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The state of business schools, business education, and business ethics

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Item Type	Article
Authors	Cavico, Frank J., Jr.;Mujtaba, Bahaudin G
Publisher	Academic and Business Research Institute
Rights	With permission of the license/copyright holder
Download date	2026-06-12 13:09:28
Link to Item	http://hdl.handle.net/20.500.12424/176493

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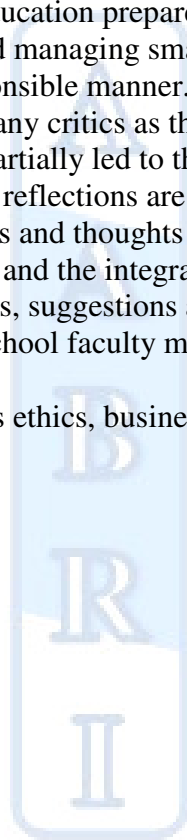
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Abstract

Business schools and business education prepare students to learn the basics of thinking critically, communicating effectively and managing small and large enterprises so they can serve society in a successful and socially responsible manner. However, recently business schools and their graduates seem to be a target for many critics as they link the ethical lapses of senior executives to major scandals that have partially led to the financial challenges that the world is facing today. Perhaps some analysis and reflections are needed for a self-analysis of business education and its curricula. The questions and thoughts reflected upon in this writing are focused on business schools, business education, and the integration of ethical thinking in business curriculums. The authors offer reflections, suggestions and practical tips for the consideration of university administrators and business school faculty members.

Key words: Business education, business ethics, business schools, social responsibility.



Introduction to Business Education Challenges

Business schools and business students compete with people from across the globe with diverse cultural orientations. Critics claim that business schools focus too much on the achievement of the bottom-line at all costs and that this indoctrination has led to unethical behaviors and scandals associated with Enron, Tyco, WorldCom, and other such firms (Mitroff, 2004; Ghoshal, 2005). According to Neubaum, Pagell, Drexler, McKee-Ryan, and Larson (2009), “many of the recent discussions of business schools have centered not on the good their graduates do, but on how the theoretical foundations of business school education may be linked to ethical lapses and scandals involving managers who have been subjected to business school training” (p. 9). The critics argue that business school faculty members teach such concepts as transaction-based economics, economic liberalism, or agency theory to students, which focus on short-term profits even if this comes at a cost of damaging long-term opportunities and relationships with customers, suppliers, and/or vendors (Mitroff, 2004, p. 185). Ghoshal states that “business schools have actively freed their students from any sense of moral responsibility” because faculty members teach theories that are ideological in nature (2005, p. 76).

According to Bennis and O'Toole (2005), business schools are facing heavy criticism for failing to impart useful skills and knowledge, prepare leaders for doing what is right, instill norms of ethical behavior that would have prevented major corporate debacles; and even lead graduates to corporate jobs that can pay them good wages. The root cause of these problems in management education, according to Warren G. Bennis and James O'Toole, is that most business schools seem to have adopted a self-defeating model for assessment of academic excellence. Instead of measuring the quality of each program in terms of the competence of students, most schools assess themselves based on the rigor of scientific research that is published by their faculty and graduates. This model might be appropriate in dentistry, medicine or chemistry but perhaps not for business schools. Business schools should use a practitioner-oriented model. However, the reality is that most business schools continue to hire and promote research-oriented professors who have never spent time working in the workplace. Since these research-focused faculty members are comfortable teaching methodology and scientific research, business schools will continue to groom graduates of the same caliber. To become competitive and relevant for the modern workplace, it is apparent that business schools need to rediscover the practice of business while effectively balancing the need for educating practitioners and creating knowledge through scientific research.

According to Jacobs, during this tough economy, “fingers are increasingly being pointed at the academic institutions that educated those who got us into this mess” (2009, p. A13). Jacobs discussed three failures of sound business practices which he says is at the root of the economic crisis...and these have not been adequately addressed by business schools: misaligned incentive programs (incentive systems that rewarded short-term gain took precedence over those designed for long-term value creation), understanding the responsibility and obligation of corporate boards, and having an apparent and enforceable system of accountability. It is disappointing to see business graduates paying nearly \$100,000 for their degrees and never hearing lectures on the responsibilities of board members, proper incentive programs, and how to effectively exercise shareholders' rights in modern firms. If faculty members are failing to teach the principles of corporate governance in the MBA curriculum, then business schools have failed their graduates. Jacob says that “by not internalizing sound principles of governance and accountability, B-school graduates have matured into executives and investment bankers who

have failed American workers and retirees who have witnessed their jobs and savings vanish” (2009, A13). Most MBA curriculums require an ethics or law course as part of the program, and this may not be sufficient to deter wrongdoing. Would a person like Ken Lay or Bernie Madoff have acted differently if they had done really well in their ethics and law courses in the MBA program? Jacob recommends that today’s workplace needs a generation of business leaders and graduates who are trained in board responsibilities, accountability for transparent investments, and those are experts in designing compensation systems that promote long-term value for the company and all of its stakeholders. Therefore, “America's business schools need to rethink what we are teaching -- and not teaching -- the next generation of leaders” Jacobs, 2009, A13).

