affect the way students think.”<sup>2</sup>

When a student graduates with a degree in business or has completed a number of business courses, what is our liability in regard to how well he or she can adequately perform business-specific duties (e.g., accounting, marketing, finance, etc.)? In fact, beyond damage that might be done to the reputation of faculty, academic institution, or business school by an incompetent student, academic accountability is limited. This fact, however, does not relieve us of our responsibilities: we are responsible, generally, for providing information and conveying concepts so that students can contribute to their profession, industry, and organization.

Again, what we teach—and, subsequently, what our graduates will do in their jobs—can and does have a significant effect on others. According to Lissack and Richardson (2003), we must accept our limited role in the un(ethical) behavior in graduates, even if we are unwitting participants and must at least ensure that we are not merely helping the ethically challenged acquire a sharper toolset with which potentially to take advantage of a trusting public. After all, if the only tool in one’s box is a hammer, then every situation will look like a nail.

We have a responsibility also to teach what is ethical or at least how to identify ethical dilemmas and how to make decisions that include an ethical dimension. Indeed, teaching ethics is more about teaching our students how to make better (ethical) decisions than it is about teaching them to be ethical persons (Brown, 2000). The decision making perspective is necessary, for it provides a firm foundation for our pedagogical directive. Because the decision making process is

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<sup>2</sup>See Lynnley Browning’s *New York Times* article “Ethics Lacking in Business School Curriculum, Students Say in a Survey” (May 20, 2003) <<http://www.nytimes.com/2003/05/20/business/20ETHI.html?ex=1054409741&ei=1&en=ade6bc1cbc34586d>>, which included Woo’s interview.

at the root of nearly everything taught in business school, the teaching of business ethics should not be exempt from this approach. An ethical perspective is a decision making process crucial to business activity.

## Conclusion

“Corporations are social institutions,” observes Michael Skapinke (2003). “If they don’t serve society, they have no business existing”<sup>3</sup> In the corporate environment, organizations with a strong emphasis on ethics have yielded positive associations with general (ethics) training and education (Thorne-LeClair and Ferrell, 2000). Additionally, organizations with a strong commitment to quality, customer loyalty, employee commitment, and profitability have a strong ethical culture (Maignan, 1997; Loe, 1996). We see no reason that these finding should not apply to higher education as well.

Doubtless, interest in ethics education and training programs is on the rise. The *Association to Advance Collegiate Schools of Business* (AACSB International), the world's leading accrediting agency of degree granting schools of business, long has required ethics coverage in accredited school curricula, and in 2003 its New Issues Committee assigned “ethics in business education as its top priority issue.”<sup>4</sup>

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<sup>3</sup>See Michael Skapinke’s *Financial Times* article “In search of a balanced society” (September 16, 2003), which reported on Henry Mintzberg’s session at the 2003 Academy of Management meeting in Seattle, Washington.

<sup>4</sup>See January 21, 2003 letter sent by Milton R. Blood, Ph.D., Managing Director of Accreditation Services, AACSB International <[http://216.239.39.104/search?q=cache:ezhiNyjswZwJ:www.pitt.edu/~rorst6/sim/Blood\\_Response\\_Jan03.doc+aacsb+new+issues+committee&hl=en&ie=UTF-8](http://216.239.39.104/search?q=cache:ezhiNyjswZwJ:www.pitt.edu/~rorst6/sim/Blood_Response_Jan03.doc+aacsb+new+issues+committee&hl=en&ie=UTF-8)>

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Our obligation to teach the fundamentals of business goes beyond the role of profit and shareholder interests to include both business' broader role in society and the interests of all stakeholders. Our curricular and pedagogical undertakings therefore should entail ethical perspectives by addressing the most likely strategic and ethical-dilemma decision scenarios graduates will encounter. Business ethics is not an issue that should be left to the philosophy department or the law school: our own schools must embrace ethics, in mind, body, and spirit. In addition to teaching what *can* be done and how, business faculty need to teach, motivate, and inspire students to stop and think about what *ought to* be done and how (True and Pelton, 2004). Duffield and McCuen (2000) point out that one of the responsibilities of good mentors is to help individuals move along a continuum of ethical development. By extension, in academia, where faculty are mentors to students, we are obligated to teach an ethical perspective.

Graduates must possess the attitude and the skills needed to apply their knowledge of business in the development and execution of effective, efficient, and ethical business decisions aimed at creating value for all stakeholders—not only for shareholders. Business faculty must take responsibility for providing students with an education that encompasses not only the tools of the trade, but an understanding of and a means to consider the implications of their craft because “to educate a man in mind and not in morals is to educate a menace to society.”<sup>5</sup>

By embarking on the path towards fulfilling our obligation to help students make sound business decisions, we can begin to make modest steps towards adjusting the ways business

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<sup>5</sup>Attributed to Theodore Roosevelt—August Kerber (1968), *Quotable Quotes of Education*. Unverified, <http://www.bartleby.com/73/500.html>.

leaders think and act. We are striving, in this sense, to create a “butterfly effect,” whereby small changes engender transformation.<sup>6</sup>

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<sup>6</sup> See “Teaching and the Butterfly Effect,” Heather A. Haas, *Chronicle of Higher Education* (March 10, 2004), <<http://chronicle.com/jobs/2004/03/2004031001c.htm>> “The butterfly effect,” writes Haas, “Is a metaphor for life in a chaotic universe. Once upon a time it seemed reasonable to believe that big influences had big effects and little influences had little effects; that was the basis for Newtonian science. Chaos theory, however, changed that. Here was a theory built around the premise that little things, like a butterfly flapping its wings over Hong Kong today, can have big effects, like causing a hurricane in Florida a week from now.”

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# PURSUING ETHICS IN MODERN BUSINESS EDUCATION

Daniel R. LeClair

“Why take valuable time from my course to teach students about ethics?” asks the information systems professor. It is a rhetorical question, but the marketing professor answers, “It’s a waste of time; students are already set in their values before they come to us.” Another colleague leans in: “My course is about corporate finance, not ethics. In fact, I’d be doing my students a disservice if I told them to put the interests of society ahead of shareholders.” The strategy professor adds, “Exactly! Exposure to ethics will disadvantage my students. It will compromise their ability to survive in the vicious, competitive world of business.” A latecomer to the group, the accounting professor admits, “I’m not even qualified to teach ethics.” This confabulation is fictional of course, but the views expressed are real and shared among a significant number of management educators.

