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Emphasis on Teaching Ethics in Business Schools: The Recent Experiences in US Higher Education

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Abstract:

Despite the unfortunate common attitude among some students and business professionals that ethical considerations are less pressing in business, this paper argues that moral obligations are as important in business and business education as they are elsewhere. Ethics facilitates cooperation, which is a fundamental ingredient of success in business. This paper proposes that business, like all other forms of social activity, is only possible where people are prepared to respect rules and embrace the outcome of those activities in their societies. It also looks at a number of measures taken and methods followed in American higher education to address the importance of ethical conduct in business.

Keywords: Ethics, Business, Higher Education, Business Schools

The General Concept:

Morality refers to the social norms and values that guide both individuals and their interaction with their fellow human beings, communities, and environment. There are important rules that are set in all such interactions. These rules and norms are created to protect these values. The rules create certain duties for the purpose of fostering these values. It is human virtues and capabilities that enable us to act accordingly. Human societies create their own moral factors that often are interwoven with religious practices and social power structures. Nonetheless, the very essence of moral behavior is

self-preservation of the human species. Ethics is often looked at as an analysis or interpretation of morality that can guide conduct of people in a society. It is the practice of using moral judgment to arrive at a decision.

The importance of ethical behavior in various aspects of our lives is a practical question. The common tendency among many in our society is to consider it as a noble behavior that separates people with higher moral standing from those who have not yet reached the boundaries of an enlightened and ethical life. Some tend to see it as a product of adhering to religious conduct and Godly beliefs. This study tends to dispel the myth of having ethical behavior as a religious tendency or moral elitism and argue for its relevance and functionality as a practical code of conduct in a society that is capable of creating a better economic environment for a more efficient business conduct and prosperous living.

If there is one characteristic which distinguishes Homo Sapiens from other species on Earth, it is, according to the biologist Garrett Hardin, our ability to ask the question "What then?" To imagine the future, and thereby predict the consequences of our own actions is indeed a unique evolutionary legacy. Regrettably, as a species we at times fail to exercise this gift and take steps without asking this question. The importance of unintended consequences of our decision is an important principle that purposely choosing to ignore it often causes disastrous consequences.

Human societies have long debated the metaphysical distinction between the human being as an individual and as a person. This distinction is important in understanding the interaction between the common good of the economic enterprise and a common ethical ground. The challenge in most societies is to define ethical behavior in the face of injustice. Are moral codes a set of unbendable rules that have to be followed without any recourse?

These and many similar questions have engaged ethicists, religious leaders, and philosophers for decades. This paper will make an effort to use such principles to explain the unavoidable need of United States higher education to teach ethics as a core requirement in many liberal arts colleges.

A Survey of the Existing Literature on Business Ethics and Its Recent Surge in Business School Curriculum in the USA:

The debate about whether ethics is good for business, or if it is a good business, brings out an important distinction about the intention of business

leaders on why they choose to run their business ethically or want to appear to be ethical is to an extent a wrong debate and unimportant. Arriving to the conclusion of running a business ethically from either of the two routes brings out the importance of recognizing its significance from a social and economic perspective. In a developed economy, reaching such recognition and "branding" comes with specific measures that companies need to take. This shows itself in all aspects of their business.

It is a common belief that running a business ethically is good for business. However, some may argue that "business ethics," if properly interpreted, means the standards of conduct of individual business people, not necessarily the standards of business as a whole. This portrays the ethical management of a business as a choice that companies need to make. Henry Posters (2003) explains the dilemma of being an ethical company and focusing on profit in a way that has been debated for the last several decades:

> "Business leader are expected to run their business as profitably as they can. A successful and profitable business in itself can be a tremendous contributor toward the common good of society. But if business leaders or department managers spend their time worrying about "doing good" for society, they will divert attention from their real objective which is profitability and running an efficient and effective organization."

The issue in the above statement is the way many have looked at the question of business profitability and a possible trade off between the two. The question is if this is a realistic dichotomy for the business world today and if the situation has changed over the last several decades.

