Teaching Ethics: Embedding Ethics or Stand-alone Subjects in MBA programs

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1. Introduction

The United Nations Global Compact issued a series of six principles that address the issue of Corporate Social Responsibility (CSR) and Sustainability in business. They state ‘any meaningful and lasting change in the conduct of corporations toward societal responsibility and sustainability must involve the institutions that most directly act as drivers of business behavior, especially academia’. Arguably the most recognized of Business School’s offerings for senior management is the MBA program. Surveys of such programs suggest that there is little visible evidence of ethics and corporate social responsibility content. An often-posed question is how these topics should be addressed in business subjects? Commentators challenge the role of business ethics and corporate social responsibility in the profit-maximizing world of business schools and even proponents of these topics seem to differ as to how the subject matter should be taught when it is included in MBA programs (Alsep, 2003; Evans and Robertson, 2003; Hartman and Hartman, 2005; Rossouw, 2002; Sims and Brinkmann, 2003; Sims, 2000; Swanson and Frederick, 2005; Weber, 1990).

Crane (2004) highlights that in recent years, the ethical content in business school subjects has also been diminishing to the minimum content required by ranking agencies such as the Association to Advance Collegiate Schools of Business and the UK based Association of MBAs. He opines that some business ethics educators highlight the marginalization of business ethics in favour of other "hard" business topics such as finance, strategy and marketing, as one of the reasons for the deterioration of ethical conduct in business (Gioia, 2002). This suggests that MBA graduates may act unethically because they are neither exposed to the ethical dilemmas nor to strategies for resolving such dilemmas that are frequently part of business decision making.

2. MBA Programs

Master of Business Administration programs are, arguably, the foremost program for managers and organisational leaders. Baruch and Lemming (1996, p. 27) suggest that ‘the aims of MBA programs are to prepare graduates for managerial roles, help them gain a better understanding of the industrial and business world and its needs, enrich their skills and provide them with competencies relevant to their careers’. They stress that flexibility and adaptability are crucial attributes of MBA programs as there is a need for continuous review of content and structure to reflect the changing needs and demands of the business world. Hilgert (1994) and Johnson, et al. (1988, p. 49) argued that managers, who undertook MBA programs, tend to think more
broadly, understand more comprehensively and report life-changing outcomes, in addition to general education and quality of instruction objectives.

2.1 The Structure and Content of MBAs

Paucar-Caceres (2008) examined the structures of MBAs in the UK and France, specifically those accredited by the Association of MBAs in the UK, and their content as reflected by the core (compulsory) subjects and the range of elective (free choice) subjects as advertised in their school’s prospectus. The study revealed that MBAs essentially incorporate the following:

- A greater focus on international perspectives,
- Increasing use of real business case scenarios,
- Greater attention to the development of interpersonal skills such as communication.

Compulsory subjects such as finance, human resource management, international business and marketing are seen as fundamental to MBA programs. However, many scholars frequently put forward new subjects for the curriculum addressing areas such as entrepreneurship, information technology and management information, international human resources management and production and operations (Baruch and Leeming, 1996). They also note that business ethics is an emerging issue that can be seen as a critical component of an MBA program. Neelankavil (1994, p. 47) advanced similar views stating that new subjects such as entrepreneurship, ethics, global environment, production and operations management and quality management, must be part of MBA programs to broaden the outlook of future managers. Shield and Coughlan (2007) note that in addition to traditional subjects in finance, leadership, strategy and marketing, etc., MBAs need to sharpen students’ decision-making skills through experiential learning and a focus on collaboration, interdisciplinary teamwork, and integrated design solutions. Paucar-Caceres (2008, p. 189) noted that despite the influence of national culture and economic issues, most MBAs demonstrate ‘signs of being fairly similar across the huge range of business schools’ dominated by the traditional functional areas of marketing, accounting, and corporate strategy.