Individually, many business professors perceive the benefits of increasing ethics coverage as small compared to the costs of and the barriers to such coverage. Even the most valiant classroom efforts seem ineffective against the overwhelming influence of society and organizations on values. Too much content already competes for too little time in course schedules. Conflicting views on ethical dilemmas disrupt comparatively objective courses, causing

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them to be messy and idiosyncratic. Academic market forces assign great rewards to narrow research agendas and provide little motivation to reflect on the ethical issues facing practitioners. So it is not surprising that certain professors resist external pressures to expand and to deepen the role of ethics in their courses and curricula. Fortunately, a macro perspective on business education can afford a positive view and attribute important benefits to business ethics education. The main points of this essay are the products of this more positive point of view.

Unlike most contributors to this volume, I have not been an active supplier to the academic literature on business ethics. Neither do I have the benefit of a lengthy career as a senior executive or practicing corporate ethics officer. My views originate from a somewhat unique industry-level experience with business schools through my work at AACSB International—The Association to Advance Collegiate Schools of Business (which is most widely known as the business school accrediting organization), a modest set of managerial experiences, and a touch of reflection on a decade-long career as an economics professor. I have not read enough of the ethics education literature to claim that my views are original, and attempting at this point to disentangle my opinions from the policies of AACSB would be pointless. Regardless, I take full responsibility for any errors or offenses.

### **Strengthening the Case for Business Ethics Education**

This essay begins by confronting the objections raised in the opening dialogue. The explicit purpose is to present a more favorable case for ethics education in business schools.

***To the Marketing Professor***

Even if ethical behaviors are instinctive, it does not follow that humans are incapable of learning. To be sure, if ethics are strictly innate, business professors are off the hook and can leave it to biologists to identify the corruption gene and pharmaceutical companies to offer a solution to corporate fraud. Ethical behaviors can be learned, but does the “window” for learning close before adulthood? Business professors are again off the hook if the answer is yes. I have concluded, however, that the answer is no; and I did not have to look beyond myself for proof. I am 40 now, different and—dare I say—more ethical than when I was 30. I was very different at 30 and definitely more ethical than I was at 20. So, of course, ethical behavior can be *learned* by adults; and I believe it can be *taught* to adults. “How” will be explored later in this essay.

***To the Finance Professor***

Ethics cannot be separated from finance or any other business and management field. Management decisions are ethical decisions, regardless of the functional area. Ethics are embedded in the management concepts we teach, the way we teach these concepts, and how these concepts are applied in practice. Ethics are embedded in the way we act, lead, communicate, and persuade in the workplace. Ethical dilemmas are inherently dynamic—evolving in and across management functions. It is easy to see, for example, how fraudulent financial reporting can become a marketing disaster when consumers lose trust in the brand. This remarkable intersection between ethics and management makes it difficult to justify excluding ethics from any course that claims a role in developing competent managers. It also means that leaders who cannot deal

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effectively with ethical dilemmas will not be capable of serving the interests of shareholders, much less the broader community of stakeholders.

Conversely, management knowledge and skills are needed to identify and to deal with ethical dilemmas in organizations. Students who lack a functional understanding of business and management are ill equipped to detect unethical behaviors hidden in circuitous financial reports, enabled by deficient controls, or motivated by incongruous reward systems. Graduates who cannot solve problems, lead a project, or negotiate a deal are incapable of handling difficult ethical dilemmas.

### *To the Strategy Professor*

“Nice guys finish last” is old school. Cooperation is as important as competitive spirit to survival. Fortunately, drilling down into the theoretical, empirical, and experimental literature for supporting evidence will not be necessary. It is more important simply to reflect on the Academy’s response if it believes that unethical behavior is necessary to “survive” in business. Rather than teach students to conform in an unethical environment, business professors should help them to become change agents who exert a positive influence on supervisors, as well as direct reports, peers, and a wide range of significant others. Each act by an ethical manager interacts with and becomes part of the culture that affects ethical behaviors throughout the organization. The systems, processes, and controls that managers create and modify can motivate ethical behaviors and constrain unethical behaviors. Business graduates who can lead and manage ethics can, indeed, create a survivable environment.

### ***To the Accounting Professor***

Any business professor, expert in ethics or not, is qualified and capable of contributing to the ethical development of students. Professors do not need all the answers to help students identify ethical dilemmas, explore and debate ethical issues, or develop rational resolutions to ethical conflicts. They can start simply by setting aside class time to engage students in a dialogue about the ethical challenges and concerns of management practice.

The remarks above do not prove that ethics has a definitive role in business curricula. No doubt, there are other objections to including ethics than I have raised; certainly there are more powerful arguments for inclusion than I have articulated. Nevertheless, the next section presumes a genuine interest in enlarging the role of ethics in business curricula.

## **Guiding Principles for Business Ethics Education**

### ***Ethics Education Should Go Beyond Personal Values and Ethical Decision-Making***

Most experts agree that business ethics curricula should include frameworks to reflect on personal values or to improve ethical decision-making. Few believe that it should stop there. The diverse participants in the AACSB Ethics Education Task Force (2004) defined a much broader scope, which includes four areas “widely viewed as cornerstones of a comprehensive and viable ethics education curriculum in business schools” (p. 10). The task force includes, in addition to ethical decision making, the responsibility of business in society, ethical leadership, and corporate governance in its recommendations regarding business ethics curricula. The definition is still broader than it may seem, for a number of other topics are collected under each of these areas.

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Restricting attention to personal values and to ethical decision-making would limit the benefits of business ethics education severely. To illustrate, consider a rule of thumb regarding variation in employee conduct captured in Ferrell, Fraedrich, and Ferrell (2005). Although the exact percentages may depend on the organization, 10% of employees will always follow their own values and beliefs when faced with ethical dilemmas. Another 10% will weigh the benefits (e.g., personal gain) and costs (e.g., risk of being caught) to decide what to do. An admirable, but futile, goal is to teach people in the latter group to be good regardless of the perceived risks and rewards. A more productive goal is to focus on the 80% in the middle. Regrettably, business schools cannot teach all students to behave. But, fortunately, the 80% are influenced by the behaviors of supervisors and peers, management policies and procedures, and organizational culture. Of course, organizations and societies benefit from business graduates who understand what's right and wrong. The point here is that these benefits are magnified when graduates also know how to "lead and manage" ethics. A business school makes a difference because it educates leaders and managers, not because it educates everyone.

