Integrating Ethics into the Business Curriculum

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Abstract

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In this study 10 professors and 10 students from the MBA program of a mid-sized university were interviewed to determine their perceptions of ethics and its role in business and business education. Participants were asked to provide a definition of business ethics and to provide their opinion on its role/importance in business and business education. Participants were also asked their opinion of the pedagogical model used to teach ethics (a stand-alone course) at their institution. Many have argued that the failure to recognize a conflict of interest is what led to the 2008 financial crisis; therefore student participants were also asked about the inclusion of conflicts of interest in their core courses. The results support research that suggests there is no widely accepted definition of ethics. The stakeholder approach to management figured prominently in the definitions provided by both professors and students. Interestingly, the majority of students and professors recommended a pedagogical model change, suggesting that ethics be integrated across the curriculum, in addition to the current stand-alone course. Only 40% of students interviewed recalled discussing conflicts of interest in their core courses and only 10% expressed a true understanding of the concept. The study also revealed current barriers faced by faculty to integrate ethics into their courses including faculty training, time, and the perception that ethics cannot be taught.

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Chapter 1: Introduction

Purpose of Study

In 2008 the world experienced the largest credit crisis since the Great Depression (Ross et al, 2011). Starting in the US housing market, the crisis quickly spread to the financial markets and resulted in the collapse of Lehman Brothers, the fourth largest investment bank in the US. That collapse was the largest bankruptcy filing to date and resulted in US$10 trillion evaporating from the global equity markets (Ross et all, 2011). As a result, investors from around the world lost significant portions of their investments and savings and the world plunged into a global recession.

So how did this happen and how can we prevent it from happening again? Many pointed fingers at the "greedy" executives on Wall Street. Those executives created complex financial securities and gave "Triple A" ratings to the products that were very high risk. Focusing only on the short-term personal gain that resulted from the sale of these products, the executives did not consider the potential consequences to the market and economy if the products failed. Many of those executives were trained in business schools – so what does that say about the business curriculum? Horn and Kennedy (2008) feel that business schools have a role to fulfill a "social contract with the business community to provide ethical entry-level professionals" (p. 7). Pariotta and Starkey (2008) agree and also point out "business schools are key drivers of entrepreneurial capitalism that is driving business change" (p. 322). This is important because business school graduates "roam the world as ambassadors of its values and practices" (Pariotta and Starkey, 2008, p. 322). The question is what do we want those values and practices to be?

Modeled after research conducted by Jacqueline Finn in 2003, this study will look at the differences in perceptions of ethics and ethics education of students and professors in one particular MBA program. The study focuses on the MBA program because it has been more fiercely criticized in the wake of the financial crisis of 2008, as well as the scandals of the early 2000's including Enron, Tyco and WorldCom. Many of the executives in these companies were MBA trained.

Professor and student opinions regarding the importance of ethics and the extent to which it is currently incorporated into the MBA program will be compared. The study will also look at how students and faculty define ethics. Some authors, such as Craig Johnson (2012) define business ethics in terms of what is right and wrong while others (Peterson & Ferrell, 2005) take a philosophical approach to the topic. This study will reveal if differences of opinion exist in the definitions provided by students and faculty.

It is also important to look at professor and student opinions of the role of ethics in business and the role of ethics in business education. In the wake of recent corporate scandals many believe, including Horn and Kennedy (2008) that business education has a duty to ensure future business leaders are exposed to ethics training.

The extent to which conflicts of interests are currently being addressed in the MBA program will also be examined. According to Peterson and Ferrell (2005), the three most highly visible ethical issues facing corporate America are conflicts of interest, fraud and discrimination, with conflicts of interest taking the number one spot. As Peterson and Ferrell point out, being able to identify a conflict of interest is an important element to ethical behaviour; therefore it should be included in the business curriculum.

If ethics is to be included in the business curriculum, how should it be taught? Cavaliere et al (2010) summarize three options for including ethics in the business

curriculum: a single ethics course, the ethics case study approach, and ethics across the curriculum. The business school examined for this study has a mandatory stand-alone ethics course in its curriculum. The students and faculty will be asked their opinion of this practice and if they would recommend any changes.

To summarize, this study will help business schools understand the perceptions of current MBA students regarding the definition of ethics, the role of ethics in education and business, and their opinions regarding how ethics training should be administered. By comparing student perceptions with that of faculty, business schools will better understand what type of curriculum changes are needed and if faculty require assistance to implement these changes. This study will also add to the current academic literature surrounding the integration of ethics in business curriculum.

Need for Study

> Teach business students that ethics doesn't matter and they will go out and enact that theory. Teach them that managers need incentives to act in the interests of the shareholders and your graduates will focus on executive compensation. Teach business students that only shareholders matter – taking precedence over employees, communities and suppliers – and they will go forth and give us the current financial crisis. (Freeman et al, 2009, para. 12)

The above criticism is a quote from the late Sumantra Ghoshal, the founding Dean of the Indian School of Business in Hyderabad, India. In this short, but poignant statement Ghoshal summarizes many of the criticisms of business schools, including the emphasis on the shareholder model of management. Developed by Milton

Friedman in the 1970's, the shareholder model places emphasis on maximizing value (i.e. profits) for the owners of the business (shareholders) (Lämsä et al, 2008). With profit maximization as the number one priority, managers can easily overlook the negative consequences their decisions could have on employees, suppliers and customers, not to mention the community and environment in which they operate.

Ghoshal (2005) was also critical of Michael Jensen, known for his work developing the agency theory. This theory emphasizes the need to incentivise the manager (agent) in order for them to carry out the best interests of the owners (shareholders). The theory is centered on the idea that managers are self-interested and will act dishonestly if not controlled (Jansson, 2005).

It would appear the executives involved in the financial crisis of 2008 followed both the shareholder model and agency theory in their decision making process and also failed to recognize conflicts of interest.

The financial crisis began following the technology bubble and the attacks of September 11, 2001 (Ross et al, 2011). To boost the economy in the United States, the Federal Reserve lowered interest rates that allowed individuals with poor credit ratings, known as subprime borrowers, to obtain mortgages. As interest rates increased, these subprime borrowers began defaulting on their loans. Mortgages serve as the underlying asset supporting the financial industry; thus these assets lost most of their value resulting in billions of dollars of write-downs (Ross et al, 2011). To hide the risk, the subprime mortgages were repackaged into complicated financial products difficult to understand and given a "Triple A" rating.

