

Expertise or Ethics: What should business schools teach?

Neelima*

Ritu Gupta**

Pooja***

Education is hardly the sole determinant of human behavior, and responsibility for ethics education is not the exclusive province of business schools. The main purpose of business schools was not to build ethical sense. Their core value is in creating business and management competence and in attempting to develop work readiness. This paper focuses on the idea that what is actually the main role of business school? Is it to provide expertise in management education or is it providing ethics education or is it a blend of ethics and management education i.e. ethical managerial education?

Introduction

"When in Rome, do as the Romans do." In other words, follow local practices. Those were the days when leading ethicists like Joseph Fletcher and James Adams at Harvard were promoting "situation ethics," based on flexible, pragmatic approaches to complex dilemmas. To build a truly great, global business, business leaders need to adopt a global standard of ethical practices, vigorously communicated and rigorously enforced. To sustain their success, companies must follow the same standards of business conduct in Shanghai, Mumbai, Kiev, and Riyadh as in Chicago.

Without ethics, life would be pure chaos. Ethics is a set of principles or standards of human conduct that govern the behavior of individuals or organizations. The term ethics has its origin from the Greek word "ethos" which means character or custom- the distinguishing character, sentiment, moral nature or guiding beliefs of a person, group or institution. In by gone times, kings use to keep food testers who ate the food prepared for the king before it was served to him. This was royal clinical research to find out if the food was poisoned. The practice did not raise eyebrows because the king was regarded as the most important person of the kingdom and his life was more precious than that of anyone else. It was ethics of that time.

Ethics helps a person or an organization to regulate their behaviour to distinguish between

what is right and what is wrong as perceived by others. It is not absolute and is open to influence of time, place and situation. An action being right or wrong is basic and whether a situation is good or bad depends upon whether the action that brought it about was right or wrong. This can be clarified with an example- if a manager decides that it is his duty to always be on time to meetings is running late for reasons not in his control, how is he supposed to drive to reach the meeting on time? Is he supposed to speed breaking his duty to uphold the law or is he supposed to arrive at his meeting late breaking his duty to be on time?

In Socrates' (469 BC - 399 BC) view, Knowledge having a bearing on human life was placed highest, all other knowledge being secondary. Self-knowledge was considered necessary for success and inherently an essential good. A self-aware person will act completely within their capabilities to their pinnacle, while an ignorant person will flounder and encounter difficulty. He posited that people will naturally do what is good, if they know what is right. Evil or bad actions are the result of ignorance. If a criminal were truly aware of the mental and spiritual consequences of his actions, he would neither commit nor even consider committing those actions. While he correlated knowledge with virtue, he similarly equated virtue with happiness. The truly wise man will know what is right, do what is good, and therefore be happy. Aristotle (384 BC - 322 BC) posited an ethical system that may be termed "self-realizationism." In Aristotle's view, when a person acts in accordance with his nature and realizes his full potential, he will do good and be content. At birth, a baby is not a person, but a potential person. To become a "real" person, the child's inherent potential must be realized. Unhappiness and frustration are caused by the unrealized potential of a person, leading to

* Neelima, Assistant Professor, Post Graduate Govt. College, Sector-11, Chandigarh

** Ritu Gupta, Assistant Professor, Post Graduate Govt. College, Sector-11, Chandigarh

*** Pooja, Assistant Professor, Post Graduate Govt. College for Girls, Sector-11, Chandigarh

failed goals and a poor life. Aristotle said, "Nature does nothing in vain." Therefore, it is imperative for people to act in accordance with their nature and develop their latent talents in order to be content and complete. Happiness was held to be the ultimate goal. All other things, such as civic life or wealth, are merely means to the end. Self-realization, the awareness of one's nature and the development of one's talents, is the surest path to happiness. Aristotle asserted that man had three natures: vegetable (physical/metabolism), animal (emotional/appetite) and rational (mental/conceptual). Physical nature can be assuaged through exercise and care, emotional nature through indulgence of instinct and urges and mental through human reason and developed potential. Rational development was considered the most important, as essential to philosophical self-awareness and as uniquely human.

When students choose to study for graduate business degrees, they are after three things. Firstly, and most importantly is that it's a signaling exercise. By choosing a graduate business education – and the costs and commitment this involves – students are signaling their commitment to progress their careers. A graduate business qualification is a stripe on the shoulder, a stamp in the passport of life, a ticket to a faster road forward, an intention to take career seriously and to be taken seriously.

Secondly, a business school education is about unlocking access to what might otherwise remain the 'hidden secrets' of business activities. Studying the full range of business disciplines – strategy, finance, organizational studies, marketing, accounting and so on – provides confidence that the map of business activities has been disclosed and its mysteries revealed. It enables a manager to see an issue from a cross-functional perspective and not be constrained by the perspective of the discipline in which he or she has the most in-depth knowledge.