### ***Ethics Education Should Focus on Process as Well as Content***

Most debates about ethics education center on content. The main question in these debates is *what should be included*. If the objective is to *develop* ethical behaviors, however, then educational process is as important as content. "How" matters as much as "what." Like leadership education, ethics education should be highly practical. It should include training or coaching from qualified professionals. Cases are not enough; curricula should include simulations, role playing, and other experiential exercises. Programs and projects should be tailored to the particular needs,

attitudes, and circumstances of individual students. Students should learn as much from costly mistakes as they would from inspirational successes. They should, when possible, feel the weight of their decisions.

The Ethics Education Task Force (2004) has singled out “moral courage” as a missing piece in business ethics education:

Ironically, a missing piece in most ethics education in the field of business is the development of “moral courage,” which is particularly important in organizational contexts. Examples abound of individuals with “solid” values who failed to do the right thing because of constraints imposed by authority structures and unethical corporate cultures. At minimum, business students should learn how to act on their values to confront unethical behavior. Simply saying “no” to a request to behave unethically and reporting such conduct may not be enough, and these actions may prove to be personally risky and ineffective at generating change. It is, therefore, essential to know how to use one’s voice effectively. Learning how to name and locate the problem, analyze and map the power structure and politics that influence the problem, build allies and mentors, and apply effective persuasion skills can equip students with the skills they need to put their values to work in the corporate world. (p. 13)

Moral courage requires “knowing.” It also requires “doing,” and learning to “do” requires practice.

Practice requires feedback.

### ***Ethics Education Should Be Integrated Throughout the Curriculum***

Because it is inseparable from business and management, ethics should be integrated throughout the curriculum rather than centralized and isolated. The most effective learning (not just in ethics) occurs in situations and discussions in which the concepts are most relevant and meaningful. If the topic is ethics, these moments will be sprinkled throughout the business curriculum. For example, the best time to discuss the ethical dimensions of audit committees is when the topic is covered in the corporate finance class. The discussion would lose context and

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therefore meaning if it were set aside for a required ethics course. This does not mean that an ethics course should not be required or elected. A well-designed ethics course can provide a solid foundation for integration, but it should not stand alone. Ignoring ethics in other parts of the curriculum will isolate and marginalize the stand-alone ethics course and prevent it from achieving real results.

AACSB International does not prescribe a particular curriculum or course in ethics. Accreditation has never required a course in any subject for any reason. Philosophically, a one-size-fits-all course requirement would be inconsistent with AACSB's commitment to mission-linked standards and demonstrated appreciation for diversity. Practically, a course mandate would be impossible to apply because of differences in the structural characteristics of courses (delivery mode, length, and degree of integration with other courses). For example, an American requirement might include the topics listed above and involve meeting in class three hours per week over 14 weeks. But what would this mean in Europe, Asia, or Latin America? What if the course is delivered online, lasts only eight weeks, and is offered in combination with strategic management or accounting? AACSB (2004) accreditation standards focus instead on the process for determining learning expectations and on graduates' achievement of them. The Assurance of Learning Standards "evaluate how well the school accomplishes the educational aims at the core of its activities" (p. 56). By focusing on outcomes, the accreditation standards promote creativity and innovation. Schools determine the most effective and efficient way to achieve learning goals.

Integration means that the majority of business ethics teaching will not come from philosophers, theologians, or legal experts. A school's ethics faculty is composed of business and management professors who consider ethics essential to their discipline and courses. Although

diversity can be a source of strength, it also can create challenges for ethics education. One risk is that ethics will receive limited backing in the highly politicized curriculum planning process. AACSB accreditation standards mitigate this risk by specifying that “normally, the curriculum management process will result in an undergraduate degree program that includes learning experiences in such general knowledge and skill areas as . . . ethical understanding and reasoning abilities” and “in such management-specific knowledge and skills areas as . . . ethical and legal responsibilities in organizations and society” (AACSB, p. 68). Similar language applies to master’s level general management degree programs. Another risk is that the structure could limit tenure and promotion opportunities for academics interested in ethics research rather than other discipline-based topics. This risk is addressed below.

***Ethics Education Should Be Complemented by an Ethical Environment***

The curriculum is only a small part of management education. The ethical environment of an organization affects employees, customers, and vendors in meaningful ways. Students, faculty, and staff—the chief participants in education—regularly face ethical dilemmas as they interact closely on many levels to achieve personal and professional goals. How these dilemmas are handled can reinforce or controvert what students learn in the classroom. For example, an in-class discussion of the legal responsibilities associated with digital property rights might be influenced by lax institutional responses to clear violations in residence halls.

AACSB accreditation standards now require schools to address the ethical environment for business education. To be eligible for or to maintain AACSB accreditation, “an institution or the business programs of an institution must establish expectations for ethical behavior by

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administrators, faculty, and students.” In its interpretation of this requirement, AACSB (2004) “believes that ethical behavior is paramount to the delivery of quality business education. Schools are encouraged to develop ‘codes of conduct’ to indicate the importance of proper behavior for administrators, faculty, and students in their professional and personal actions. Schools also may foster ethical behaviors through procedures such as disciplinary systems to manage inappropriate behavior and through honor codes” (p. 11). The standards give special attention to issues that could arise from the close interactions among faculty members and students. For example, schools must demonstrate that “individual teaching faculty members operate with integrity in their dealings with students and colleagues” and individual students must “operate with integrity in their dealings with faculty and other students” (pp. 51–53).

### *Ethics Education Requires Scholarship in Business Ethics*

Overall, the breadth of the business ethics literature appears robust. A literature search on “ethics AND business” uncovers numerous articles on business ethics in both scholarly and practitioner journals. The overall portfolio of articles involves authors from a variety of functional areas in business and beyond. This variety is a strength and a weakness. Although the literature seems rich and balanced, it also seems to lack the cohesion necessary to emerge as a true business discipline. Convergence in the literature and growth as a business discipline would help clarify the nature and content of business ethics courses, which often are driven by philosophy, religion, or law rather than by business and management.