Ross et al (2011) point to the money managers, the credit rating agencies, the creators of the complex financial products, the originators of the subprime loans, and

financial regulators as the main players of the financial crisis. The biggest problems

resulted from the subprime mortgages being re-packaged as a "Triple A" financial

product. Due to the complex nature of the products, only the financial analysts who

created the products understood the impact of their failure. At the same time, the money

managers received higher compensation if they bought these complex financial products

for their customers. These money managers relied on the credit rating agencies to provide

honest ratings. The credit rating agencies provided the "Triple A" rating because they are

paid by the entities they rate. Of course the problem originated at the financial institutions

that issued the mortgages to the high-risk subprime borrowers in the first place.

According to Peterson and Ferrell (2005) "a conflict of interest exists when

individuals must choose whether to advance their own interests of their organization, or

the interest of some other group or individual" (p. 14). Clearly, all of the players involved

in the financial crisis of 2008 chose personal interests over any others pointing to the

importance of including discussions of conflicts of interest and ethics in business

education. This study will look at how conflicts of interest are currently addressed in the

MBA curriculum to help business schools improve their graduates' ability to identify

them in the workplace.

The inclusion of ethics in the business curriculum is important for other reasons.

The Association for the Advancement of Collegiate Business Schools (AACSB) offers a

prestigious accreditation to business schools but those schools must meet the AACSB

standards. In light of the corporate scandals plaguing corporate America, AACSB

adopted new accreditation standards in 2003 to emphasize the importance of ethics. The

new standards specify "…ethical behaviour is paramount to the delivery of quality

business education" (AACSB, 2004, p. 20). In order to meet these new standards, "the

institution or the business programs of the institution must establish expectations for ethical behaviour by administrators, faculty and students" (AACSB, 2004, p. 20).

Ethics education is also important to two of the leading organizations that rank business schools. Corporate Knights rates Canadian MBA programs. Each year they produce the "Knight Schools" report that includes a list of the top 15 MBA programs in the country. The Aspen Institute Center for Business Education produces "Beyond Grey Pin Stripes" ranking the top 100 MBA programs around the world. One of the determining factors of both lists is whether the business school includes ethics in its curriculum.

Additionally, there have been calls for academic research and reflection on ethics integration in b-schools (Rasche et al, 2013). There have also been calls for longitudinal research (Knight, 2009). Where this study has been modeled after one conducted in 2003 at the same institution, it will allow for some longitudinal analysis.

Organization and Content of Research

This chapter has included the need and purpose of the study. Chapter 2 will include a thorough literature review and will outline the research questions. Chapter 3 will include a description of methodology used, including the research design, procedures and limitations of the study. In Chapter 4 the results and analysis of the study will be presented followed by a discussion of the results and their implications in Chapter 5. Lastly, final conclusions and recommendations for future research will be included in Chapter 6.

Chapter 2: Literature Review

Purpose and Scope of Literature Review

The purpose of the literature review is to explore current research in the field of business ethics and business ethics education. First, the definition of business ethics will be examined, along with the relevancy of business ethics to education. Literature surrounding the stakeholder model and the role it plays in ethics education will also be reviewed. Research surrounding the link between ethics education and ethical behaviour will also be examined followed by the academic debate surrounding whether ethics can even be taught. The final section of the literature review will look at ideas presented in the research for how to integrate ethics and best practices shared.

Business Ethics

What is business ethics? Is there a distinction between ethics in business and ethics in other fields? When reviewing the business ethics literature, some authors choose to focus on ethics in general, whereas others look at ethics from the point of view of the corporate world. Some researchers define ethics according to philosophical frameworks, while others talk pragmatically about what is right and wrong. One thing is for certain; there is no universally accepted definition of ethics or business ethics. An examination of the definitions provides insight as to why teaching ethics is so complicated and controversial. Peterson & Ferrell (2005) defined ethics as "the study and philosophy of human conduct, with an emphasis on the determination of right and wrong" (p. 4). Venezia et al (2011) took a similar approach and defined ethics as "the sustained and reasoned attempt to determine what is morally right and wrong" (p. 18). Craig Johnson (2012) took it a step further and pointed out that many philosophers distinguish between

ethics and morals. Johnson (2012) defines ethics as the "systematic study of the principles of right and wrong behaviour" whereas morals are "specific standards of right and wrong" (p. xxi).

Taking a more philosophical perspective, Dean et al (2007) defined ethics according to ethical competency, which they describe as "the possession of background in enduring philosophical thought in ethics, such as the moral foundations of Kant, Aristotle, Socrates, Rawls and so forth" (p. 7). Cavaliere et al (2010) also connect ethics with philosophy, defining ethics as a branch of philosophy "concerned with the systematic investigation of values" (p. 6).

As mentioned, some scholars specifically define "business ethics". Christensen et al (2007) defined it as:

> A form of applied ethics that examines ethical rules and principles within a commercial context; the various moral or ethical problems that can arise in a business setting; and any special duties or obligations that apply to persons that are engaged in commerce. (p. 351)

Richard DeGeorge, a notable historian on business ethics, distinguished between ethics in business and business ethics, defining "business ethics" as an academic field and "ethics in business" as "…the application of everyday moral or ethical norms to business" (DeGeorge, n.d. para. 2).

A discussion of the definition of ethics is typically followed by an examination of ethical decision-making. Peterson & Ferrell (2005) distinguish an ethical decision from an ordinary one, stating an ethical decision is one where "accepted rules may not apply and the decision maker must weigh values in a situation that he or she may not have faced before" (p. 4).

Scholars also point to the importance of moral development in ethical decision-making. Mujtaba et al (2011) define moral development as "the growth of a person's ability to distinguish right from wrong, to develop a system of ethical values and to learn to act morally" (p. 439). According to Mujtaba et al (2011, moral development occurs through not only aging and maturity, but also socialization, education and management experience. Horn & Kennedy (2008) also point to situational awareness, business acumen, critical thinking, and personal accountability as key factors in ethical decision-making.