Thirdly, a business school education gives the student a network of people, a peer group with which to work or compete over the years as everyone's careers move forward. It also provides the student with valuable experience in working in groups and in learning to understand and benefit from a diverse set of perspectives in decision-making. Indeed, it has been said that students at good business schools learn as much from each other as they do from their lecturers.

Contentment, Virtue, self-knowledge, self-realization will lead to ultimate happiness and a person can achieve it by having high ethical values.

Best stage of life for teaching ethics: Is it School or College level?

Education is hardly the sole determinant of human behavior, and responsibility for ethics education is not the exclusive province of business schools. The main purpose of business schools was not to build ethical sense. Their core value is in creating business and management competence and in attempting to develop work readiness. A business school will influence an individual's development on both the dimension of business competencies and on the dimension of values and perspectives on issues of ethics. It is on matters of business competence, however, that business schools have the greatest opportunity to influence, assist and improve their students' behaviour. A long-standing tradition in ethics education, however, holds that by college or graduate school it is "too late" to teach ethics.

By the time students arrive at business school, they are, to a large extent, who they will be. Their values, which will guide their ethical perspectives, are formed by their life's experiences and the role models that are significant to them. By the time individuals arrive at business school, they have been influenced by their home environments, their school lives, their time as undergraduates and various experiences in their working lives. Their moral compasses are, to a large extent, set.

Parents, elementary and secondary schools, colleges and universities, businesses, communities and corporations all make efforts to improve ethical decision making. These efforts include implementing and improving training, awareness and education, as well as instituting codes of conduct. Most business schools are integrating ethical decision making within the required core courses of all business majors as well as requiring a separate business ethics class. Business schools are giving a balanced picture that one can both make money and keep his/hers moral standards, that success and ethics are not mutually exclusive. Business colleges and universities need to balance the instruction of business skills with the teaching of business ethics. Omission of ethics within the business curriculum will lead students and others to

the conclusion that business schools are guilty by omission of abdicating their responsibilities in the area of ethical behavior. Integrating ethics into the business school curriculum will truly change an important dimension of the learning process for the student. Business schools need to be part of the collaborative effort of restoring ethics to the business world as well as improving the image of business professionals. Another argument for teaching ethics as part of the business curriculum is that it is the beginning of the student's business career (Merritt, 2003). Therefore start fresh with an ethical perspective and maintain this perspective throughout your professional career.

Business should not be studied simply as a set of subjects that must be passed to get a qualification. Accounting, for example, is not simply a matter of balancing the books. It should be studied and understood as the powerful business tool it can be – one that gives insights and perspectives into all aspects of business activities. Business schools must be rigorous with regard to the competence base on which any subject is taught, and on which the qualification is dependent.

Expertise or Ethics?

While there have been business scandals throughout the last century, the recent debacles have brought the focus to ethics and business schools. Some critics have charged business schools with teaching students to bend the rules to make the numbers. Others have maintained that business schools glossed over ethical conduct in examining business transactions and might go so far as to encourage students to bypass policies, procedures, and even the law, to ensure favorable financial results.

From the undergraduate to the master's and doctoral levels, business schools must encourage students to develop a deep understanding of the myriad challenges surrounding corporate responsibility and corporate governance; provide them with tools for recognizing and responding to ethical issues, both personally and organizationally; and engage them at an individual level through analyses of both positive and negative examples of everyday conduct in business.

It is essential for business in general—and management education students in particular—to understand the symbiotic relationship between business and society, especially in terms of the moral

dimensions of the power placed in the hands of owners and managers. The actions of business leaders affect not only themselves, but customers, employees, investors, suppliers, governments, citizens, and communities.

A society where those holding power are neither moral nor accountable creates a state where the strong do what they will and the weak what they must. In short, the power of business must be exercised so that it does not punish or exploit those who are dependent on it. This objective is to be met by providing ethics based education in B-Schools so that students realize their business as well as ethical responsibilities simultaneously.

Business schools are addressing these societal responsibilities in myriad ways. In many instances, traditional, functional-area MBA courses are overlaid with courses that explore the relationships between businesses, managerial decision-making, and leadership in the context of the societies wherein the businesses exist. Students frequently confront and analyze complex dilemmas in global, social, political, ecological, and ethical contexts in business.

Special centers and programs that encourage responsible leadership are offered in many schools. Students often participate in projects that involve them in the realities and vagaries of real business environments. These exercises help them to understand how business decisions affect groups, organizations, and societies. By developing a perspective on the shared or common good, these programs challenge leaders to balance the impact of decisions and actions on themselves, their organizations, and societies.