At the school level, AACSB (2004) accreditation standards define a broad range of intellectual contributions, which are categorized as discipline-based scholarship, contributions to

practice, or learning and pedagogical research. The “portfolio of faculty contributions must fit with the prioritized mix of activities as stated in the mission statement and demanded by the degree programs and other activities supported by the school” (p. 23). Regrettably, even top researchers in business ethics state that colleagues sometimes view their work as less important than more mainstream discipline-based research. Additionally, learning and pedagogical research still has not achieved a high level of respect among research colleagues. To expand and to solidify the role of ethics in business education, business school leaders must promote and reward ethics scholarship proactively within and between business disciplines and must develop creative vehicles to translate academic contributions into products that assist practitioners. Making progress in ethics education will require business school leaders to champion scholarship in business ethics.

### **Advancing Business Ethics Education**

A complete and effective business ethics education is multidimensional. It extends well beyond personal values and ethical decision making. It helps students “do” as well as “know” and involves almost every course in the curriculum. It is reinforced by an ethical campus climate and supported by continuing scholarship. Growth and development in each of these dimensions is possible only with faculty leadership and support from the dean and other business school leaders.

AACSB International is committed to motivating and supporting the business ethics initiatives of individual schools. The AACSB Blue Ribbon Committee on Accreditation Quality did its part by reinforcing the role of ethics in the curriculum and requiring that schools take steps to build an ethical climate for education. The main purpose of the AACSB Ethics Education Task

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Force (2004) report was to “urge and encourage administrators and faculty in business education to contemplate their current approaches to ethics education and to explore methods to strengthen this vital part of the curriculum” (p. 7). In addition to defining the scope of business ethics education, the Task Force recommended [1] creating the Ethics Education Resource Center (EERC), which can be found at <[www.aacsb.edu/eerc](http://www.aacsb.edu/eerc)>; [2] training accreditation teams to work with schools to assess and to enhance their ethics programs; [3] utilizing AACSB conferences and publications to raise awareness, motivate action, and assist education leaders; and [4] engaging academic disciplines to encourage business ethics education and research.

I plan to read this article a decade from now. I will be 50 then and hopefully a better person than I am today. After having a good laugh over the opening paragraph, perhaps I will feel that I have made a positive difference in the lives of others by helping raise the level of awareness and achievement in business ethics education.

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# **BUSINESS ETHICS EDUCATION AT BAY**

## **Addressing a Crisis of Legitimacy**

Diane L. Swanson

Public confidence in business has yet to recover from the damage wrought by the most recent wave of corporate scandals. In February 2004, the *Wall Street Journal* reported that a whopping 75% of Americans found the image of big corporations to be “not good” or “terrible” (Rich, 2004). Graduates of the nation's top business schools echoed this sentiment, reporting the lack of ethics in the business world to be one of their major concerns (Lewis, 2004). That business schools might bear some responsibility for this state of affairs has not escaped the attention of the popular press, as can be seen from related articles in *Bloomberg Press*, *The Chronicle of Higher Education*, *New York Times*, *Pittsburgh Post Gazette*, *Houston Chronicle*, *Saint Louis Post Dispatch*, *AFX Global Ethics Monitor*, and *Business Week*. Although no one places all the blame on business schools, a growing number of knowledgeable observers are asking what business educators can do to restore the tarnished reputations of corporations and practicing managers. Regrettably, most business schools have failed to respond proactively (Mitroff, 2004; Hindo, 2002). This is unsurprising, given their history of sidestepping ethics.

### **Sidestepping Ethics in Business Education**

Business schools historically have sidestepped or downplayed ethics in degree programs for two closely related reasons. First, business education tends to be a vehicle for a variant of neoclassical economics, which holds the practice of business to be “value free” (Swanson and Frederick, 2004). Second, the Association to Advance Collegiate Schools of Business (AACSB), the agency accrediting business degree programs, carries on this tradition by signaling that ethics is tangential to other coursework. Here is AACSB’s own official statement excluding ethics from accredited subjects:

For the purpose of determining inclusion in AACSB accreditation, the following will be considered “traditional business subjects”: Accounting, Business Law, Decision Sciences, Finance (including Insurance, Real Estate and Banking), Human Resources, Management, Management Information Systems, Management Science, Marketing, Operations Management, Organizational Behavior, Organizational Development, Strategic Management, Supply Chain Management (including Transportation and Logistics), and Technology Management (AACSB, 2003).

Even after the news of corporate scandals rocked the nation in 2002, AACSB did not alter its policy of excluding ethics from “traditional subject matter,” despite the 2000-year-old intellectual history of ethical education in Western culture. This omission can only be deemed intentional, for a flood of petitions in support of a stand-alone ethics course reached AACSB's office well before member deans voted on standards that will govern accreditation for years to come. The petitions specifically supported Professor Duane Windsor's open letter to AACSB in October 2002, in which he called for a stand-alone ethics course as a condition of accreditation

(Moline, 2002).<sup>1</sup> In this letter, the Rice University professor detailed the dangers of sidestepping ethics in business schools as follows:

The role of business and society instruction and scholarship depends on the moral wisdom and social conscience of the whole body of the school's faculty. Accreditation standards adopted in the early 1990s led over the years to a slow deterioration in the role of business and society in MBA curricula. An essential feature in [those] accreditation standards was a shift to a high degree of flexibility in how schools could structurally address mission delivery. In direct contrast, the accreditation standards of the early 1970s established a clear guidance [and] plainly pointed business schools in the direction of some kind of required course in business and society, social issues in management, business ethics, legal environment, public policy. The business and society faculty lacks sufficient voting strength to influence curricular outcomes, while the [newer] doctrine of flexibility has made voting strength a critical matter. The AACSB ignores this reality. There is not a question of deliberate intent to erode ethics and responsibility. Rather, there are enormous pressures at work on everyone: volatile rankings, getting funds, competition for faculty lines, student placement statistics, etc.