When making an ethical decision, one typically follows a certain ideology. DeGeorge (n.d.) discusses the two basic ethical ideologies typically presented to students: utilitarians; those "who hold an action is right if it produces the greatest amount of good to the greatest amount of people", and deontologists who claim that "duty, justice and rights are not reducible to considerations of utility" (para. 23). Forsyth (1980) developed two similar ideologies following the same principles. Idealism, similar to utilitarian, focuses on the effects your choices have on others and follows the ideology that morally right behaviour leads to positive outcomes. Relativism, on the other hand rejects the "possibility of formulating or relying on universal moral rules" (p. 175). It is important for decision makers to be aware of ethical ideologies; according to Assudani & Chinta (2011) "the relationship between ethical ideology and behaviour is dependent upon the degree to which individuals are cognizant of their ethical ideologies" (p. 106). This is where education plays a role:

"Although most individuals believe that they are using a specific ethical philosophy in their decision making, the consistent use of an ethical ideology requires a thorough knowledge of the ethical ideology being used and how it is implemented into one's life and an awareness of ethical situations. Ethics education can be used as a means to help students become aware of their ethical philosophy, provide them with the tools to make choices consistent with it, and sensitize them to the existence of ethical situations" (Assudani & Chinta, 2011, p. 106).

This is important for business schools because as Tomlinson (2008) points out: "Business school graduates are being groomed for managerial positions. Accordingly, they need to be concerned with understanding, predicting and managing their own ethical behaviour, in addition to the ethical behaviour of those who report to them" (p. 144). This is further supported by Lämsä et al (2008): "business schools are a central agency of secondary socialization of business people. This is where the basic foundation for the attitudes, professional skills, and value orientation of next generation business professionals are laid down" (p. 46).

Relevancy of Business Ethics Education

According to DeGeorge (n.d), the academic field of business ethics began in the 1970's. DeGeorge points to John Rawls (1971) "A Theory in Justice" as the development of business ethics in academia because it showed academic philosophers how ethics can be applied to business and business issues. The first conference on business ethics was held at the University of Kansas in 1974 and by the mid-80's there were at least 500 courses taught across the United States, 20 textbooks and 10 casebooks (DeGeorge, n.d.).

By the 1990's business ethics was a well-established academic field. Despite this, the advent of the new millennium brought with it several large corporate scandals including Enron, WorldCom and Tyco, where corporate executives skirted around regulations and falsified accounting information to increase company earnings, shares and thus their own personal wealth. Many of the executives involved in these scandals were trained at business schools, specifically MBA programs, causing many to point their finger at the curriculum and question what was being taught. Some of the criticism came from inside academia; including the late Sumantra Ghoshal, quoted earlier in this report. He blamed the MBA curriculum and its emphasis on the shareholder approach which he felt promoted selfishness and greed (Ghoshal, 2005). Management theorist Henry Mintzberg also spoke out about the business school curriculum, arguing that business school graduates are responsible for the economic misery in the world (Freeman et al, 2009).

Eyes were on the business schools to increase their emphasis on ethics education (Baker & Comer, 2011) and the Association for the Advancement of Collegiate Business Schools (AACSB) stepped in to help. Referred to in the need for this study, AACSB is a non-profit membership that "advances quality management education worldwide through accreditation, thought leadership, and value-added services" and "strives to identify challenges and trends that are facing the business education industry through its research and various initiatives" (www.aacsb.edu). In 2003 AACSB adopted new accreditation standards that emphasize the importance of ethics. As indicated in their 2004 report Ethics Education in Business Schools:

All of us involved in business education need to think more deeply and

creatively about how to advance ethical awareness, ethical reasoning skills,

and core ethical principles that will help to guide business leaders as they

respond to a changing legal and compliance environment as well as

complex, conflicting and sometimes highly problematic interests and

opportunities…" (p.9)

Dean et al (2007) point out that schools cannot simply show where ethics appears in a syllabus or show an ethics-oriented lesson plan. While AACSB is not specific on how institution should carry out ethics training, their suggestions include codes of conduct for students, faculty and staff, disciplinary systems to manage inappropriate behaviour and providing both positive and negative examples of everyday conduct in business (AACSB, 2004).

The inclusion of ethics in the business curriculum is also monitored by the Aspen Institute Center for Business Education. The Aspen Institute recognizes that business schools must address "the need for greater knowledge, skills and judgement around the role of business in society, as they send their graduates into a fast-changing global society" (Aspen Institute Center for Business Education, 2012, p. 2). In their "Beyond Grey Pinstripes" report, the institute recognizes the Top 100 MBA programs around the world. In 2001 the institute found that only 34% of business schools surveyed required students to take a course in business and society issues (Aspen Institute Center for Business Research, 2012). This gave fuel to the fire that business schools were failing in their ability to teach corporate social responsibility, placing too much emphasis on the shareholder model. However, it seems the financial crisis of 2008 has made an impact on business schools. In their most recent survey conducted in 2011, The Aspen Institute

found that 79% of schools surveyed required a course on business and society issues (2012). While this number seems impressive, Rasche et al (2013) question the actual impact a course can have. Analyzing the 2009 Beyond Grey Pinstripes report, Rasche et al found that the integration of ethics varies between disciplines. According to data collected for the report, management courses exposed students more often to ethical questions, and finance, accounting, information technology and quantitative methods included ethics the least (Rasche et al, 2013).

Corporate Knights sought out to create a similar ranking to the Aspen Institute with a focus on Canadian schools. Their "Knight Schools" report lists the top 15 MBA programs in Canada, looking specifically at how ethics and sustainability is included in the curriculum. In the most recent report published in September 2012, Corporate Knights were impressed by the performance of the top schools but found the average grade for MBA programs to be disappointing. For example, 34% of schools surveyed did not have any courses on sustainability and ethics and only 31% offered a "professional ethics" course (Corporate Knights, 2012).

In 2011 Wright and Bennett carried out a similar study and looked at the universities listed on the Financial Times Global Top 100 MBA Rankings. Using the university websites as their source, Wright and Bennett wanted to determine which of these programs require ethics, CSR and sustainability courses. Ninety-eight of the 100 programs had a required course, leading Wright and Bennett to suggest that the inclusion of ethics and CSR in the curriculum can actually boost program ratings.