While business school curricula do teach scientific research, efficiency, accuracy, operations management, and economic theories, they also teach students about value creation by maintaining a healthy relationship with their suppliers, colleagues, unions, government entities, etc. for the long-term sustainability of their success. This dichotomy would suggest that studies are needed to see if business schools are in fact driven to more toward revenues and profits or are they more focused on the long-term success of their graduates. The culture of each school heavily influences what the faculty and staff actually focus on. And the institutional culture of each school is heavily influenced by their top leaders, including the Dean, department chairs and program level directors. As such it becomes imperative that academics focus on the state of business schools, education, and ethics since all graduates will eventually end up in the workplace where they will face a challenging and competitive work environment.

This is an exceptionally challenging time for business schools and business. Seminal and extraordinary changes in business and the economy are occurring, expectations regarding the role of business are evolving, and these changes and expectations must be reflected in schools of business. This is a most challenging environment for business schools, yet it is an exciting time too. This manuscript provides thoughts and “reflections” on several academic areas involving business schools. The next few sections discuss the challenges confronting business schools and their faculty leaders, while noting some of the opportunities available to schools such as the important subject of governance and leadership in schools of business, focusing on the critical role of the dean as a formally designated leader of the school. Finally, the paper examines the role of ethics in order to enhance the quality and importance of business through a socially responsible education.

A principal purpose of a business school is to create value – for the students, the school and all the school’s stakeholders; and value is “simply” quality divided by cost! There are, obviously, many ways to measure quality, but one very good and practical approach is to demonstrate how successful the school’s students have been. Yet a school needs students to begin with! A school should not just lower standards to increase the number of students, as that approach is a very short-sighted one. The key, the authors feel, is to create programs and courses that possess quality and responds to the needs of the marketplace. In order to respond to the needs of the market, a school must be agile, flexible, and responsive to the marketplace, which now is a very crowded and competitive arena. The assertion that there is a direct and inverse relationship between quality and quantity is a false premise in the authors’ opinion. When dealing with quality and economic considerations, one must take a long-term approach, define the school’s mission, vision, and core principles correctly, create the correct strategy, and then implement the right tactics to achieve the strategy, in particular the right type of marketing to the proper segments of the community. By doing so, the authors believe that quality and quantity are

not trade-offs, but rather, with some judicious balancing, both can be attained in the long-run. Yet it must be noted that this balancing is an “art” as well as a “science”!

Another method to create value and to sustain economic viability, while ensuring quality, is to use technology in creative ways. The students today surely are very comfortable with technological systems. However, the authors feel that academic programs should not be just delivered online; rather there should be some face-to-face contact and socialization and networking opportunities for the students. One approach would be to use “hybrid” or “blended” programs that have ground contact but also a strong technology program. Actually such hybrid programs might be used creatively to encompass courses taught by academic faculty (who are academically qualified and actively participating) as the teachers “of record” supplemented by professional faculty and business leaders. Another related approach to recruitment and retention is the convenience factor, that is, the school should seek to bring education to the students, especially students not usually served by more traditional schools, for example, by online systems, of course, but also by weekend, evening, and off-campus programs, including branch campuses, cluster sites, and corporate sites. However, it is critical to point out that the education delivered and the quality thereof at all these sites and by all these modalities must be the same, particularly for accreditation purposes.

Leadership of the School of Business

Governance at many schools of business is regulated, of course, by union collective bargaining agreements. At other schools, there are tenure or long-term contracts, as well as faculty senate, and faculty committee arrangements, with contractual rights and responsibilities. At non-union and non-tenure schools, there always will emerge the important issue of “governance.” There always must be at the least a healthy and free debate among the faculty and between the faculty and administration, where academic colleagues can disagree (though not be disagreeable). The objective should be for the faculty to agree to a policy, or at the very least understand the rationales for it. A policy should not be merely “decreed” from “above” by the school administration to the faculty. Admittedly, being a dean is not an easy job by any means. The position a dean may find him- or herself is a dean “can’t afford to make a mistake at a tuition-driven institution.” One important role of a dean as well as associate and assistant deans at schools of business is to support the faculty and staff, to help to develop them, and to make them successful. Listening and communication are of course critical, and consensus should always be sought, yet a dean must be prepared when necessary to do some serious “prioritizing,” and then to make the “tough” decisions. Communication also allows the faculty and administration to learn of problems ahead-of-time; and a joint recognition and understanding of problems should produce more efficacious solutions. Arthur G. Bedeian warns of deans succumbing to the “dean’s disease” (Bedeian, 2002). This deleterious situation arises when

“...deans become isolated from dissenting voices as sycophants vie for personal gains. The ready acquiescence and flattery that accompany such competitions can easily lead deans to believe that their ideas are superior to those of their faculty....As a consequence, deans are effectively insulated from day-to-day realities, neither aware that they do not understand what is going on in their colleges nor that their lack of truthful information may be having negative effects” (Bedeian, 2002, p. 165).

Therefore, it is very important to build trust between the faculty and the administration, and the dean of the business school must take the lead in building trust. Building trust involves

ethics, honesty, and integrity, of course, and a new dean will build up such trust gradually; yet once such trust is achieved, then decisions can be more easily made and more readily accepted. A dean, especially a new dean, has to be aware of a school's "culture," and as such must be prepared to be patient, to listen, to consult, to be advised, and to understand; a dean should think in terms of managing the school as a process to be shared with others; yet a dean ultimately must be willing to make, and to make alone, the difficult decisions that are necessary to move the school of business forward. Bedeian (2002) advises that

"...a culture should be created where people take pride in the accomplishments of one another and in which competence in others is not threatening. For such a culture to emerge requires that a dean practice a leadership that favors free discourse rather than tightly controlled discussion, nonjudgmental attitudes rather than highly defensive posturing and divergent rather than convergent thinking. An open leadership style of this nature is crucial for fostering a healthy climate where the dean's disease cannot flourish. What distinguishes first class deans from dysfunctional deans is the ability to not just to tolerate, but also to encourage dissenting ideas from a diverse group of faculty" (p. 169).