To neglect business ethics, business-government relations, and corporate governance dimensions of management is to cast doubt on the social usefulness of AACSB in this crisis. Institutionalization of ethics must be held superior to flexibility of curricular approach. AACSB should take a public stance and provide specific guidance to business schools. AACSB ought to make business and society coursework mandatory, a universal and essential mandate in the public interest (Windsor, 2002).

### **The Accountability Problem**

To date, more than 200 professors and practicing managers and two associations—The Ethics Resource Center and The Social Issues in Management Division of the Academy—have endorsed Professor Windsor's letter and the call for a required ethics course in business degree

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<sup>1</sup>Professor William C. Frederick of the University of Pittsburgh and I initiated the call for support of Professor Windsor's letter and archived the responses. For a detailed description of this effort, including responses from AACSB officials, see Swanson and Frederick (2004) and Swanson (2004).

programs. These constituents did so out of dissatisfaction with AACSB standards and their experiences with the failed doctrine of flexibility, which Professor Windsor described. A relatively recent innovation, the doctrine effectively absolves schools from requiring *any* course in ethics. Deans can claim that ethics is incorporated into curricula overall, meaning that professors from disciplines such as marketing, finance, operations management, accounting, and strategic management can claim to teach some ethics in their courses and thereby meet the guideline. In reality, however, many of these professors find it burdensome to integrate well-developed variants of ethics systematically across curricula, especially given their understandable desire to teach first and foremost in their own areas of expertise. Worse, certain professors are openly hostile to ethics as a result of their own “value free” business education. In the current system of business education, ethics coverage is up for grabs.

As a result, it is difficult to know what coverage actually takes place. For example, almost a year after the new AACSB standards were approved, *The New York Times* reported a claim made by an administrator of the Katz Graduate School of Business at the University of Pittsburgh that faculty are required to take ethics training (Stewart, 2004). This training was meant to serve as an alternative to a stand-alone course in ethics in the MBA program, which the Katz faculty axed even as the news of corporate scandals was erupting in August 2002. But the alternative evaporated upon closer inspection by William C. Frederick, a Katz professor, who set the record straight in a letter posted to academic lists in which he stated that he could not find any Katz faculty who had heard of such training, much less taken it (Frederick, 2004). Presumably, AACSB will still approve ethics coverage in the Katz MBA program—or, rather, the lack of it. This situation is reminiscent of another in which an accrediting team spent an entire day poring

over a school's course offerings, seeking sufficient ethics content to "pass" the school (Swanson and Frederick, 2003).

The bottom line is that members of the AACSB teams who visit schools to judge accreditation status find it difficult if not impossible to assess the quality of ethics coverage in schools not requiring a stand-alone course. Listing of ethics on various syllabi or vague claims of ethics training for faculty do not qualify as satisfying a standard. At best, such *ad hoc* coverage is superficial and uninformed. At worst, it is inaccurate, woefully inadequate, or simply missing in action. When asked if ethics could be covered adequately in this way, Ray Hilgert, emeritus professor of management and industrial relations at Washington University's Olin School of Business, said: "If you believe it's integrated in all the courses, then I'm willing to offer you the Brooklyn Bridge" (Nicklaus, 2002).

There is simply no substitute for ethics delivered as a dedicated course by knowledgeable faculty.

### **A Crisis of Legitimacy**

To sum up, AACSB had a unique opportunity to address the accountability problem in ethics while drafting new accrediting standards in 2002. Not only did the agency fail to do so, but a key accrediting officer refused even to meet with key representatives of the letter-writing campaign (Swanson and Frederick, 2004), a refusal that quickly became a matter of public record (Benner, 2002; Nicklaus, 2002). Mired in a longstanding habit of sidestepping ethics, AACSB officials failed to strike while the iron was hot. As a result, business schools have raised the stakes

in their own self-created crisis of legitimacy, as Professor Ian Mitroff of the University of Southern California observes:

At best [business educators] are guilty of having provided an environment where the Enrons and the Andersens of the world could take root and flourish. At worst, we are guilty of being active accomplices and co-conspirators in their shoddy and criminal behavior. In either case, unless we finally own up to the underlying reasons for our actions, business schools will only continue to aid and to abet the wave of scandals that have engulfed American businesses within the last few years. (Mitroff, 2004)

According to Mitroff, the situation warrants that business school deans apologize for their graduates in a joint letter to the *Wall Street Journal* or a full-page ad in the *New York Times* (Willen, 2004). There seems to be much to apologize for. An Aspen Institute study indicates that MBA students tend to shift from a consumer orientation to a stockholder affiliation after only two years of study (Aspen Institute ISIB, 2002). Not even stockholders are served by this narrow view, as demonstrated by the disastrous financial meltdown accompanying the recent outbreak of corporate scandals. Another study suggests that business students develop moral myopia soon after taking traditional finance and economics courses (Swanson and Orlitzky, 2005). That students can graduate from business schools with a narrower perspective than they had going in is not lost on the students themselves. Only 22% of MBA students polled said that business schools are doing a lot to prepare them ethically, most adding that they would rather change firms than fight for their own values (Aspen Institute ISIB, 2002). This bracketing of personal values, a behavioral artifact of “value-free” education, stifles the potential for ethical leadership among graduates of business degree programs (Swanson and Frederick, 2004).

It is high time to deliver ethics education as an antidote. After all, there is convincing evidence that social and behavioral skills can be learned and improved upon through exposure to

educational programs blending theoretical principles and practice (Trevino and Nelson, 2004; Rynes et al., 2003; Rest et al., 1999). In terms of practice, the Ethics Resource Center has reported that a significant number of employees find ethics training useful on the job (Thorne, Ferrell, and Ferrell, 2003). Despite such confirmation, claims that ethics cannot be taught in business schools keep resurfacing, prompting some experts to counter that an amoral, even brutish theory of management has long been taught and learned in business schools (c.f., Ghoshal, 2003; Gioia, 2002). As the previously cited studies suggest, students are inculcated into this narrowly amoral view all too well after a relatively brief exposure to business school curricula.

That business students can graduate without one ethics course to their credit is a stark contrast to certain programs in law and medicine. Most clients prefer to be represented by ethical lawyers, and most patients, to be operated on by moral doctors: that similar logic is not applied to future managers who will be entrusted with society's scarce resources flies in the face of common sense and calls into question the very legitimacy of business schools, their graduates, and their accrediting agency (Swanson, 2003).