Students are also asking for ethics education. Peterson & Albaum (2005) surveyed 3034 business students across 60 different colleges and universities in the US. Eighty-

three percent of respondents agreed with the statement: "I believe that all business students should take a formal course in business ethics."

While society, AACSB, ranking organizations like the Aspen Institute and Corporate Knights, and students want ethics education, how should the institutions carry it out? As mentioned earlier, Cavaliere et al (2010) describe the three typical options:

1. A single ethics course

2. Ethics case-study approach

3. Ethics across the business curriculum

Christensen et al (2007) questioned deans and directors of the Top 50 Global MBA programs about the method their institution was using; 25% said they had a stand-alone course and approximately 54% integrated ethics across the curriculum. The other schools (21%) required ethics to be taught in combination with other topics, such as sustainability and corporate social responsibility.

Matten and Moon (2004) also looked at how ethics is being included in the MBA programs around the world and found that 80% of surveyed schools by the Aspen Institute in 2003 claimed to have "mainstreamed" the topic. Looking closer at Matten and Moon's research, Rasche et al (2013) question this claim and argue there is currently a decoupling between what MBA programs claim to include in their curriculum and the actual content. Rasche et al (2013) feel there is still much work to do in order to fully integrate ethics into the MBA curriculum and that institutions need to be aware of this growing gap between what they say is being offered and what is actually offered.

The Stakeholder Approach

The emphasis on the shareholder model of management is the reason business schools received so much criticism from Ghoshal and Mintzberg (Freeman et al, 2009). However, as Michael Page, Dean of RSM Erasmus University in the United States, explains, "If students want to succeed in the global world, they have to understand its complexity; work with those who hold different values, work with different stakeholders; they must consider the impact of the firm upon society" (Christensen et al, 2007, p. 356). This is where the stakeholder approach to management comes into play. In his 1984 publication, Strategic Management: A Stakeholder Approach, Edward Freeman suggests that managers are supposed to create value for non-shareholder stakeholders like employees, creditors, suppliers, consumers and the community in which they operate, in addition to shareholders (Jansson, 2005). Freeman argues that businesses do not operate in a void and must consider the impact their decisions will have on ''…any group or individual, who can affect or is affected by the achievement of organization's objectives" (Jansson, 2005, p. 5).

The stakeholder approach is closely associated with corporate social responsibility (CSR). Defined by Archie Carroll in 1979, CSR is "the social responsibility of business (which) encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1999, p. 283). An understanding of where these expectations come from requires an understanding of the organization's stakeholders.

Archie Carroll argues that corporate social responsibility is not a new topic and points to Chester Barnard's (1938) *The Function of an Executive*, J.M. Clark's (1939)

Social Control of Business and Theodore Kreps' (1940) *Measurement of the Social Performance of Business* as some of the first literature that alludes to the concept (Carroll, 1999). While Barnard, Clark and Kreps allude to CSR, Carroll refers to Howard R. Bowen as the "Father of Corporate Social Responsibility" (Carroll, 1999, p. 270). In Bowen's (1953) Social Responsibilities of the Businessman he argues that businesses are vital centers of power and decision-making and that the actions of companies touch the lives of citizens at many points (Carroll, 1999).

William Frederick, professor emeritus of the University of Pittsburgh, points to Richard Eels and Clarence Walton's Conceptual Foundations of Business, published in 1961, as one of the academic starting points of CSR (Freeman et al, 2009). As the academic field of ethics grew in the 80's and 90's, so did the field of corporate social responsibility. Consensus emerged among scholars that organizations must respond to both their economic and non-economic environments in order to ensure long-term viability (Karri & Luthar, 2005).

Corporate Knights and the Aspen Institute closely monitor the inclusion of sustainability and the stakeholder model in the business curriculum. The reports published by both organizations mention sustainability specifically. For example, in Beyond Grey Pinstripes the Aspen Institute looks for programs that "integrate the social, environmental and economic realities of business into management teaching and research" (Aspen Institute Center for Business Education, 2012, p. 2). In the 2012 "Knight Schools" report, Managing Editor Jeremey Ranallas notes that:

> In the 21st century, it's increasingly clear that sustainability can no longer be treated as a discrete area of interest; it needs to be woven into the fabric of higher learning. By providing students in all disciplines with concepts of

sustainability, universities are taking on a more essential role – giving

students a broader perspective for whatever profession they choose and

helping to create a more inclusive, responsible society (Corporate Knights,

2012).

Taking all of these factors into consideration, it is important for educational

institutions to recognize the need for including the stakeholder approach and

sustainability in their business school curriculum.

Link between Ethics Education and Ethical Behaviour

Does ethics training actually result in more ethical behaviour? Studies have shown

mixed reports. Venezia et al (2011) analyzed six studies that used the Defining Issues

Test (DIT) to measure moral development and the reasons behind an individual's moral

decisions. All six studies were Doctoral Dissertations from The H. Wayne Huizenga

School of Business and Entrepreneurship at Nova Southeastern University and looked a

number of variables, including ethics education. Kevin Buell's (2009) research examined

the relationship between ethics education and moral reasoning of undergraduate and

graduate accounting students. Buell wanted to determine if there was a difference in

moral maturity between students who took an ethics class and those that did not. Buell

actually found a significant inverse relationship between ethics education and moral

reasoning; meaning students without ethics training actually had higher moral cognizance

scores on the DIT (Venezia et al, 2011). Three of the other studies, Melissa Hickman

(2008), Donna Galla (2006) and Carol Cannon (2001), found no significant difference in

ethics education and moral reasoning. The fifth study by Evelyn Cartwright (2006) found

students who had taken at least three courses related to ethics education scored higher

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than those who had taken none. The sixth study by Sandra Bateman (1996) did not look specifically at ethics education but found that education in general led to higher moral reasoning; all of the graduate students Bateman studied scored higher on the DIT than the undergraduate students.

Andrew Hussey (2011) looked at the effect of ethics on the labour market success of MBA students. Hussey studied individuals who wrote the Graduate Management Admissions Test (GMAT), surveying them in four waves over an eight-year period. Data collected included individual work experience, information regarding self-reported ethical character, as well as self-perceived gains in ethical character from business education (Hussey, 2011). This allowed Hussey to examine the relationship between labour market success, determined by earnings and ethical character. Interestingly, the results differed dramatically between males and females; males who reported that business education greatly enhanced their ethical character saw a significant lower return (i.e. lower salary) to obtaining an MBA. For females it was the opposite, self-reported enhanced ethical character from their education positively and significantly associated with their wage after graduation (Hussey, 2011).