A dean, therefore, must be both an "open" leader as well as a manager to be successful; yet being a leader is the paramount to being a business leader such as the dean of a school of business. Yet in order to avoid the leader's "pitfalls of power" and to ward off "dean's disease," Bedeian (2002) counsels that a dean reflect on the following questions:

1. Are you accessible to the faculty? What forums for communication exist at your school? Do you invite candid feedback from faculty and staff? Do you foster a culture that encourages faculty and staff to speak up in a frank and honest manner?
2. Do you listen? Have you promoted a culture that values expertise and intelligence over rank and title?
3. Do you frequently find it necessary to use power associated with your position instead of power derived from personal respect and academic credibility? How difficult would it be for you to resume your academic career?
4. Is there a clear and strong set of values at your school?
5. Is there a unity of purpose at your school, or is it a situation of "us" against "them" or the faculty against you?
6. Do faculty members at your school spend as much time away from the office as possible? Do hiring, promotion, and tenure decisions reflect your personal preferences or those of the faculty?
7. Is there a university-sanctioned process for fully and honestly reviewing your performance as dean? Does this review include faculty, staff, and all of the school's stakeholders?
8. How realistic is your view of the school's future? Is this view shared by the school's faculty? Are you losing touch with faculty concerns and interests?
9. Do you continue to read professional journals in your own area of expertise and interest? How recently have you taught an undergraduate course (Bedeian, 2002, p. 171)?

Bedeian (2002) advises that consideration of these aforementioned issues should help a dean realize the risks of isolation and separateness, particularly from the dean's former faculty colleagues.

A dean as the leader of a school of business has the principal duty to create and to articulate a great vision for the school and its constituent groups. The vision must be important, noble, engrossing, and achievable. It must highlight an idea or image of what the school should do in the future, as well as display the manner in which the school will realize its vision. The dean also must fulfill the concomitant responsibility of forming the school's mission and core values and principles, which, of course, must cohere with the university's vision. The vision, together with the school's mission and values, will supply the basis for a strong and effective educational enterprise. Vision, mission, and values clearly must tell the school's constituent groups what the school represents and what principles govern it. The vision, mission, and values, moreover, will furnish settled standards for evaluating the school's educational operations and practices, as well as for bringing them into alignment with the expressed purposes and direction of the university. The vision, mission, and values, finally, will serve as a motivating, concentrating, coordinating, integrating, and governing force for the individual employees and students of the school. The natural result will be a highly vitalized and effective educational institution. Another key dimension to leadership by a dean is the communication and explanation of the vision, mission, and values to all the school's stakeholders. Academic leadership, in this dimension, is viewed as a "pure" education function, especially as some stakeholder groups may not initially or directly comprehend the necessity for change, or a longer-term viewpoint, or a more expansive perspective. The business school's leader, in addition, not only must communicate and explain the vision, mission, and values, but he or she also must communicate, and demonstrate, the school's commitment to its vision, mission, and values.

The dean as leader of the school not only must get the school's stakeholders to pay attention to the school's vision, mission, and values, but also must secure, especially on the part of the school's faculty and staff, their acceptance and adoption of the vision, mission, and values. Such acceptance and adoption can be obtained, and voluntarily too, when the school's vision, mission, and values are in accord with the personal plans, aspirations, and principles of the faculty and staff and other constituent groups. The school's stakeholders then can see clearly that their own personal growth and success are very closely connected to, and perhaps to a degree dependent upon, the business school's development and prosperity. When the school's faculty and staff, in essence, elect to adopt and be bound by its vision, mission, and values, which are in alignment with their own, their self-interest will activate them to attain the vision, implement the mission, and articulate and act in accordance with the school's and university's values. The vision, mission, and values of the school thus will emerge as a real source of organizational power as well as a key criterion for decision-making.

The school of business leader's role requires that the dean focus, channel, and enliven the energies, knowledge, and talents of the faculty and staff, as well as other relevant constituents, on the firm's vision, mission, and values. The vision and mission will decide and animate the school's strategy, policy, and method; and its values will ensure the propriety and consistency of its tactics and actions. It is necessary, of course, for the dean to manifest enthusiasm, positive energy, and passion, as well to exhibit confidence, conviction, and determination. One assured way to animate the faculty and staff to achieve the vision, accomplish the mission, and comport themselves by the values, all based on shared goals, beliefs, and principles, is to set lofty yet achievable goals, challenge and encourage them to reach these objectives, believe in and trust the employees to carry out their projects, and reward them for their success and accomplishments. The dean as business leader, therefore, must create an organizational environment of opportunity, endeavor, and growth. The dean's job, however, is not necessarily to command, but

rather to set elevated standards, and then to expect and insist on high levels of performance from the employees. Such a demanding attitude on the part of a leader will produce superior performance, as well as personal fulfillment, on the part of the faculty and staff, which indeed will insure the long-term success of the school and university. Truly great leaders not only induce and motivate their employees to perform, they also inspire people to work together, sacrifice, persevere, dedicate themselves, overcome resistance, and in turn become leaders themselves in order to realize the vision and accomplish the mission. Inspiration is predicated on trust, commitment to fundamental, shared values, and a belief in people- their worth, potential, and dignity; it is produced by providing hope and meaning to people, principally by demonstrating that their goals and own personal vision can be realized through the business entity's objectives. Such inspired, vision-focused, mission-centered, and values-based business leadership surely will effectuate positive, beneficial, and necessary change.