### **A Formula for Solid Business Ethics Education**

Endorsers of Professor Windsor's letter did not advocate a straightjacket for ethics education. In their view, a required course can be placed almost anywhere in curriculum. Whether titled "business ethics," "business, government, society," "corporate citizenship," or "the social environment of business," the point is for business students to get a more holistic exposure to ethics. Otherwise, topics get scattered across the curriculum so thinly and so incoherently that the message falls apart.

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The problem is remedied easily, as the formula for a solid ethics education is straightforward and simple:

- A required foundational ethics course is necessary.
- Efforts to integrate ethics across curriculum should be a goal.
- Other initiatives, such as hosting guest speakers, offering service learning projects, and establishing endowed chairs in ethics, are highly desirable. (Swanson and Frederick, 2004)

As Professor Paul Adler of the University of Southern California puts it, business educators need to “[r]estore and strengthen required ethics courses that have been slowly disappearing” from the business curriculum. Instead of arguing about whether to have a separate ethics course or to integrate ethics discussions into every course, do both!” (Adler, 2002).

The majority of schools are not rising to the challenge of ethics education. According to one survey, less than 25% of the nation's top 50 business schools meet the first criterion of requiring a stand-alone ethics course (MacLean and Litzky, 2004).<sup>2</sup> A broader survey indicates that only one-third of all accredited business schools requires an ethics course (Willen, 2004). Notwithstanding this lackluster record, a few are demonstrating uncommon leadership by implementing the three-part approach instead of taking the easy way out by scattering ethics across the curriculum. For example, the A.J. Palumbo School of Business Administration at Duquesne University revamped its curriculum after faculty deemed the scattershot approach to ethics a failure (Thomas, 2002). According to Professor James Weber, Director of Duquesne's Beard Center for Leadership in Ethics, the school now requires a stand-alone ethics course in both

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<sup>2</sup>This statistic is derived from a survey in which the following were counted as stand-alone ethics courses: managerial ethics; business ethics; ethics; ethics and global business; social and ethical responsibility of business; business and public policy; social enterprise; strategic corporate citizenship; the moral leader; socially responsible business practices; strategic corporate citizenship; making ethical decisions; ethics and responsibility (MacLean and Litzky, 2004).

undergraduate and MBA programs. The faculty also approved an MBA concentration in business ethics and a master of science in leadership and business ethics. Complementing these efforts, students and faculty, in consultation with the Beard Center, developed a Code of Ethical Conduct. As part of this initiative, “ethical advocates” were appointed by the dean to serve as confidential resources on ethical questions. Finally, the Beard Center offers a semi-annual Distinguished Ethics Speaker program and liaises with the local community to support service projects. In short, Duquesne is covering all three bases in business ethics education.

### **The Need to Restore Confidence in Business Education**

According to the president of Texas A&M, Robert Gates, the university's responsibility in a post-Enron environment is obvious: “All of these liars and cheats and thieves are graduates of our universities. The university community cannot avert its eyes and proclaim that this is not our problem, that there is nothing we can do, or that these behaviors are an aberration from the norm” (Gates, 2002).

In other words, the buck stops with the university. Academics cannot assume that the corporate sector will take up the slack of lax accrediting standards (Lahoda, 2004). Given the dearth of required ethics courses, most business students are graduating without fully understanding their legal and ethical responsibilities to society. Their failure to comprehend sweeping reforms in corporate governance, financial market regulations, sentencing guidelines for organizations, and rules for prosecuting corporate criminals portends another wave of corporate malfeasance. But top academic administrators and key faculty members could turn this situation

around in short order. The formula for solid ethics coverage is simple and easily implemented, and the first step is to require a stand-alone ethics course in the business curriculum.

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# THE ROLE OF ETHICS IN BUSINESS CURRICULA

Duane Windsor

Business ethics practice should reflect sincere commitment to moral integrity and go beyond mere compliance with typically minimalist legal requirements. Regardless of the empirical relation between solidly ethical behavior and sound business conduct likely to prevail over the long run, there are strong incentives for immediate individual opportunism. Recent corporate scandals reveal the need for deep transformation of management education so as to promote moral leadership, good corporate citizenship, and personal employee responsibility (Windsor, 2002). Businesses and societies share a vital interest in supporting transformation.

This paper summarizes two related arguments. First, it positions business ethics preparation within broader business-and-society education that systematically addresses legal, moral, and political dimensions of management (Windsor, forthcoming, 2004a, 2004b). This approach should be the strong national benchmark promoted by the Association to Advance Collegiate Schools of Business (AACSB). The paper outlines how best to design and to implement transformation concretely. Second, the paper cautions that there are substantial barriers to widespread transformation. Both AACSB International (a voluntary accrediting association of business school deans) and business school faculties must be committed to and active in

transformation, or little worthwhile improvement will occur. Without such commitment, reinforcement of existing efforts may occur in some schools with historically strong commitments; otherwise, window-dressing will be the order of the day. In some institutions, not only broad business-and-society education but also business ethics education may deteriorate.

### **Curriculum Design and Implementation Issues**

Addressing the role of ethics in undergraduate and graduate business curricula requires attention to several issues. In response to recent scandals, the new AACSB 2003 accreditation standards already have answered the first question, of why, by making ethics what can be regarded the “first and foremost” responsibility of business schools. Deep transformation is needed to fulfill this responsibility through thoroughly resolving how, what, when, where, and who. The second pedagogical question, of how, is far from resolved or trivial. The prudent answer is by combining various approaches (e.g., readings, cases, experiments, experiential learning, prison trips, role playing, etc.)—given the importance of why, to which how is subsidiary. J. Scott Armstrong (2004), a professor of marketing at The Wharton School (University of Pennsylvania), reports that the functional preparation of even MBA students lies well below his standards. If so, student preparation in the areas of management, leadership, and business-and-society is no better, and likely worse.