2.2 The need for Ethics/CSR in MBA Programs

Trevino and Nelson (1999) suggest that business school students may need education and training in ethics and moral reasoning more than most other students. Rest (1988) found that students in business schools ranked lower in moral reasoning than students in philosophy, medicine and dentistry, whilst Crane (2004, p. 149) cites a study of top US business schools that found traditional business education not only fails to improve the moral character of students, but potentially weakens it. Frank, et al. (1993) identified that following a single semester of economics students demonstrated a significant increase in self-interest and a significant decline in honesty. McCabe, et al. (2006) suggest that business students see unethical behaviour such as cheating as more acceptable or even mandatory so as to get ahead, more so than non-business students. Navarro (2008) argues that traditional MBA programs must include subjects and content in ethics and corporate social responsibility as a necessary counterweight to, and inoculation against, this moral decay.
If these observations are correct it is important to ascertain why business students and MBAs in particular are more disposed to unethical practices. A possible explanation can be found in Buechholz’s (1989) observations regarding management education. He identified that a critical issue with management education is that students are taught the theories of management, motivation, strategy, marketing, etc. but are not necessarily exposed to the implications of their use. Questions regarding the ‘right’ and wrong of such theories and their implementation are rarely considered. For example in courses such as people management, students are often introduced to concepts or theories of motivation with a view to understanding what drives behaviour and the techniques for increasing productivity by motivating individuals to do more. However, rarely are questions of whether it is ethical to use psychological techniques to increase an individual’s output examined. Similarly marketing courses address concepts related to buyer behaviour and techniques designed to attract potential buyers through use of attractive packaging or other aspects of advertising, yet questions such as truth in advertising or whether consumers may be tricked into buying unwanted products or services are not necessarily at the forefront of these courses.

Another complicating factor is that business programs, such as MBAs, are rarely holistic, with subjects taught in isolation with little integration across the entire degree. Students are left with the task of trying to integrate the different theories and concepts. Gosling and Mintzberg (2004, p.19) state, ‘management education takes place in MBA programs, which are remarkably standardized in content’. Crane (2004) suggests that students enter business schools with idealistic ambitions such as creating quality products and delivering customer satisfaction, however, this is replaced within the period of study with a focus on share price and enhancing the financial position of the firm. Gosling and Mintzberg (2002) put forward that the traditional MBA program divides management into the discrete business function of finance, accounting, marketing etc., which encourages the separation of business education rather than its synthesis. They highlight that this approach is determined by how the functional knowledge is created and not how it is used. ‘In MBA programs, for instance, students get the word on shareholder value in finance, on empowerment in organizational behaviour, on customer service in marketing. Somehow they are supposed to put this all together. They never do’ (Gosling and Mintzberg, 2004, p. 19). This appears to be consistent with Kochan (2002) who attributes the corporate scandals such as Enron and World Com to the over attention given to the maximization of shareholder wealth and insufficient attention to the interests of broader stakeholders.

Tang, Chen and Sutarso (2007) identify that some of the leaders of these corporations received their management training at the best business schools in the United States, perhaps reinforcing the observations regarding the inadequacy of business education and the position put forward by Crane (2004) that MBA programs potentially weaken the moral position of their graduates. Tang, Chen and Sutarso (2007) further state that, as such, educators and researchers face a challenge of strengthening not only business education in general but also the inclusion of business ethics as part of the management curriculum.

As identified above, the inclusion of ethics subjects and more recently the concept of corporate social responsibility in MBA programs is seen as a way of broadening outlook and increasing the capabilities of future managers to make more responsible decisions. Dunfee and Robertson (1988, pp. 847-59) support the
inclusion of such subjects in business school programs and put forward several reasons why they should be featured:

- To convince students that ethical issues are an important part of the key business functions of finance, marketing, and management.
- To provide systematic coverage of a wide range of ethical issues to all students.
- To imbue all MBA students with a perspective of what ethics means in business practice.
- To provide students with a set of analytical tools applicable to ethical problems in all aspects of their business education, as well as their future jobs.

Powers and Vogel (1980) argued that teaching business ethics is not solely about helping managers to resolve a specific moral dilemma, but also to develop competencies or capacities for moral judgment in business contexts, the ability to integrate broader social issues with the managerial role and to implement this concern in a holistic fashion. Snoeyenbos (1992) and Sikula (1996) emphasize the importance of teaching business ethics to ensure a holistic approach to business education.