There are, of course, differences between leadership and management. The chief function of the dean as a leader is to create and to communicate the school's vision, mission, and core values, and the principal purpose of a manager is to act to achieve the stated ends in accordance with the firm's values. The dean as the school of business leader plays a critical role to the school's long-term success. The dean keeps the vision and mission continually and distinctly in view, provides the values-based direction, guidance, advancement, commitment, and frame of reference, builds and makes stronger the organization's people, resources, culture, and health, and deals with the school's "top-," as well as "bottom-line"; that is, the efficacy, results, and success of the school's policies and practices in realizing its vision, achieving its mission, and living up to its values. A manager, however, is predominantly more of a "bottom-line" person. He or she develops and articulates structures, policies, and procedures, organizes, coordinates, and controls people and resources, and focuses on speed, efficiency, logistics, and cost-benefit calculation in order to make systems work, complete selected work projects, and to achieve certain, shorter-term, business objectives. Yet, the dividing line between leading and managing is not a precisely drawn one; and leading and managing are not mutually exclusive business endeavors. A dean, therefore, is not only a leader of change, but also a good manager. That is, in order to be a successful leader, a school of business dean must play a critical role in implementing the vision that the dean has created, specifically by engaging the participation of others, typically other high-level academic administrators and faculty department heads or chairs, as leaders, and by delegating to these manager-leaders sufficient power and authority for them to play a greater leadership role. They not only adopt, together with the other stakeholders, the dean's vision and firm's mission and values, but also act as leaders themselves to their own faculty and students. Thus, these empowered leader-managers fulfill not only an implementation function, but also formulation, communication, and motivational roles. Business school leadership, therefore, emerges as the highest form of management; and leadership is revealed as an inclusive, sharing, trusting, empowering, supportive, mutually rewarding, and self-strengthening endeavor.

A principal function of an academic or business leader, as underscored, is to develop and enunciate a vision. Yet the vision must reflect an ideal and worthwhile image of the future and the mission of the school and university, and must contain high moral purposes. The values and goals manifested in the vision must be legitimate and rightful ones. Only then will the vision be an encompassing, inspiring, transcending, and transforming one. The inherent morality of the vision, the success of leadership, as well as the effective exercise of authority, fundamentally depend on the personal character of the dean as a business school and business leader. The dean

not only must possess intelligence, common sense, competence, and resolution, but also integrity, honesty, trustworthiness, fairness, and morality. The successful dean, moreover, must have the personal strength of character to do consistently and diligently what is morally right. The words and actions of the leader completely must be harmonious. If a business person, manager, or academic lacks knowledge or capability, he or she always can seek education and training; but if one does not possess and demonstrate personal integrity and justness, one never will be able to establish, or perhaps rebuild, relationships of trust, which are absolutely essential to successful leadership in business, business education, or otherwise. The presence, therefore, of such an ethics-centered, highly principled leader is indispensable to the success of a school of business or any organization.

Leaders respect people! An essential component to leadership is that leaders adhere to the fundamental ethical principle of respect for people. Leaders treat people with dignity, as worthwhile, valuable "ends" in and of themselves, and definitely not as mere "means" or assets or resources. Leaders know that people are human beings, not just economic beings. Respect embraces concern and consideration, not only for the leader's followers, or the business leader's employees, but also for all affected stakeholders. The dean as an ethical business leader, therefore, will propose, direct, and effectuate beneficial change that is responsive to and respectful of all the school's constituency groups, including the university, community, and society. Respect also entails treating people equitably and managing people by a set of just principles and fair processes. Respect, finally, involves listening to people, truly communicating with people, addressing their concerns, incorporating their ideas, developing their potential, and sharing power with them. Ethical business leaders recognize people as capable of great accomplishments. Such respect will forge bonds of trust and foster a sense of moral community and worthwhile endeavor, all necessary elements to successful business leadership. The dean as a business leader must direct and guide the faculty and staff and other constituent groups in accord with a demonstrable set of ethical principles and moral rules, embodied, for example, in a school's code of ethics. Such a moral law, naturally in harmony with the school's and university's vision and mission, not only will give people confidence, motivate and inspire them, but also empower them to make decisions and lead others in a principled manner. Leadership requires the full inclusion and utmost efforts of followers, especially faculty and staff. People indeed will follow and exert themselves for those they trust, and people instinctively trust individuals who possess honesty and integrity, manifest respect for others, strive for legitimate goals, and govern themselves and others in accordance with rightful principles. Leadership emanates from trust, and trust is predicated on shared moral vision, proper common objectives, and mutual correct treatment.

Faculty and staff who trust their dean, and who are guided and governed by rightful purposes and principles, will feel authorized to achieve worthwhile objectives. Such people will possess a sense of stewardship; that is, they will act effectively to accomplish communal goals, govern themselves and others accordingly, and convince others to lead and make a contribution. A successful dean is committed to this principle of opportunity and shared leadership; and he or she will empower, encourage, and educate followers and employees to act, to lead, to bring out the best in themselves and others, and to achieve personal and organizational success. Such a discerning, encompassing, and enabling conception of leadership is also a most efficacious one. Ethical leaders value themselves and value personal as well as organizational success, yet they are altogether morally astute and enlightened to subordinate themselves to noble purposes, ethical principles, rightful conduct, as well as to shared aspirations, communal values, and

manifold contributions. The challenge for a leader is to align his or her personal goals with the goals of the school, university, or organization, and also with the needs and aspirations of the leader's followers and employees, and to ensure that this alignment is centered on a crux of morality and legitimacy. Only then can a leader – academic dean or otherwise - truly lead and thereby achieve permanent positive transformation.