Most students will not be executives early in their careers; but they need to understand that, even as supervisors, they will play a key ethical role in the organization by influencing the daily conduct of their direct reports. Supervisors demonstrate ethical leadership through being open, fair, trustworthy, and caring with employees; by communicating about ethics and values; by role modeling ethical conduct; by focusing on means as well as ends in reward systems; and by disciplining unethical conduct when it occurs.

Within business education, interaction with executives can communicate to students the realities of the current business environment and the ethical expectations of real businesses. Business school

boards of advisors can often be involved in these interchanges. Students, especially traditional undergraduate students, tend to get their information from the media; and, as a result, they are often cynical about business ethics. Yet, research shows that a majority of businesses expect their employees to be ethical, and they expect business schools to prepare students to take on ethical responsibilities. Students not only should learn about examples of scandalous and unethical behavior, but about corporations that operate at high levels of integrity and social responsibility.

Differing Methods of Teaching Ethics

There is no single "best" method by which ethics should be taught and, indeed, the evolution of ethics education has profited enormously from curricular experimentation and innovation. However, all forms of teaching must remain cognizant of the centrality of the individual's experience, or narrative, and must also be committed to the notion of dialogue between individuals and between professions, perspectives and ideologies. This creates the basis for the incorporation of multiple perspectives and multiple teachers into ethics programs. Although the conceptual and theoretical knowledge of ethics can easily be introduced through readings, lectures, seminars or computer-assisted instruction, ethics education is fundamentally discursive, and thus it is essential to facilitate at least some learning of ethics knowledge in small groups. Small-group learning using case studies and problem-solving exercises can be used both to amplify and extend more didactic teaching methods and also to reinforce the relevance of ethics to medicine

Stand Alone Ethics Class vs. Integration

To make life-long ethical decisions, ethics must be taught in both a separate ethics class as well as integrated in the individual business-area classes, (e.g., finance, accounting, management, etc.). The separate ethics class should be a program requirement and class should not be elective as it would give the implied message that the course topic is not important or essential. The ethics class should teach philosophical principles and broad-based discussions of ethical issues. Also courses in finance, accounting, marketing and others should focus on ethical issues unique to their respective areas. This all-inclusive coverage will emphasize

that ethical decision making is equally as important as being financial successful. The absence of ethical education in the business curriculum sends the message that only making money is important even at the expense of excluding other objectives and stakeholder interests. In survey of business students, Frederick Crane found that students felt business ethics can be taught and that a required course in business ethics should be part of the business curriculum (Crane, 2004). Ed McLaughlin, professor of marketing at Cornell University, says that both approaches (i.e., imbedded ethics in all classes and a required class dedicated to business ethics) are important (Coupe, 2006). Let us now look at various techniques that can be used with both the stand-alone and integrative approaches.

Electronic Games and Videos

University of Texas at Austin Business School and Enspire Learning has collaborated to create an online game of management decision making. The online game uses scenarios that require balancing of ethical demands with other competing business objectives (i.e. maximizing scarce resources) (Bird & Bayer, 2004). Videos are another mode of engaging students in ethical development. William Thomas has compiled an inventory of support materials for teaching ethics including videos (Thomas, 2004).

Prisons, Ex-Convicts and News or Current Events

University of Maryland's Robert H. Smith School of Business has MBAs visit federal prisons and talk with white-collar inmates that are former high-level executives with MBAs. These inmates have been convicted of everything from securities fraud to skimming funds. Stephen E. Loeb is the Maryland professor who leads the scared-straight program (Merritt, 2004). Tuck School of Business has an ex-convict come every year and speak with their MBA students of the negative consequences of his (or her) unethical decision making (Ghoshal, 2005). News articles are a ready source of both good and bad ethical behavior or decision making examples.

Cases - Hypothetical and Role Playing

Since ethical issues or dilemmas are usually complex, one of the best approaches to teaching ethics is with case studies. The cases should be

focused on real world examples and include the fact that the government enforces consequences on both businesses and the business executives that break the law. Such was shown in the introduction of this article. Most business classes incorporate real business cases or a hypothetical situation (i.e., a theoretical fact pattern) as part of the course work with favorable learning outcomes. However, cases studies should not just look at the negative consequences of scandals but include positive examples of everyday ethical choices that are part of the decision making of managers and individuals. There should be classroom discussion of the cases reflecting on choices, the motivations for the choices and their impact on stakeholders. Alternative strategies should also be discussed. Cases studies could also involve role playing, placing the student in an ethical situation that has conflicting objectives. The student can then develop his skills by viewing the situation from different stakeholder perspectives.