According to Gardiner and Lacy (2005) interest in areas such as social and environmental responsibility, and by default business ethics, has been triggered by successive corporate scandals combined with external pressure from NGOs, policymakers, consumers and the media. Matten and Moon (2004) identify that as a result of an increased attention to corporate social responsibility in European organisations, business schools need to address what and how they must do in terms of:

- Providing graduates with CSR Skills
- Supply of CSR education for practitioners
- Specialist education for industry, and
- Research to advance knowledge in CSR

However, whilst the business world considers the benefits of CSR and business ethics specialists versus mainstream generalists, there is a parallel and increasing need for business schools to address the issue as part of the curriculum. Matten and Moon (2004) suggest that, with a few exceptions, business education at both the European and international levels has been unable to address this need in a cohesive way, largely due to a lack of understanding of the debate and its strategic value within the core MBA curricula.

2.3 Review of Current Approaches to Teaching Ethics and CSR in MBAs

In a survey of European Business Schools, Matten and Moon (2004) found that 47% of their respondents offered subjects in CSR or related fields such as citizenship, governance, business ethics, etc. as optional subjects and 38% embedded the concepts in existing subjects. They pointed out that the most popular mode of offering was through optional subjects; however this has the disadvantage of not fundamentally changing the primary offering of the business school. It also means that only those students who elect to undertake these courses are exposed to concepts of business ethics, etc. In a survey of MBA students in an Australian University, Segon and Booth (2009) found that in terms of the importance placed on business ethics, 73.5% identified business ethics as a fundamental requirement for good business and a civil society. The inference might be that MBA students recognized that a clear set of
moral standards is necessary for society to maintain stability, however, almost 20% suggested that it was desirable but not (as) important as other issues in business.

Gardiner and Lacy (2005) cite an earlier 2001 study conducted by CSR Europe, The Copenhagen Centre and the International Business Leaders Forum that found organisations wanted new business models and management skills to address the triple bottom line of economic, social and environmental contexts. In the same survey, European business schools were asked to identify the extent to which these concepts were addressed as part of their curricula and more than 50% indicated that these were addressed as optional (elective) subjects. In a survey of why Australian MBA students did not pursue elective subjects in business ethics 42.6% indicated that whilst the course was of interest, they regarded it as less important than other courses. The majority of students, 63%, suggested that the business ethics course should be left as an elective (Segon and Booth, 2009).

A more recent 2007 study of the presence of Ethics, CSR, and Sustainability Education in MBAs in the Financial Times Top 50 Global Business Schools found that 84.1% of the schools that responded require students to take subjects that address one or all of these topics, however only 25% require their MBA students to study ethics through a stand-alone subject (Christensen, Perice Hartman, Hoffman & Carrier, 2007). However, one of the primary goals of this study was to identify the extent to which ethics, CSR and sustainability were ‘integrated’, ‘mainstreamed’ or embedded in other core subjects such as strategy, accounting, marketing, etc. They found the number of schools who used this method to address the issues of ethics, CSR and sustainability was relatively high at 54.55%. They also found that the definition of ‘integrated’ varied significantly to include general statements about intent to specific statements with detailed evidence of integration of business ethics and CSR content. Similarly MacDonald (2002) cites a 2003 survey of 239 Deans who attended an AASCB sponsored Dean’s council conference; the majority indicated that they integrate business ethics and CSR into the business curricula rather than have stand-alone subjects. An important matter to consider is if the Deans are correct regarding the concept of embedding ethics as a fundamental pedagogical approach to educational design, why are the other functional courses of an MBA such as strategy, marketing, etc. not also embedded in generalist courses?

2.4 Ethics in MBAs, Preference or Pedagogy?

Navarro (2008) states ethics and CSR are critical in MBA programs post Enron, and that they should be ‘centre stage’ but does not explain how this should occur. Dunfee and Robertson (1988) and De George (1987), seem to advocate an approach of teaching ethics throughout other business subjects, jointly with the relevant discipline professor. They suggest that by working with specialists in marketing, strategy, economics, etc., ethicists and philosophers can develop approaches that move directly to the particular issue or context. This is similar to Gandz and Hayes (1988) and Alsop (2006) who advocated an approach that integrates ethical perspectives within the different business subjects rather than as stand alone subjects. Snoeyenbos (1992) suggests a teaching characteristic of this approach is to focus on cases that relate to the discipline area and engage in discourse about the ethical dimension so as to directly link the discipline area to its ethical dimension, thus increasing the relevance for the student. Jackling, Cooper, Leung and Dellaportas (2007) identify that few studies in business (accounting) education have evaluated the impact of ethics content in the curriculum.
They cite Bernardi (2004, p. 145) who suggests that this can be attributed in part to the fact that ethics has been a secondary area of interest for business academics and therefore has not been perceived to be an important area of research or teaching practice. Jackling, et al. (2007) highlight that the reluctance to engage in ethics education in business schools can be attributed to the diversity of opinion as to whether it can be effectively taught at university level or conversely, that ethical development occurs as a result of resolving ethical dilemmas in the workplace after professional education has been completed.