Business, Business Schools, and Business Ethics

One very important mission of business schools today is to “look inwardly”; that is, the school – administration, faculty, and students – must ask some piercing questions, to wit: What caused all these banking, finance, and real estate scandals? What put business and the economy in this bad situation? What role did business play in this economic tragedy? The objective, of course, is to provide answers that will prevent future scandals, and thus build a stronger economy for the United States and globally.

According to James Rest, education is the strongest correlate to and predictor of cognitive moral development and ethical maturity. Heron (2007) underscored that cognitive moral development is considered to be “one of the critical personal characteristics influencing the entire ethics decision-making process” (p. 82). Furthermore, according to Newbaum et al. (2009), “we also know that ethics can be taught, and that educational programs that integrate the study of ethical theory with its practical application can be highly effective” (p. 21). Bloodgood, Turnley, and Mudwick (2008) state: “Prior research suggests that ethics instruction has the potential to make people less likely to engage in unethical behavior. For example, various forms of training and interventions are able to increase moral reasoning for some individuals” (p. 558).

Ethics education, therefore, is certainly a growing concern today. Yet why should colleges and universities teach business ethics? Many schools today, especially business schools, have now made ethics courses a compulsory part of the curriculum. Blood, Turnley, and Mudwick (2008) state that “...prior research indicates that university classes on “business ethics” and “business and society”...may improve ethical understanding and attitudes” (p. 558). If society is concerned about the behavior of its business people, then it is quite appropriate that a business ethics course becomes a required course in business school curriculum. Companies also must emphasize ethics and moral behavior on the part of their executives, managers, and employees. Otherwise, any perceived immoral conduct may cost a firm severely in terms of its reputation or even survival. Mujtaba (1996) explained that “there are many formats in which ethics training can be delivered to the associates of an organization. Some common ethics training sessions are being delivered through seminars, lectures, role-playing exercises, multimedia training or case studies, memos, and employee codes of conduct programs. This training should be delivered by ethicists or professional facilitators who are familiar with the firms' prospective ethical issues and challenges” (p. 169). Furthermore, Mujtaba (1996) recommends:

In order to promote high ethical standards and reduce or even eliminate unfair practices in any business or industry, executives and managers should receive training and education in the following areas: 1. Individuals should receive training and instructions in the systems of justice and equity based on their corporate culture, legal system, and society. They should be made aware of the prevailing laws, regulations, and practices that govern their conduct. They should also be encouraged to go above and beyond the laws to make decisions that are moral and positively affect the lives of other people. 2. They should be made well aware of their own and

their associates' legal and ethical rights, obligations, expectations, and responsibilities. These expectations and responsibilities need to be communicated to all the firm's stakeholders. 3. Executives and managers should be continuously reminded of the standards of objectivity, fairness, integrity, and maturity, as well as the need to have consideration for others and the courage to stand for what they believe is right. They should be taught persistently high standards of legal and moral behavior, which embody integrity, self-respect, justice and fairness in their relationships with everyone, personally and professionally. They must be the role models in the organization; and accordingly they must behave exactly in the manner that they would want their finest associates to behave....If each individual in the company acts with honesty and integrity, then the company's reputation will take of itself. 4. Executives and managers should be guided to, and supported in making decisions that emphasize responsiveness and accountability to the truth....They should also be instructed to avoid using their position and title to perpetuate sole self-interest or mere private gain....Thus, they should legally and morally promote value, not only for themselves, but also for their firms, its stakeholders, and society in general (pp. 169-71).

Assuming that ethics education is very important and relevant today, what should be taught, and how should ethics be taught? Bateman (1998) explained that "a common problem raised regarding the teaching of ethics is actually two-fold: how to do it and where to put it" (p. 70). Bateman (1998) also points out that "the purpose of ethics education is to make students more aware of ethical dilemmas that arise in the workplace and to prepare them to reason through the consequences of alternative courses of action" (pp. 133-34). Bateman underscores that business ethics education should stimulate the students' moral awareness and imagination, help them recognize moral issues in business and otherwise, provide to the students ethical theories and principles, and help the students develop moral reasoning skills. Buell (2009) related that "surveys of business schools show a wide range of pedagogical approaches to teaching business ethics" (p. 67). Buell explained:

Many institutions rely upon structured lectures. This approach relies on imparting information followed by discussion. Other approaches by institutions include understanding ethical concepts and reasoning by themselves.... Following this approach, exercises are employed to clarify and justify student beliefs and personal reflections. Another common approach to teaching business ethics has been the analysis of management case studies, which provides for active dissection of ethical judgments and their fall-outs in legal, business, and cultural contexts....Another common techniques utilized in business ethics education in undergraduate and graduate business departments include offering courses that analyze the scandals of companies such as Enron, WorldCom and Health South. Avoiding the duplication of similar scandals is the goal of such pedagogy (pp. 67-68).