Pedagogy (how) is also subsidiary to the questions of what, when, where, and who. Business ethics content (e.g., issues, methods, theories, tools, and topics) should be positioned within a broad business-and-society education that addresses legal, moral, and political dimensions of business conduct. Required, up-front foundational preparation in ethics should be

followed by required, systematic infusion of ethics throughout the core curriculum and electives, an infusion undertaken primarily by specialists in legal, moral, and political subjects. A convenient framework for understanding levels of knowledge in an MBA program is that of the Stanford Graduate School of Business, whose first-year required program organizes into preterm, foundations (first quarter), functions (second quarter), and capstone (third quarter). An undergraduate business program could be conceptualized in the same manner. Business-and-society education should begin in preterm and evolve into foundations, functions, capstone subjects, and thence into electives.

This paper argues for a specific strong approach as a national benchmark. First, an independent foundation course, required universally at undergraduate and graduate levels of business or management education, should address legal, moral, and political considerations. Independent foundation instruction should be followed universally by systematic infusion of these areas throughout business curricula. Neither stand-alone coursework nor pure infusion is satisfactory in isolation. The case here is not for a stand-alone specialty course in isolation, but for systematic curriculum-wide education in which the foundation course lays the groundwork. The two approaches, taught by appropriate specialists, should be linked. Neither is sufficient; both are necessary and desirable. Although there is some reason to indict independent coursework operating in isolation, there is little or no evidence that infusion on its own will be more successful. The likelihood is, rather, that infusion alone will be even less effective.

These issues were evaluated at the Harvard Business School (HBS) a decade ago. Piper, Gentile, and Parks (1993) detailed a case for systematic education at HBS in “leadership, ethics, and responsibility.” A crucial problem is that business lacks social legitimacy while being

regarded as powerful. “The call to place leadership, ethics, and corporate responsibility at the center of management education . . .” is a reflection of business realities (p. 7). The authors argue that any debate between foundation and infusion “is flawed on a fundamental level” in posing “the approaches as alternatives, rather than mutually reinforcing complements” (p. 126). The authors criticize exclusive reliance on either a stand-alone required course or infusion. Stand-alone preparation “is institutionally and pedagogically misguided” (p. 127), yet infusion is very difficult to implement (p. 128). The relation between institutional and pedagogical considerations is important. Where ethics, law, or politics instructors simply are spread over courses controlled by other faculties and there is no home-base course, such faculties become marginalized over time: academic life organizes around the disciplinary department or faculty group. This focus is a powerful force that cannot be disregarded. In the long run, institutional positioning of ethics, law, and politics is just as important as pedagogical approach, and perhaps more so. Pure infusion becomes diffusion and deterioration. Moral, legal, and political education cannot be left to other disciplines whose chief interests understandably lie elsewhere (p. 153).

Certain top schools have reasonably strong approaches that, even if needing to be reorganized and reinforced in accordance with this paper’s proposal, can serve as appropriate starting points. The following descriptions typically do not include whatever is handled in preterm orientation (except for Stanford, which organizes its preterm into courses). The Darden School (University of Virginia) uses an integrated, semester-based curriculum in which ten required courses are coordinated in the first year. Two of the courses concern business and political economy (international environment of business) and strategy, entrepreneurship, and ethics. The Harvard Business School uses an integrated, semester-based curriculum in which 11 required

courses are coordinated in the first year. Two of the courses (located in Term II) concern business, government, and the international economy and leadership and corporate accountability. The Stanford Graduate School of Business uses a quarter-system curriculum that includes required courses in ethics (preterm) and strategy in the business environment (capstone). The Wharton School (University of Pennsylvania) uses a quarter-system curriculum that includes required courses in the governmental and legal environment of business, and ethics and responsibility.

### **Some Harsh Realities of Management Education**

In the wake of recent scandals, no business faculty will say aloud that ethics is unimportant. But window-dressing may achieve low-cost compliance with AACSB accreditation standards and is more likely than deep transformation of management education in various schools, as is deterioration of ethics curricula. AACSB's 2003 accreditation standards permit and well may facilitate this outcome, for the standards do not require, signal, or promote a strong national benchmark for business-and-society education or even business ethics alone. AACSB emphasizes local options but has singled out business ethics as the one obvious case for a strong national benchmark. There are three key drivers of the troubling academic situation persisting beneath appearances of greater attention to ethics in the business school curriculum.

First, the weight of academic traditions and beliefs in business schools heavily favors continuation of a conventionalism dominated by a technically oriented, functional, specialist preparation grounded in social science disciplines and quantitative methods. The basic line of reasoning is that business graduates obtain employment in functional specialties and then rise, if ever, through management to relatively few higher leadership positions. The educational focus

thus should be, narrowly, on initial employment, a factor dominating the competing journalistic rankings of business schools. The undeniable need for placement in an increasingly competitive setting encourages particularistic functional interests to dominate curriculum design.

Second, at least some of the functional fields march with an implicit ideology favoring free (i.e., unregulated) markets. In this context, stakeholders and governments become undesirable constraints or even nuisance factors. Legal and political educations are dismissed on the basis of irrelevance and theoretical and practical undesirability.

Third, conventionalism marches with the implicit viewpoints that [1] moral education is useless, for moral character formed quite early in life is not subject to change by subsequent educational efforts; [2] business-and-society faculty are often anticapitalist or antimarket and preachy; [3] legal, moral, and political education is insufficiently grounded in strong social science and gives rise to inferior research.

Hooker (2004) debunks five arguments against business ethics education: profit maximization within law obviates ethics; ethics has no effect on management incentives; ethics reduces to personal preferences; moral character formed in childhood cannot be reshaped; and business students do not take ethics seriously. Questions of whether moral character is subject to change through adult education or whether ethics can be “taught” are not even readily admissible under AACSB’s emphasis on, in effect, “first and foremost” status for ethics. The vital objectives of ethics education are [1] to place individuals of immoral character on notice, [2] to influence individuals of amoral character toward greater prudence, and [3] to reinforce and activate individuals of moral character concerning rights and responsibilities. The term “education” used here deliberately eschews the term “teaching.” The term “teach” implies transfer of knowledge

from course to student under supervision of instructor. What most business disciplines teach is knowledge and tools. Such knowledge and tools exist in ethics, law, and politics—and can be transmitted to students. Ethics knowledge concerns right and wrong; the tools concern analysis, decision making, and action planning. There are better and worse ways of whistle-blowing.