Recent comments by prominent Australian Business School leaders also favor integration across the curriculum rather than stand-alone subjects. UNSW vice-chancellor Fred Hilmer considers the need for a heightened ethical component at the core of the undergraduate curriculum. University of Western Australia vice-chancellor Alan Robson identifies that ethics education is taking on greater importance and believes ethical tuition will take on added importance at UWA in a series of special lectures on ethics in business. Ross Milbourne, vice-chancellor of the University of Technology Sydney, sees ethics as an important component of the graduate skill set but is not convinced the global financial crisis is the sole trigger for its heightened importance. Like many other vice-chancellors - including Melbourne's Glyn Davis and Monash's Richard Larkins - he is not drawn to a compulsory stand-alone subject. ‘My experience is that compulsory subjects outside of a major are treated with derision by students and therefore nothing is retained’ (The Australian, 8th April, 2009). As identified earlier in this paper, if these Deans are also correct regarding not having a stand alone ethics subject, why do they support or favor other topics such as strategy and marketing as stand alone subjects?

2.5 Arguments against Integrated Approaches

Given these preferences and the evidence from recent studies, it would seem that business ethics and CSR, as academic disciplines, are seen as different to other business subjects and appear to have a different educational design of embedding content rather than stand alone subjects. It should be recognized that when business ethics and CSR subjects are embedded within other subjects such as finance, accounting and strategy, they are most likely taught by functional experts who may not have expertise in business ethics. McFarlane (2004) suggests that many academics are either professionals, such as lawyers, engineers, doctors or functional specialists such as company leaders, marketing managers, etc. who enter academia to share expert knowledge. Many do not necessarily have a background in teaching, nor expertise in ethics. This raises the issue of what professional and teaching expertise is required for someone to teach a business or MBA course at a university?

May (1996) suggests that professionalism is made up of two significant attributes: *conceptual knowledge* associated with expertise (mastery) and *behaviour standards* that apply within the workplace and society. Lusch and O'Brien (1997) suggest that a profession is an occupation that requires extensive formal education and often-formal registration or accreditation requirements. Cogan (1953, p. 33) defines it as ‘a vocation whose practice is founded upon an understanding of the theoretical structure of some department of learning or science, and upon the abilities accompanying such understanding’. Krishnaveni and Anitha (2007) identify subject knowledge and teaching prowess as two fundamental characteristics of professional educators. They cite Wall (1998) and Winch (2004) who state that professionals are characterized by the possession of particular kinds of knowledge, which are abstract
and practical, massive in extent and difficult to master over a long period of time. Kouzes and Posner (1993) put forward that expertise or competence in particular subject matter, pedagogical content knowledge and classroom management skills establishes and maintains the credibility of the educator. This is consistent with Armstrong, et al. (2003) who state that educators set the stage for ethical behaviour by raising the student’s moral sensitivity, moral reasoning and as a result their motivation for acting ethically in the future. Krishnaveni and Anitha (2007) state that teaching prowess or the ability to teach includes pedagogy, communication skills and expertise that augments the transferring of skill and knowledge to the students and is a prime responsibility or duty.

Sims (2002) states that the embedded approach to business ethics and CSR, puts many academic faculty in the uncomfortable position of teaching outside their specific discipline speciality. Weber (2006) stresses the importance of the facilitator in enhancing ethics education, stating that informed and well-prepared facilitation is critical for success. Begs and Dean (2006), in a review of faculty teaching preference, did not find an enunciated interest in teaching ethics. Therefore another important question is whether some faculty are being asked to teach content in which they have not only limited expertise but also limited interest? Kochen (1994), Sager (1995), May (1996) and Warren (1995) suggest that true professionals are duty bound to act within the limits of their knowledge. This would suggest that academic faculty are bound by a professional duty to teach within their knowledge limits and that if the embedded approach relies on discipline experts rather than ethics experts as facilitators, it would be a violation of professional duty.