To clean up ethics in corporations and business, one has to start at the beginning of a career, which means in most cases business schools. Bateman (1999) noted that for business schools' ethics course, "one model is a normative approach based in philosophy" (p. 48). That is, traditional ethical theories and principles, rooted in philosophy, are taught to the students, who then are shown how these ethical theories and principles can be applied to controversies to arrive at logical and rational moral decisions. Derrick and Carr (2008) ask what is the outcome or goal of learning: "Do we teach for knowledge or skill or wisdom? Or, do we teach for learners who can exhibit all three through creativity, curiosity, self-direction, problem-solving, personal responsibility and persistence in learning" (p. 18). They assert that true learning should be "shifting the emphasis from knowing and remembering to facilitating and enhancing the skills and attributes that sustain lifelong learning" (Derrick and Carr, 2008, p. 18).

In order to promote ethics education at their own school of business, The H. Wayne Huizenga School of Business and Entrepreneurship of Nova Southeastern University, and in the business community, to make ethics education morally efficacious, as well as to foster personal responsibility and life-long learning, the authors of this article, as Faculty Chair of Management and Lead Professor for Law and Ethics, have developed for the MBA program the required ethics course called the Legal, Ethical, and Social Values of Business. Although it is not the purpose of this article for the authors to explicate in detail the course and its components, the authors nevertheless deemed it to be useful to discuss briefly the rationales for the course, the knowledge and skills the course intends to impart, critical course elements, and how the authors hope this course will be helpful in promoting moral conduct on the part of the business students. In addition to promulgating a discrete and focused ethics course, the authors also recommend that in all the other courses in the business program the professors need to teach how ethics and social responsibility are pertinent, valuable, and value-creating.

The ethics course is, fundamentally, a course about values. A “value,” of course, is something that possesses worth; and values can be intrinsically worthwhile, that is, good in and of themselves, such as happiness, or instrumentally worthwhile, that is, good because they produce or are a means to other values, such as money (Cavico and Mujtaba, 2009). The three values in the course are: legality, based on the law; morality, based on ethics as a branch of philosophy; and social responsibility, based on a definitional principle of the term “social responsibility.” Although these values are discussed in an intrinsic sense, especially the values of morality and ethics, the course also emphasizes the instrumental nature of these values, and accordingly the business students are inculcated that by adhering to these values, even if “merely” instrumentally, they, their companies and organizations, and society as a whole will benefit in the long-run. So, for example, even if a student may not believe in the truth to morality or ethics intrinsically, they are taught not to reject and discard these values, but rather to consider the instrumental worth to them and the good that can be achieved by adhering to values, even instrumentally. The course, therefore, does incorporate, appropriately so, some philosophical elements, but it is not a philosophical inquiry as to what is truly true; nor is the course a didactic, preaching, moralizing type of course; but rather the course is an exercise in applied ethical reasoning. The three core values to the course are legality, morality, and social responsibility.

Legality, of course, is based on the law, and accordingly the course covers legal principles appropriate to the graduate business student’s educational and business needs. Attention is paid to government regulation of business laws since those laws, such as the field of anti-trust, were created to prevent and punish immoral conduct by business, such as restraints of trade. Moreover, particular attention is paid to those legal doctrines, principles, and rules which legally may permit immoral business conduct. So, for example, the exceptions to the Foreign Corrupt Practices Act are underscored, as these exceptions may legally allow “bribery” in certain circumstances. Similarly, the bona fide occupational qualification (BFOQ) exception to the Civil Rights Act is emphasized since that exception may legally permit discrimination. Furthermore, the critical legal distinctions between a legal monopoly and illegal monopolization, as well as between legally trading on inside information and illegal insider trading, are stressed. The purpose is to not only highlight those “gray” areas of the law where unethical conduct may nonetheless be legal, but also to enable the students to analyze ethically the questionable but legal practice, for example, legal “bribery,” in order to see if the practice is moral.

The value of morality is based on ethics as a branch of philosophy. While the authors did not intend to convert the course into a philosophy course (and nor are they qualified to do so),

nevertheless the authors firmly believe that some philosophy is appropriate for graduate level students. The moral philosophy, of course, provides the students with the ethical theories and principles that they will use to make moral determinations of business conduct as well as to ascertain if the law itself is just. As noted, the intent of the authors was not to have a preaching, moralizing, “thou shall not” type of course; rather, the authors wanted to create a graduate level course where the students reason from principles – legal and then ethical – to make legal and moral determinations. Logic, reasoning, and rationality are the key values in such a course. This type of reasoning from ethical principles, in order to logically make moral determinations, places a person at the highest level of Lawrence Kohlberg’s moral cognizance-maturity-development scale. The course focused on four key ethical theories: ethical egoism, ethical relativism, Utilitarianism, and Kantian ethics based on Kant’s Categorical Imperative.

Ethical egoism tells a person to advance his or her own self-interest, as that is the right, smart, and moral course of conduct to take. Yet, the students are counseled to take heed of the two major constraints of ethical egoism; that is, the true ethical egoist must take a long-term perspective of maximizing his or her own self-interest; and the true ethical egoism should not harm people, take advantage of them, exploit them, or trample on their rights, since such conduct is contrary to advancing one’s self-interest in the long-run; rather the true ethical egoist will be nice to people, work with people, make them part of the “team,” and co-opt them, as it is better to have friends and allies than enemies.