Iraj Mahdavi et al (2006) note the need for proper ethical behavior within organizations. They assert that ethical behavior has become crucial to avoid possible lawsuits. The public scandals of corporate misconduct and misleading practices have affected the public perception of many organizations. The recent expansion of global business and fall of trade barriers worldwide have further underlined the interest in the topics of ethical behavior and social responsibility. Many scholars believe human rights and environmental conservation are gaining more recognition in both academic and commercial settings.

Mohdavi (2001) states:

> "As multinational companies expand globally and enter foreign markets, ethical conduct of the officers and employees assume added importance since the very cultural diversity associated with such expansion may undermine the much shared cultural and ethical values observable in the mores homogeneous organizations."

The issue of culture and its relation to ethics is an interesting topic of discussion. Schein (1990) makes a distinction between ethical climate and cultural differences between nations. Denison (1996) believes that culture should be more associated with deeper beliefs, values and assumptions. Bartels et al. (1998) states that one can value an individual's culture by his or her actions and personal activities, and ethical climate can be observed on a larger scale; in this case, the organization. Ethical climate is, in essence, the employee's perception of the norms of an organization.

The interesting picture that emerges from many examples around the world shows that organizations with a strong ethical climate experienced few serious ethical problems, and were more successful coping with such problems.

Following corporate scandals in the US and Europe and rapidly heightening concerns about climate change and corporate social responsibility, business schools are increasingly feeling the need to address these topics in the curriculum.

According to a report published in *Financial Times* in 2007, a survey of 50 business schools reported a five-fold increase in the number of stand-alone ethics courses in the past eight years, with 25 percent of the schools requiring students to take a course in business ethics. In the survey, deans reported high levels of interest in these topics among students, and this was particularly strong at schools ranked in the top 10.

The aforementioned research is based on interviews conducted with deans or MBA directors from the top 50 global business schools, as ranked by the Financial Times in 2006. Student demand was only one factor behind curricular development, says Prof Hartman. "Deans are hungry for it, reflecting the hunger in the market."

One of the biggest questions in business schools has been whether these subjects should be taught in stand-alone courses or integrated with other subjects such as finance, accounting, marketing or strategy. There is no empirical evidence to clearly state if the trend has encouraged the schools go for stand-alone ethics courses or treat ethics as a common thread in many other business courses. There is, however, some anecdotal evidence that developing business ethics as a course have found great support in a number of schools.

Ronald Sims (2004) explains the importance of building an effective classroom learning environment that requires business ethics teachers pay particular attention to creating a classroom environment that values the ideas others have to offer. Of particular importance to successful business ethics teaching is the recognition that the introduction to talking and learning about values, beliefs, morals, virtue, integrity and other ethically related issues often generates in students powerful emotional responses ranging from self-doubt and shame to frustration and confusion. These emotional responses, if not addressed, can result in student resistance, limited risk taking, failure to listen to others and mistrust in the classroom, all of which can stifle student learning in business ethics teaching efforts (Sims, 2002).

Russ Skiba et al (2003) address the importance of the Social Curriculum for schools in their study. They explain there is a social curriculum that acts as a guide for student behavior throughout the school day. Hosmer (1988) argues that the goal of dealing with ethical issues in the curriculum is not to change the values and beliefs of students but instead to teach systems of analysis to help students use their own values to weigh the potential benefits and harms of their actions to the organization, to society, and to individuals.

Additional criticisms of teaching business ethics include that the topics are too controversial, that they do not lend themselves to evaluation of student progress, that instructors may impose their own values on the students, and that the "invisible hand" of the market should rule the behavior of businesses (McDonald, 1992). Some scholars note that ethical behavior is often not the result of an individual's choices, but is influenced by the context of the interaction (Reilly and Kyj, 1990), and our understanding of ethical dilemmas will remain flawed until we gain a better understanding of how social settings and interactions affect our perceptions (Payne and Giacalone, 1990). As a result, current methods of teaching business ethics may not be realistic, as the bureaucratic nature of organizations mitigate against the type of autonomous moral reasoning which may be encouraged in the classroom

(Furman, 1990).

Scholars in the field agree about one issue that education in business ethics should assist students in the formation of their personal values systems, should introduce them with a range of the existing moral problems, provide them with knowledge of ethical theories, and give them an opportunity to grapple with ethical questions (Sims and Sims, 1991).