Orme and Ashton (2003) put forward that ethics is a foundation competency and argue that individuals cannot be expected to follow ethical rules unless they actually understand them. They cite Foy (2002) who states that ethics is not a methodology or a strategy one can apply without grounding in basic theory, principles and concepts. Orme and Ashton (2003) argue that ethics needs to be explained, and practical and experiential exercises need to be included in order for people to understand the moral dimensions of issues. This would suggest that the integration position put forward by Hayes (1988), Alsop (2006) and Snoeyenbos (1992) may be flawed because the application of ethical cases and topics within functional subjects may not be based on a fundamental understanding of the conceptual knowledge required to conduct ethical analysis.

Rossouw (2002) puts forward three basic positions with regards to the teaching of business ethics:

1. The cognitive competence position which he describes as the acquisition of intellectual knowledge and the requirement to make proper judgements - which include moral awareness, moral understanding and moral reasoning, moral decision making and moral tolerance.
2. Behavioural competence, which he identifies as the ability and willingness to act morally. He suggests that three components are key for behavioural competence including moral sensitivity, moral courage and moral imagination.
3. Managerial competence, which he suggests, is the ability to integrate the first two within a business setting.
It would seem likely that those who advocate the concept of embedding business ethics and CSR within existing subjects are in some ways focusing only on Rossouw's third competence. A key question to consider is whether functional or discipline experts are equally versed in ethics and corporate social responsibility literature as in their own discipline, i.e. the conceptual knowledge or cognitive competence that Rossouw suggests is a requirement to teach such subject matter. If Foy's (2002) and Orme and Ashton's (2003) position on a fundamental base being necessary for an effective engagement with ethics, then without a stand alone subject in ethics or a significant component that introduces concepts such as morality, utilitarianism, deontology, virtue ethics, moral reasoning, etc., using an embedded approach in a strategy or marketing class, focusing on case studies and asking students to identify the moral dimension would be extremely difficult as they lack the fundamental knowledge to do so.

A further argument against integration of ethics into other functional business subjects is the likely outcome of the ethics content being diminished or dropped completely in favour of more functional content. Bees and Dean (2006) highlight a resistance to teaching ethics with some members of faculty suggesting many felt they lacked the proper training to teach ethics and that the importance of other subjects and material given the time available results in the ethics component being given minimal attention. This is also consistent with the findings by Crane (2004) of the marginalization of business ethics in favour of other 'hard' business topics such as finance, strategy and marketing and consequently the ethical content in business school has been reduced to the minimum based on the requirement of ranking agencies such as the Association to Advance Collegiate Schools of Business and AMBA.

3. Conclusion

This paper has summarised current literature regarding the teaching of business ethics and corporate social responsibility in business schools, with a particular emphasis on Masters of Business Administration programs. It has found that the predominant model for teaching this content is to embed or integrate the subject matter in existing functional subjects. This approach has been shown to be flawed in terms of a violation of professional duty of discipline experts; it results in diminished ethical content across business subjects; and it may not provide students and future managers with sufficient conceptual understanding to enable effective ethical analysis of their decisions. Whilst future research is required to provide insight into the best method for teaching business ethics and corporate social responsibility, a way forward is proposed by Orme and Ashton (2003) who describe the Center for Business Ethics at Bentley College in the United States which maintains that a foundation in ethics is necessary to impart the principles of (business) ethics to enable informed analysis in other subjects. This is also consistent with the observations of Vincent de Paul Professor of Business Ethics and Legal Studies, Laura Hartman, at De Paul University in Chicago, who advocates that ethics should feature as both a standalone course to establish knowledge and specific ethical content in subsequent subjects and that discipline leaders in functional subjects also need to understand what is taught in the ethics subjects so that they can better integrate ethics content into their own course content (Mokhiber, 2007). Crane (2004, p. 2) concurs and states that the teaching of practical ethics in MBA programs needs pronounced emphasis. He states not only should there be a standalone ethics course,
but that it should also be integrated into finance, accounting, management and marketing and other courses.

References