Ethical relativism is a societal-based ethical theory in which morality is determined by what a particular society believes is moral. Graduate students, particularly in a very heterogeneous and international locale as Southeast Florida where the authors’ university is located, are certainly used to this theory, at least in practice, and consequently are prepared to relate what “has to be done to get the deal” in certain foreign countries. The authors naturally want the students to be aware of this theory as an ethical theory, and want the students to be aware of local customs, practices, and norms, but the authors also point out the limitations to this theory and the moral harm it can engender.

Utilitarianism theory is based on the writings of English philosophers Bentham and Mill. Actually, the students are used to one key aspect of this theory, that is, foreseeing and predicting and then measuring and weighing the consequences of an action, yet only as these consequences impact the students, their families, and their firms; so the authors “merely” ask the students to expand the scope of their analysis to include in their calculations the effects of the action on other stakeholders impacted by it, including society as a whole. Although Utilitarianism is a very egalitarian ethical theory in that everyone gets “counted” since everyone feels pleasure or pain, the one major problem is that it morally legitimize an action that causes pain or harm to the minority. Everyone gets counted, but when the counting is done, if the good consequences outweigh the bad consequences, the action is moral. Thus, the ends do justify the means, at least pursuant to this ethical theory, and so the students are taught. Now, the German philosopher thought it reprehensible that any ethical theory could morally legitimize pain and suffering of anyone. Accordingly, Kant declared that in ethics one should disregard the consequences of the action, and rather focus on its form and ensure that the action itself, that is, the mean, pass a formal ethics test that Kant called the Categorical Imperative. Thus, the authors in the course conclude the ethics component to the course with an explication of the Categorical Imperative, which explication is beyond the purposes of this work, yet the students are instructed that even if an action produces more good than bad, it still must pass the Kingdom of Ends test, which is one part of the Categorical Imperative, and accordingly the action must treat people with dignity and

respect and as worthwhile human beings and “ends” in themselves, and never as mere “means” or in a demeaning or exploitive manner. The students are asked to consider for their own lives beyond the classroom, and to treat for the purposes of the course, Kant’s ethical principle as, in fact, what Kant declared it is, that is, “categorical,” meaning the supreme, absolute, and universally true ethical precept.

So, in the course, the students are asked to analyze case studies first from the legal perspective, and then from the four ethical perspectives as briefly noted above, in order to determine if a particular action, for example, a pharmaceutical merger, is legal based on the law, and then moral based on the four ethical theories. The goal, the authors assert to the students, is to find an action that is of course legal, but is also moral pursuant to the four theories; that is, the action advances the self-interest of the student and his or her organization in the long-run, is one in conformity with local norms and mores, is one that produces more good than bad under Utilitarianism, and most importantly is an action that produces all this good without demeaning, disrespecting, abusing, or exploiting people so as to satisfy Kantian ethics. The authors must note that, as the reader has perhaps noted, these ethical theories are Western ones and reasoned-based ones. The reason for the Western “slant” to the ethics is due to the fact that the backgrounds and experiences of many of the professors who teach this course are Western trained and oriented. However, professors are certainly permitted and encouraged to bring in non-Western ethical theories and principles; and the students are permitted in their term papers to choose in addition to the mandatory Utilitarian model another ethical theory of their choosing. Also, if the reader recalls the discussion of religion and ethics earlier in this article, the discerning reader will see that these ethical theories are reason-based ethics theories. The authors, at least for the core ethical elements to the course, wanted to keep religion out, and rather use reason-based ethical theories, since the authors assume that all their students possess reason, but not necessarily religion and certainly not the same religion. Yet the students are permitted to use as the additional ethical theory for their term paper and class presentation a religious-based ethical theory. Of course, since the students are using more than one ethical theory to analyze cases morally, it is quite possible that the students may come up with conflicting moral conclusions based on the type of ethical theory applied to the case. Yet the students are told that such a result is part of ethics and ethical reasoning, and there is no “supreme court of ethics,” so they are just going to have to resolve their ethical conflicts, perhaps by adopting one ethical theory as “their” dominant ethical theory.

The final value to the course is social responsibility. The students are taught to consider beyond the values of legality and morality the responsibilities of business to society as a whole. The professors seek to work with the students to create a definitional principle for the key term “social responsibility”; and once such a principle is established the students apply the principle to the cases and ask themselves, and then answer, to use the previous example, what a socially responsible merged pharmaceutical company should be doing for society. The students are counseled to take a prudent and rational approach to the nature and scope of their firm’s civic and charitable activities, to tie such social responsibility efforts into the firm’s products, services, brand, advertising, and marketing, whenever possible, and most importantly not to “give the shop away,” that is, to take primary cognizance of the shareholders or owners and other immediate stakeholders of the company. The students are firmly told that these values, particularly morality and social responsibility, are not mere academic classroom values, but rather real-world values for the students and their firms, as there is a clear societal expectation that the students and their businesses will act not only in a legal manner but also in a moral

manner, and when the business is successful there is also an expectation that the firms will “give back” to the community in a socially responsible way.

The final element to the law and ethics class is to get the students to think of business management and entrepreneurship as not “mere” professional activities, but rather as emerging professions, like the established law and medicine professions. The legal and medical professions are predominantly self-governing, but they are governed by codes of ethics; members possess obligations to society as whole; the professions can be entered only by the passing of exams as to knowledge and skills and also by passing good moral character examinations; and one must take a public oath to uphold the values of the profession in order to enter the profession. Ethics, stewardship, and public and social responsibilities are hallmarks of the professions. Accordingly, the students are asked to reflect on where business management and entrepreneurship presently stand on this “professional” v. “profession” divide; and consequently what business has to do, as well as should do, to reach that elevated and autonomous “profession” status and concomitant trust, deference, and respect.