Janet Adams et al (1998) promote the idea of teaching ethics with use of role playing. Students are introduced to role set theory as a framework for considering ethical dilemmas. Providing students with a theory on which to base their analysis provides them with a tool which may help them to feel more secure in their analysis of an otherwise amorphous situation. They found students are willing, even eager, to share their ethical dilemmas in class. The student-generated material removes the discussion from the arena of the instructor's values and encourages students to analyze the situation rather than assuming that the instructor has a single right answer. This is a result of the students being more expert on their own situations than their instructor and their being able to add clarifying details when asked by other students. Students have a more personal investment in the discussion when the person having experienced the problem is someone they can speak with directly. The authors argue that this approach shows the immediate relevance of business ethics by focusing on early-career ethical dilemmas actually faced by individuals with whom they can identify.

Steps Taken in California Lutheran University to Address Teaching of Business Ethics:

California Lutheran University is a comprehensive Liberal Arts College in the city of Thousand Oaks in Southern California. CLU offers undergraduate, graduate and continuing education programs through its College of Arts and Sciences, School of Business and School of Education. The university offers 36 majors and 28 minors, in addition to professional preparation programs in specified fields of study. Master’s degree programs are offered in education, business administration, public policy and administration, computer science and psychology. A doctoral program in educational leadership is offered through the School of Education.

In the words of its president, Dr. John Sladek, the culture of CLU is based on the concurrence of faith and reason that is apparent not only in classrooms but also across the campus. CLU is a diverse, scholarly community

dedicated to excellence in the liberal arts and professional studies. Rooted in the Lutheran tradition of Christian faith, the University encourages critical inquiry into matters of both faith and reason. The mission of the University is to educate leaders for a global society who are strong in character and judgment, confident in their identity and vocation, and committed to service and justice. The issue of ethical behavior forms one of the core pieces of its identity as a place of higher education.

In the words of the Dean of the CLU Business School, Charles Maxey, the school strives for the following objectives:

· A quality education for a dynamic world of business.

· A faculty committed to student learning.

· Flexibility for working professionals.

· The opportunity to build a network for success.

· Innovative programs.

· Professional tracks to marketable expertise and competencies.

· A personable and values based community of learning.

Teaching as well as blending ethical judgment in our curriculum is vitally important to the school and its programs. Ethics have a special place in the philosophy of our teaching at the School of Business and the school would like to be considered as a Business School with a Conscience. This name for the school is not a mere slogan, but it helped the school to take various measures to live up to this slogan. One of the primary concerns of the school has been to find innovative ways of bringing ethics into the pedagogical aspects of its program. Should we have special courses or create an emphasis in bringing ethics to as many courses as possible that we teach as a bias has yet not being totally resolved. We do nonetheless have business ethics and professors are encouraged to explore ethical aspects of what they teach, but it is not a mandate, nor do many of us feel that it should be. Here are some of the measures that we have taken to bring ethics to the forefront of the school's attention:

· We offer courses in Business Ethics for both our

undergraduate and graduate studies.

· These courses offer information and challenge students in realizing the value of ethical business practice in our emerging global economy. The following issues and topics are covered in this course:

o Situational dilemmas and relationships with employees.

o Unions, customers, competitors, government and society are examined from an ethical point of view.

o Students get engaged in debates over topical issues of our recent event and offer their perspectives in contrast or in support of other opinions in their projects. We use ethics games and simulation programs where students are faced with many dilemma that require ethical decision making and they have the opportunity to employ what they learn in the theoretical construct and debate about it in their classes.

· We encourage faculty to develop courses in various disciplines that take up ethical behavior as a criteria of assessment, plan and policy implication within the content of the subject matter.

As the results of what has been followed in the school we have developed the following courses in Economics and Marketing and are interested in going much further in the years to come:

· Economics of the Environment.

· Social Marketing.

· Business Round Tables and ad hoc speaking events with emphases on ethical business practices within a particular course.

· Developing the Distinguished Speakers' Series that can

address Business Ethics within the Center for Leadership and Values.

· We are very interested and are actively seeking other outlets and partnerships that help us to strengthen our focus on ethics of business from a research perspective and area of scholarship in the near future

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