Lämsä et al (2008) surveyed 217 students pursuing master's degrees in business studies at two Finnish universities to determine, among other questions, what their attitudes were on the responsibility of business in society and if a business education influences these attitudes. Their results showed that overall students valued the stakeholder model over the shareholder model. What was surprising was that as the students' education increased, so did their valuation of the *shareholder* model. Lämsä et al also looked at perceptions of equal-opportunity employment and found that as education increased, the importance of equal-opportunity employment decreased. These

two results were concerning for Lämsä et al and raised questions regarding whether a business school education was creating undesirable tendencies in future business professionals (Lämsä et al 2008).

Gunderson et al (2008) analyzed the reactions of various academic-level respondent groups to 14 short scenarios that depicted ethical dilemmas in higher education and research. The authors were surprised to find that situational differences, not educational attainment, had the most influence on student responses. This led Gunderson et al to question whether teaching ethics enhances ethical behaviour.

Krishnan (2008) looked at the impact of a 2-year residential full-time MBA program on student values. Krishnan looked specifically at self-monitoring values like social power, an exciting life, daring, capable and preserving my public image, versus others-oriented values like sense of belonging, politeness, family security, loyal, and honouring parents and elders. The study was longitudinal in design, with data collected over a seven-year period. The self-monitoring and others-oriented values of students were measured when they entered the program and after they graduated. The results showed that management education actually enhanced self-monitoring values and reduced the importance of other-oriented values; meaning management education appears to make people more selfish and less concerned about others (Krishnan, 2008).

Luthar and Karri (2005) surveyed 817 random students from a population of 1310 business students attending an AACSB accredited college of business. This included 328 freshmen, 380 seniors and 109 working managers enrolled in the night-time MBA program. Results showed that exposure to ethics in the curriculum had a significant impact on student perceptions of what should be ideal linkages between organizational ethical practices and business outcomes (Luthar & Karri, 2005). Luthar and Karri also

looked at gender differences and found that females had a higher expectation regarding the linkages between organizational ethical practices and business outcomes; however exposure to ethics education allowed for their male counterparts to catch-up. Luthar and Karri also found that as students gained education and work experience, the gap between attitudes of males and females narrowed. Luthar and Karri feel this points to the importance of ethics education, especially for male students to help them catch-up to their female counterparts.

Can Ethics be taught at the University Level?

The studies examined in the previous section show there is not overwhelming definitive support that ethics education actually impacts ethical behaviour in a positive way. This leads to the question – can ethics even be taught? Venezia et al (2011) strongly believe ethics can be taught despite looking at DIT studies that did not support this theory, saying:

> True, ethics education and training may not guarantee moral behaviour, but at the very least such education and training will create a cognizance of moral issues, and most importantly, a concomitant awareness that immoral conduct will not be tolerated in the organization, the community and society, as a whole" (Venezia et al, 2011, p. 25).

Luthar and Karri (2005) also think ethics can be taught and use Kohlberg's theory of moral development to support their claim. Kohlberg's theory states that age does not equate to a specific level of ethical development, nor is there an age beyond which people cannot develop any further (Kohlberg, 1984). This demonstrates the importance of ethics education in helping people develop morally at any age.

Kohlberg's theory is further supported by research conducted by Tokuhama-Espinosa (2010) surrounding neuroscience, psychology and education. Rasche et al (2013) bring up Tokuhama-Espinosa's research in their recent publication pointing to evidence that suggests the brain is plastic and is able to change functionally and structurally throughout one's life. Rasche et al (2013) argue that this research gives weight to the argument that ethics education can have an impact on MBA students.

Assudani et al (2011) feel the debate is centered on two different goals of ethics education: changing students' standards versus increasing students' ethical sensitivity. The authors do not believe you can change a student's standards but they do believe that ethical instruction results in greater reflection and ethical discussion on the part of students before they make a decision.

Harris (2008) thinks there are three reasons you can and should teach ethics in business schools; first, the impact of recent scandals, as mentioned in the purpose of the study; second, evidence that decision-making skills can be taught; third, the opportunity for students to address personal virtue. According to Harris, those who think ethics cannot be taught take the view that no moral learning can take place in adulthood and that there are only personal preferences to ethics, no "communal moral standards". However, as Harris points out, "if a broader view is taken of the place of business in society and the nature of professional education, the inclusion of moral aim is appropriate" (Harris, 2008, p. 388).

Pariotta and Starkey (2008) point to medical schools including ethics and philosophy to help prospective doctors deal with the complex ethical dilemmas they face daily; why should business schools be any different?

On the other side of the argument naysayers point to Aristotle who believed that ethics could not be taught and must begin from childhood (Lord & Bjerregaard, 2003). In the literature examined for this study Alsop (2006), Sims and Brinkmann (2003) and Seshardi et al (1998) agree with Aristotle.

Tomlinson (2008) feels the problem with teaching ethics lies in the complexity of the moral philosophies that are typically taught in an ethics class. These philosophies, Tomlinson argues, are hard for students to grasp. Tomlinson also points to the "gray areas" of ethical dilemmas that are difficult to teach. Each ethical dilemma a student faces is unique with its own unique variables to analyze.

Art Wolfe seemed to be tired of the debate to teach ethics back in 1993. In his article, "We've had enough Business Ethics," Wolfe says "business ethics is not a course to be taught; it is a moral system that needs to be examined throughout the entire educational process" (Wolfe, 1993, p. 1). Wolfe attributes the problem with business education to its emphasis on capitalism. He thinks the last two years of a typically undergraduate business degree should be swapped out with the first two years of a liberal arts degree. He feels that if business students focused more on philosophy and history they will understand that "few of life's contingencies can be reduced to an abstract formula and that scant 'correct' answers exist to the most important questions of life" (Wolfe, 1993, p. 2).