The authors, therefore, in creating their school’s MBA law and ethics course, wanted to have not a mere academic exercise, but rather a practical, reason-based, graduate level educational experience, based on the law (and highlighting the moral “gaps” in the law), imparting and using ethics as a branch of philosophy, and using an agreed-upon and realistic definition of corporate social responsibility. The “drill,” the content, and the skills that the authors wanted to teach is quite simple and straightforward: “Is it legal, is it moral, and what would a socially responsible firm do”? That is the essence of the graduate law and ethics course. The authors trust that such a course will enhance not only the moral awareness of the students, and improve their ability to ethically reason to moral conclusions, but also make them more moral in their personal and business lives.

Today there is a deepening recession and an economic crisis; and business is blamed in part, and perhaps mainly, for the financial collapse. Perhaps business people become so consumed with the single-minded pursuit of seemingly obscene profits that the values of legality, morality, and social responsibility need to be revisited. Perhaps some business leaders had become obsessed with obscene profits. Have they forgotten that free enterprise and capitalism cannot be conducted, they cannot survive, and consequently society cannot prosper unless business is based on a solid foundation of transparency, legality, morality, and ethics? Ethics is essential to capitalism, as there is not enough law - precise and exact and all-encompassing law, as well as lawyers and government regulators, to govern business, the markets, and the economy. Ethics, ethical standards, and moral conduct ultimately must come from and from within business people. Business managers, executives, entrepreneurs, and especially leaders must have a “moral compass”; that is, they must have a moral sense and ethical judgment as well as the moral character and integrity to do what they know is the right thing to do and not do what they know is wrong. They thus must self-regulate themselves; and accordingly must treat business management as a profession, like law and medicine, with enforceable codes of ethics, stewardship responsibilities and obligations to society as a whole; otherwise they are asking for even more government regulation, including even more draconian criminal laws. Schools of business, as emphasized, must take the lead in raising business to, and holding business to, the moral standards of a profession. It is also important that schools take a broader stakeholder approach and inculcate the concept of the social responsibility of business. The objectives of business schools are not “merely” to produce economically successful graduates but business leaders who will create a better society. Ultimately, for capitalism to survive and prosper, for

economic growth to be restored and to flourish, and for the U.S. and global economies to be healed and functioning well once again, the commitment to morality, ethics, and social responsibility on the part of business people was never more critical.

The Moral Imperative for Business Schools and Business

The economic recession of the last few years did have one ‘good’ effect; that is, it made the world more global, made it more global in a very short and compressed time period, and made that global context very “loud and clear.” Accordingly, it should be clearly aware to all, that in this “new economy,” in the words of the old poem, that “no one is an island.” The world economy, as was convincing and depressingly indicated, is just too interconnected for any nation to live as an island. Business schools must of course be aware of this “new reality”; and they may have to change their business models to reflect the shifting nature of markets and the economy to a global context. Accordingly, business schools now must be innovative and entrepreneurial, and be willing to take some risks, in order to take the lead to build global coalitions to produce students who will be global leaders. Due to the changing nature of the global economy and the concomitant need to take some risks and to be innovative and entrepreneurial, a business school will not be successful and may not even survive unless it “gets this.” The goal, therefore, is for business schools to meet the demands of their students and to make a positive contribution to their communities, society, and the world. Business and management should be perceived like law and medicine as a “noble profession,” – one that creates wealth but also brings economic vitality to their communities and society, and ultimately to transform people’s lives. A commitment to ethics and a societal mission are the hallmarks of a profession; the core virtues of a profession are ethics, morality, social responsibility, duty, stewardship, and custodianship; accordingly, schools of business must underscore the importance of ethics and the broader social mission of business; they must progress from teaching mere “vocationalism,” and rather must inculcate to the students the importance of creating long-term value – and not “merely” for the shareholders but for all the firm’s stakeholders. Schools of business must admonish the students when it comes to short-term thinking and ethical lapses. The focus of business education should be on ethics and social responsibility and the production of sustainable growth and positive value. Schools possessing such objectives and aspiring to such “profession” status will grow, develop, flourish, and prosper with their colleges or universities, communities, and society. Of course, business as a “profession” will require an oath, that is, a public pledge, like the doctors’ Hippocratic Oath or the nurses’ Florence Nightingale Oath. Business students could take the oath at the graduation where they affirm that they will obey the tenets and standards of the profession, particularly the commitment to legal, ethical, moral, and socially responsible conduct. Dean Angel Cabrera, dean of the Instituto de Empresa business school in Madrid, Spain, suggests the following oath for business students: “I will utilize natural resources in an efficient, sustainable way. I will respect the rights and dignity of the individuals working for the enterprise. I will engage in honest and transparent transactions. If I do not violate this oath, may I enjoy life and art and personal success. May I be respected while I live and remembered with affection thereafter” (Alsop, 2003).

Summary

Business schools and ultimately business students naturally will make business decisions, yet such decisions must be balanced by the needs of the school's and society's stakeholder groups. Business schools should be leaders in bringing forth not "merely" economic growth and vitality but also moral and socially responsible behavior; and thus business schools should, and must, produce business leaders who can effectuate positive, value-maximizing change on a global basis. This writing sought to raise and to address certain important and challenging issues confronting business schools today, including the essential element of ethics to leadership, to business, and to the business student's education; along with a concrete example of a graduate business ethics course.

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