Faculty

To be effective in teaching ethics, faculty may need to be trained in teaching ethics as well as supported in conducting ethical research. Faculty training should include the importance of teaching the subject, its basic philosophical principles, different methods of teaching and presenting ethics, and available supporting resources. As stated earlier, William Thomas has compiled an inventory of support materials for teaching ethics (Thomas, 2004). Currently, professors teaching ethics at the college level teach ethics as a secondary area in addition to their primary area in which they were educated. This issue points to the added level of support that faculty need in the area of ethics. To support faculty research in the ethics area, a plan should be developed to collaborate with the business community on ethical projects. For example, a center focused on leadership and corporate social responsibility could be developed.

Best Practice Sharing

A conference could be held on a periodic basis (e.g., annually) at the college supporting faculty training and include discussion of issues related to training and educating students in the area of ethics. Participants should include all faculty involved in teaching and/or researching ethics, corporate social responsibility and leadership. An objective of the

conference could be to develop (or review and update) an overall mission statement or goal of the college in the area of ethical education and research. Other topics might include developing a code of ethics or an honor code for students and faculty. Another possible idea for discussion could be a more thorough screening of business college applicants. For example, have prospective students write a paper on an ethical dilemma that they have encountered in their life and how they dealt with it as part of the admission screening process. Another best practice sharing can be the development of a student orientation session before students begin their academic careers. The student orientation should have ethical component. For example, there could be a team building exercise involving situations that require ethical decision making. Students could also develop a personal mission statement including core values as part of the student orientation. Part of best practice sharing would include research to determine what works best at other colleges.

Conclusion

Values of certain companies like Berkshire Hathaway, FedEx, General Electric Company, Proctor & Gambles and United Parcel Service emphasize integrity as essential for sustainable business success. These companies recruit from colleges and universities that have as a distinguishing factor a high emphasis on ethics and values. Academic institutions can distinguish themselves from other institutions and create a competitive advantage for their institution and students by being a leader in the area of ethical business education.

Bibliography

- Bird, B., & Bayer, S. (2004). Ut at Austin Business School and learning License New Approach to Teaching Business Ethics. *Europe Intelligence Wire*.
- Callahan, D. (1987). Letters to the Editor: Teaching Ethics, Morally. *The Wall Street Journal, Eastern Edition*, 1.
- Churchill, L. (1982). The Teaching of Ethics and Moral Values in Teaching. *Journal of Higher Education*, 53 (2), 296-306.
- Coupe, K. (2006). Ethics 101: Conscience and Backbone: You've got to be Carefully Taught. *Chain Store Age*, 82 (6), 36-37.
- Crane, F. (2004, January- February). The Teaching of Business Ethics: an Imperative at Business Schools. *Journal of Education for Business*, 149-151.
- Ghoshal, S. (2005). School of Scandal. *The Economist*, 13.
- Kienzler, D. S. (2004). Teaching Ethics Isn't Enough: The

- Challenge of Being Ethical Teachers. *The Journal of Business Communication*, 41 (3), 292-302.
- Litigation Release No. 18989*. (2004, December 2). Retrieved from <http://www.sec.gov/litigation/litreleases/lr19353.htm>
- Litigation Release No. 19208*. (1985, April 28). Retrieved from <http://www.sec.gov/litigation/litreleases/lr19208.htm>.
- Litigation Release No. 19353*. (2005, August 25). Retrieved from <http://www.sec.gov/litigation/litreleases/lr19353.htm>.
- Merritt, J. (2002, september 16). For MBAs, Soul-Searching 101; Now, B-Schools are Emphasizing Ethics and Responsibility.. *BusinessWeek*, 64-65.
- Merritt, J. (2004, October 18). Welcome to Ethics 101: B-Schools are trying a Host of New Methods to Teach MBAs Lasting Lessons in Leadership Principles. *Business Week*, 90.
- Merritt, J. (2003, January 27). Why Ethics is Also B-School Business. *BusinessWeek*, 105.
- Ponemon, L. (1993). Can Ethics Be Taught In Accounting? *Journal of Accounting Education* (11), 185-209.
- T.R.Bishop. (1992). Integrating Business Ethics into an Undergraduate Curriculum. *Journal of Business Ethics*, 114, 291-300.
- Thomas, C. W. (2004). An Inventory of Support Materials for Teaching Ethics in the Post-Enron Era. *Issues in Accounting Education*, 19 (1), 27-52.
- Zimmerman, A. (2006, August 12). Wal-Mart Legend to Serve Sentence Confined to Home. *The Wall Street Journal, Eastern Edition*, 10.