Freeman et al (2009) also feel it is the business schools' focus on capitalism that is affecting the ethical teaching of students. They point to four misconceptions business schools perpetuate (p. 3):

1. Markets are perfect, or at least efficient

2. Human beings are always self-interested

3. Economic models and reasoning can explain most of what is interesting about business

4. Ethics is about altruism

Another problem brought up in the literature is academic freedom and faculty training, especially when ethics is integrated across the curriculum. Melé (2008) points out that some faculty members are knowledgeable to the ethical dimensions of their subject area, while others are not. Melé adds there are also faculty members who do not even believe ethics should be integrated. Cant and Kulik (2010) agree stating even if an institution mandates that ethics be a part of every class, individual faculty members have considerable control over the content of their classes. Hartman and Hartman (2004) also mention faculty training, and the time required integrating ethics into each class as stumbling blocks to integrating ethics.

Ideas for Integrating Ethics into the Business Curriculum

A larger number of authors in the literature thought ethics could be taught, than those who did not. Many of those authors offered pedagogical models, with almost all agreeing that a stand-alone course is insufficient to provide proper ethical training.

Freeman et al (2009) think that a stand-alone ethics course "bolts" ethics onto the curriculum and does not encourage moral reflection. Cant & Kulik (2010) argue that a single course merely pays ethics "lip service" and "reinforces the perception that ethics is not significant enough to get anything more than passing consideration" (p. 251).

Rather than a single stand-alone course, many authors recommend integrating ethics across the curriculum or combing a stand-alone course with integration (Wright & Bennett 2011, Horn & Kennedy, 2008, Christensen et al, 2007 and Alder, 2002). For

example, Swanson and Frederick (2005) recommend what they refer to as the "gold standard" of ethics pedagogy which includes a required stand-alone ethics course, a goal of ethics integration throughout the functional core course areas, along with other broad initiatives such as guest speakers, endowed ethics chairs and service learning assignments.

To help institutions that currently offer a stand-alone ethics course but would like to move to integration across the curriculum, McDonald (2004) offers a 6 stage process (p. 375):

1. Establishment of an ethics steering committee

2. Determine Ethics pedagogy: should your stand-alone course be an elective or mandatory, should ethics be integrated across curriculum?

3. Review existing ethical outcomes

4. Determine revised ethical outcomes – where do you want to be?

5. Identify course offerings and develop an implementation plan

6. Provide ethics resources and training to faculty

Many scholars also shared the best practices of institutions that have been successful at teaching ethics. Some of the unique examples included the use of the Ethics Game (www.ethicsgame.com) by Lawrence et al (2011). This web-based simulator provides feedback to students on the impact of their decisions based on the different moral philosophies. Godsey (2007) suggests adventure education techniques where students are put in physically challenging situations with an ethical component. Godsey argues, "Powerful experiences lead to equally powerful learning outcomes" (Godsey, 2007, p. 65). According to Christensen et al (2007), the Johnson School of Business at

Cornell University includes an excursion with their ethical program. Students travel to a non-US site to engage in consulting projects that focus on sustainability issues.

Many scholars, including those affiliated with AACSB, suggested codes of conduct or honour codes. Students, faculty and staff are encouraged to pledge to these honour codes to encourage ethical behaviour across the institution. Honour codes seem to be successful when first launched, though enthusiasm often wanes in subsequent years. In order to maintain a focus on ethical behaviour, many of the authors recommended creating an ethical climate. Horn and Kennedy (2008) explain that in order to create an ethical climate "stakeholders must take a participatory role in the process to develop or feel ownership. Expectations must be clearly defined (codes of conduct/standards) and procedures identified to address any enforcement aspect of the process" (Horn & Kennedy, 2008, p. 13). The authors suggest a Community Collaboration Board (CCB) and point to three stakeholders: students, faculty and the business community, as integral to the creation of a holistic, ethical approach to the business curriculum. In the CCB model students take a leadership role, faculty provide oversight and the business community plays a partnership role with both students and faculty. In this model both faculty and the business community become teachers and mentors of ethical behaviour to students.

AACSB also recommends engaging the business community in an ethics program so they can "communicate to students the realities of the current business environment and the ethical expectations of real business" (AACSB, 2004, p. 11).

Summary

The literature indicates that there is no widely accepted definition of ethics. As suggested in the purpose and need of this study, scholars point to the financial crisis of 2008 and corporate scandals of the earlier part of new millennium as reason for including ethics in the business curriculum. To respond to the critiques of the public and scholars, like Sumantra Ghoshal, the accrediting body of AACSB included ethics as part of its standards.

The majority of the criticism surrounding business education is the focus on the shareholder model of management. Literature suggests instead emphasizing the stakeholder model to encourage managers to consider all parties who may be affected by their decisions.

Although it is generally believed that ethics training results in increased ethical behaviour, the literature reviewed did not support this claim. There were a large number of studies that found that ethics training had no significant impact on ethical behaviour. Due to the lack of empirical evidence surrounding the impact of ethical training on ethical behaviour, there is debate among scholars as to whether ethics can even be taught. Despite this debate, most of the literature reviewed recommended including ethics training in the business curriculum. Almost all authors agreed that a stand-alone course is insufficient in providing proper exposure and instead recommended both a stand-alone course and integration across the curriculum, along with the creation of an ethical climate within the educational institution.

Many researchers also offered innovative ideas for business schools to teach ethics. Experiential learning initiatives emerged as a trend, along with honour codes and the inclusion of the business community.

Research Questions

In order to meet the objectives described in Chapter 1, the study will address the following questions:

1. To what extent is ethics currently integrated into the Sobey MBA curriculum at Saint Mary's University?

2. Are there differences in perceptions regarding the importance and/or effectiveness of ethics education between professors and students?

3. What pedagogy do students and professors recommend for teaching ethics?

4. What are some of the challenges facing professors to include ethics in their course work?

5. To what extent are students being taught conflict of interest in the Sobey MBA curriculum?

Chapter 3: Methodology

Research Design

The study was conducted using a qualitative research design, specifically personal interviews. Due to the nature of the study, qualitative personal interviews allowed the researcher to "see the research topic from the prospective of the interviewee, and to understand how and why he or she comes to have this particular perspective" (King, 1994). This would not have been possible with a quantitative study. As King (1994) points out, personal interviews are a research method in which participants feel comfortable and know what to expect. This was important in order for participants to share their opinions with the researcher. As well, it allowed the researcher to seek clarification when needed to add to the richness of the qualitative data (Cassell & Symon 1994).