Design of a business school curriculum involves access to and prioritization of limited “shelf-space,” on the one hand, and a debate over the pedagogical and ideological views noted above, on the other. The “shelf-space” situation is a zero-sum game played by faculty groups of unequal voting power and conflicting pedagogical and ideological views. An increasing pressure on “shelf-space” is the felt need to make more elective space available to attract students in increasingly competitive and possibly declining demand conditions. The grave difficulty in AACSB’s 2003 accreditation standards is that AACSB has left ill defined the vital issues of what, when, where, and who in focusing on why and how (briefly in both instances); thus the standards hold these issues up for continuing local contests among academic groups. AACSB has also signaled a strong preference for infusion. But the appropriate use of infusion is in reinforcing foundation preparation. While willing to allow required stand-alone courses followed by infusion, AACSB is not willing to signal this approach, much less enforce it.

Ethics, law, and political science faculty typically lack sufficient voting power to accomplish much beyond attempted persuasion of other faculties with competing interests and beliefs. In a zero-sum game under increased stress, from a starting point of nothing, little is likely to happen beyond window-dressing through superficial infusion to meet accreditation standards. In a zero-sum game under increased stress, from a starting point of a traditional three-credit semester course in business-and-society, that course is likely to be dissolved in favor of diffusion

– or the credit count (i.e., shelf-space) may deteriorate to 2 or 1 or ½ credits. The odds in a zero-sum game operate against creation or retention of a foundation course followed by systematic infusion. The key exceptions would be schools at which the tradition of broad education is well established and well regarded by other faculty groups. The outcome tends to be path dependent and historically defined. Unless there is a widespread faculty consensus, backed by the dean, the twin forces of student demand for electives and faculty demand for shelf-space and forward positioning generate a strong likelihood of preventing or grinding to pieces foundation education followed by infusion. The new AACSB standards do little to address these realities.

AACSB is an association of deans operating through an administrative secretariat. Many faculty members, not necessarily consulted by deans concerning AACSB standards, may regard AACSB as little more than an external bureaucratic intrusion into academic matters to be complied with at minimum possible cost. AACSB lies between deans' desire for local flexibility and professors' disdain for bureaucracy. AACSB and business schools themselves are partly to blame for the recent situation (Ghoshal, 2003; see Greenwood, 2003 for a critique).

AACSB issued its first business accreditation standards in 1919; it has never formally required any course. Business-and-society education, which embeds business ethics, is the one obvious candidate for exceptionalism. For a long period, business schools emphasized vocational (how-to) training and, in some places, the Harvard case method, in imitation of legal education. Beginning in the 1950s, business education shifted from vocational training to a combination of social science foundations and quantitative methods. The intention was to make business education and decision making more rigorous. A fundamental difficulty with such an approach is that it must insist on assessing moral issues and character scientifically, and thus narrowly. As a

result, what cannot be made scientific and empirical tends to be eschewed. AACSB has emphasized the nonmarket environments of business since at least its 1974 standards, but, in reality, for a number of reasons, this emphasis never has become the prevailing practice. While no reliable longitudinal database exists, it is doubtful that any serious curricular reconfiguring occurred in more than, say, one-third of business schools. Moreover, serious efforts would have been divided among business-and-society, business ethics, business law, and other alternative approaches. Nothing like the intellectual and organizational unification of accounting, finance, or marketing has ever occurred across the business curriculum. This outcome is partly a function of neglect by AACSB and of the academic traditions and beliefs already noted.

In the 1990s, the U.S. business ethos had degenerated to that of a “den of thieves,” and AACSB and business schools nurtured this climate, however inadvertently. The AACSB 1974 standards at least signaled specific courses within a “common body of knowledge” including the “economic and legal environment” and “ethical considerations and social and political influences.” The AACSB 1991 standards abandoned course signaling in favor of mission-oriented education. In principle, a teaching school could go one way, a research school another way, and so forth. But the 1991 standards shifted legal, moral, and political dimensions—never widely practiced or institutionalized in business schools—into an ethereal “perspectives that form the context for business,” which plainly was distinct from “instruction in . . . core areas” explicitly identified. This shift left conventional courses in place but eliminated any accreditation need for business-and-society or business ethics courses. The result, in this author’s judgment, which admittedly is based on anecdotal information, was deterioration of business-and-society education over time.

The new AACSB 2003 standards do highlight business ethics more strongly in both language (emphasizing why) and the operation of AACSB's Ethics Education Resource Center (emphasizing how). A "first and foremost" status is meaningless without rigorous adherence and enforcement. By redefining curricular emphasis from broad business-and-society education embedding business ethics to business ethics narrowly, and by tending to signal the acceptability of pure infusion in place of independent coursework, the 2003 standards tend, however inadvertently, to undermine moral, legal, and political education in business schools.

## **Conclusion**

Business students should receive legal, moral, and political education as a "first and foremost" priority. The national benchmark for transforming conventional management education oriented to functional employment should require up-front foundational preparation followed by systematic infusion throughout the core curriculum and electives. This benchmark is superior to pure infusion, parallel efforts, required election, or elective solutions.

Some top schools employ these other approaches. The University of Michigan Business School requires a "designated elective" in either ethics or business law, which the student must take "at some time during the MBA program." Columbia University Business School includes ethics topics in core courses (including "Leadership") and provides parallel special sessions to stimulate community dialogue through its IBS program (the individual, business and society: tradeoffs, choices and accountability). At the Tuck School (Dartmouth College), the James M. Allwin Initiative for Corporate Citizenship provides "resources and opportunities" for students during the first year. An elective "brief mini-course" addresses "ethics in action."

If alternative approaches work at certain schools, they do so for reasons embedded in organizational climate and local leadership that are difficult to duplicate elsewhere. Such approaches are not a sufficient national benchmark, which should feature foundation and infusion in combination, as recommended here; to this strong benchmark other successful approaches will be valuable additions. AACSB should promote a national benchmark and place a strong burden of proof on any school seeking to justify alternatives. AACSB proceeds the opposite way, however, in signaling pure infusion. The AACSB position is that the 2003 standards do not exclude foundation coursework. At the same time, they fail to encourage foundation plus infusion, in a context in which schools can be expected to seek minimum-cost compliance for accreditation.

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