As mentioned, this study was modeled after one conducted in 2003 (Finn, 2003) with a few key differences. First, the previous study looked at the perspectives of both undergraduate and MBA students; this study focused solely on MBA students. Second, the previous study matched professors to students who took their courses. For this study there was concern that matching students and professors would lead to the disclosure of professor participants. To maintain participant confidentiality, students were asked in general about the integration of ethics into their MBA course work and not matched to any professors. Many of the questions were similar to the previous study and were developed to explore participants' opinions on the definition of ethics, the role of ethics in business, the importance of ethics education in university, the extent to which ethics is currently integrated into MBA course work and barriers to ethics education. All of the

questions were open-ended except the question surrounding the importance of ethics

education at a university level, which was modified to include a 10-point numeric scale (1

meant ethics education was not important, 10 meant ethics education was very important).

As well, the 2003 study asked if an ethics course should be mandatory. A mandatory class

has since been added to the curriculum; therefore that particular question was removed.

A copy of the participant questions for both students and professors can be found in

Appendix A.

Procedures

Interviews were conducted with 10 professors and 10 students during the months

of September, October and November 2012.

Only professors that taught mandatory MBA courses were contacted. Contact

information was retrieved from the Saint Mary's University staff directory and personal

invitations to participate in the study were sent by email. MBA students were contacted

through the MBA Society. Full-time and part-time students were invited to participate via

email.

All email invitations to professors and students included an

information/recruitment letter. The letter informed participants of the purpose of the study

and their role if they chose to participate. The letter detailed that an affirmative response

to the email and participation in an interview would be taken as informed consent.

Participants were also informed that their participation was voluntary and they could

withdraw at any time. A copy of the information/recruitment letters can be found in

Appendix B.

This study was reviewed and approved by the Saint Mary's University Research Ethics Board before any participants were contacted. In order to meet the criterion of confidentiality, professors and students were not matched as done in the previous study (Finn, 2003). Participants were informed of the confidentiality of their participation in the information letter.

All interviews were conducted on the Saint Mary's University campus. Professor interviews were 20-30 minutes in length each and student interviews were 10-15 minutes in length. All interviews were recorded using a voice recorder with the consent of participants. The researcher also recorded hand-written notes for each interview to increase accuracy during coding and analysis. Each interviewee was asked the same questions in the same order. The flexible nature of personal interviews allowed the researcher to seek clarification if the specific question was not answered or the response was unclear.

Transcripts of each interview were prepared using the audio recordings and hand-written notes. The names of participants were not included in the audio recording or the transcripts used for coding.

Analysis

All 20 transcripts were reviewed for emergent themes. Not surprisingly, the themes that emerged were related to the questions asked. These included definition of ethics, the role/importance of ethics in business, the role/importance of ethics in business education, marginalization of ethics, barriers to ethics educations, extent of coverage, contradictions in findings, and conflicts of interest. These themes were used as the unit of analysis for coding purposes. Each of the transcripts was then coded for the relevant

terms. The supervisor of the study coded one professor and one student transcript. The

coding done by both the researcher and the supervisor was similar for 80% of the two

transcripts. This indicates a relatively high level of intercoder reliability. Where there was

discrepancy in the coding, the researcher and supervisor discussed the differences to

come to a common understanding of the terms. The researcher then proceeded with

coding the rest of the transcripts.

Limitations

As with all studies, there are limitations to disclose. Where participation in the

study was voluntary, the results could be affected by self-selection bias. This bias occurs

because people who feel strongly about a subject are more likely to participate than those

who feel indifferent about it (Zikmund et al, 2010). Students and professors who agreed

to be interviewed may have done so because of their interest in the subject. This could

affect the generalizations made about students and professors in this study.

As well, a numeric 10-point scale was used to determine the importance of ethics

in university education. A numeric scale can lead to an extremity bias, where certain

individuals tend to pick 1 or 10 on the scale (Zikmund et al, 2010). At the same time other

individuals are hesitant to pick a number at one end of the scale or the other and tend to

be more neutral: "I never give a 10 because nothing is really perfect" (Zikmund et al,

2010).

Due to the fact that professors and students were not matched to specific courses,

it is possible that the students interviewed were not taught by all of the professors

interviewed. While most core courses are taught by full-time faculty on a regular basis,

there are instances where faculty are on sabbatical or away for a term and a part-time

professor is brought in to teach a course.

One part-time professor was interviewed for the study because they taught a core

course for two years in a row.

Chapter 4: Results and Analysis

Introduction

The study's aim was to determine how students and professors defined ethics,

how they viewed its importance in business and in education and to what extent it is

currently being integrated in the curriculum at the MBA level. To maintain

confidentiality, the professors and students were given code names. Professors will be

referred to as P1, P2, P3, P4…P10 and students will be referred to as S1, S2, S3, S4…S10

throughout the analysis.

Definition of Business Ethics

As suspected, varying definitions of business ethics emerged from both students

and professors. The student definitions could be broken into three areas: values,

stakeholder approach/social responsibility and rules-based.

Four students (40%) took a values-based approached to their definitions. Two of

the students spoke only of personal values, whereas the other two defined it by combining

both personal and company values.

> "It's [ethics] the practical application of and systematic evaluation of
>
> values and how to apply them…" (S2)

"It's about your personal values and not sacrificing those values when it comes to crunch time." (S9)

"Making sure you are acting in a way that is ethical and making sure in your workplace you are obeying not only your own personal code of ethics, but also the code of ethics of your profession." (S1)

"I think it is the marrying of your personal ethics, your distinction between right and wrong in your personal life, and how it conveys to your company, or you adopting your company's idea of what is right and wrong." (S6)

Four students (40%) defined ethics according to the stakeholder approach and social responsibility.

"…you could say this business is more ethical because they are doing this, this and that, in relation to how they deal with the product, the customer, the environment – all encompassing." (S3)

"It is trying to take business decisions with consideration and how they might affect everyone involved, all of the stakeholders." (S7)

"…It's really around businesses and how they act in the business environment and community where they work, so social responsibility would fall under that." (S8)

"Not harming anyone, not harming the environment." (S10)

The remaining two students defined ethics according to rules and regulations but also included social responsibility and morality, suggesting that being ethical should include following rules but making sure those rules are socially and morally appropriate.

"I guess there is a morality aspect to it as well, which comes along with playing by the rules, following the right regulations, but it's also adhering to them in a way that you're adhering to the principles of the rules and not trying to bend them or get around them to get yourself an advantage at the cost of someone else." (S5)

"I would say business ethics is the framework you can use to evaluate business decisions to determine if they fit within both the legal and social appropriateness." (S4)

When examining professor responses to the definition of business ethics, there was also an emergent emphasis on the stakeholder model. Six professors (or 60%) specifically defined ethics according to the stakeholder model.

"Triple bottom line: economic, environmental, social/human resource. Each stakeholder has their own definition of what they see as ethical business behaviour" (P1)

"Are we looking at and considering all of the factors and taking into consideration all of the parties at play?" (P2)

"…acting ethically to ensure that the practices and operations do not harm people, do not harm the environment and so on…." (P4)

"Business ethics is an expected norm of behaviour that would govern the way Individuals and organizations work to ensure that you have fair dealings with customers, shareholders and interested stakeholders." (P5)

"In my opinion, business ethics is a given social mandate of business of serving society and still remaining viable, conducting their business in a way so that both mandates are fulfilled." (P7)

P3 mentioned the stakeholder approach, but clearly stated that they would give priority to stakeholders who have a direct impact on the company (i.e. not the environment).

> "The one thing I've probably had a more appreciation for in the last few years is the notion of organizational stakeholders but I would tend, in my thinking, to prioritize or privilege those that are directly involved, i.e. customers, employees and shareholders as the key stakeholders over others." (P3)

Three professors also categorized business ethics as doing the "right" thing.

> "It [ethics] is to do the right thing." (P1)
>
> "Doing things the right way." (P2)
>
> "People go above and beyond what is required to do that they think is right…" (P9)

Two professors also made it clear that they do not believe in business ethics but would define ethics more broadly because it is people in business who make decisions.

> "I don't think there is such thing as business ethics, there is such thing as ethics. People go above and beyond what is required to do that what they think is right, that's the same in business as in all of the other life decisions, so I see it as doing what is right." (P9)
>
> "It's not really business ethics because businesses don't make decisions about anything, people do. So it's more a case of managerial ethics and they're the ones who make decisions that would have the ethical issues." (P6)

Only one professor (P6) mentioned values when defining business ethics.

"Ethics is about people's value systems…"

Role of Ethics in Business

When asked if ethics has a place in the business environment, all 10 students agreed it did. Only one student felt the role of ethics was limited.

"There are situations where you can't work by the book and apply it…I don't think it is always black and white, that's what makes it hard, the concept of applying ethics to business." (S7)

That particular student felt that is ethics was more standardized it would be easier to implement.

"…There should be something, an overall ethics code that governs business."

Four students talked about the negative consequences if ethics did not exist. Three of those students specifically mentioned Wall Street and accounting scandals.

"I think if it didn't [have a place in the business environment] then there would be more situations for things like accounting scandals." (S1)

"I think good business and ethics go hand-in-hand, although when you look at some of the fiasco that we had with Wall Street and big companies, you wouldn't think so, but I think they go hand-in-hand, its good business to be ethical in the way you do things." (S3)

"It allows you to take a step back and look at how your business interacts within an environment, so I think if that didn't happen, a lot of businesses

would operate and produce whatever they want to produce, ship it out, and

not really think about its impact on a global scale." (S8)

"Look at Wall Street, you'd think we'd learn but you have to keep re-

visiting things." (S9)

Three students took a more holistic view to the role of ethics in business. They

connected ethics to business's role in society and the purpose of business.

"To me, when you talk about business, business is a means to a larger end

so we need to ask why we are doing it, otherwise it has no direction. So,

are we just doing this to make money, is that it, or do we have a purpose?"

(S2)

"It [ethics] has a place in the business environment but I think it's more so

society's place, through the democratic process, to governments to

determine what those regulations are." (S5)

"Business is just part of our life and society and as much as it [ethics] has a

place in society, in our daily lives, it has to have a place in business." (S10)

Only one student talked about ethics in the context of risk and reputation to

themselves and/or their company.

"Not only with the legal arguments you see coming up lately, but also for

international business. You want to make sure you are not spinning your

company to be good or bad just to cover something up, and you want to

protect yourself and your company so it [ethics] is definitely necessary."

(S6)

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For the professors, two took a negative viewpoint on the role of ethics in business. Both of those professors thought the role of ethics was limited, with one emphasizing instead, the importance of laws.

> "I think what's more important in that respect are laws. Those are things that are enforceable. Organizations need to have policies, rules, regulations that curtail behaviour…" (P6)

The other used the smoking industry as an example.

> "The smoking industry for example, every single one of them lies to themselves on a regular basis. You can't get them to hear what they are doing and why that might be unethical on their part to behave in that manner." (P8)

On the other hand, two other professors looked at using business ethics to their advantage.

> "Some companies try to make a competitive advantage out of the way they address ethical questions." (P1)

> "I'll tell you why I think it is important, my sense is that consumers are using ethical criteria when they make choices. I am going to use that at a big picture level, I think investors are using ethical criteria when they make choices." (P3)

Like the students, three professors also talked about the importance of ethics in relation to the negative consequences that could result.

> "There is a tendency to try to achieve, in highly competitive environments where you have a number of competitors jockeying for market space and market share to gain an unfair advantage or try to gain an advantage through

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unfair practices. Ultimately, I think that leads to a collapse of either their organization or the industry itself." (P4)

"If you operate without ethics, it is very difficult to build long-term relationships in business and it's very difficult to foster any kind of team approach to doing anything because absence of ethics is self-interest and self-interest often works against the goals of organizations." (P5)

"Businesses, as well as governments, should emphasize it [ethics] and I think the current financial crisis that we see, the global economy has lost trillions of dollars, it is due to issues related to ethics. " (P7)

Role of Ethics in Business Education

Both professors and students were asked how they would rate the importance of ethics education on a numeric scale of 1 to 10 (1 meaning ethics was unimportant and 10 meaning ethics is very important). The student answers varied from 5 to 10, with an average of 7.85 and the professor answers varied from 0 to 10, with an average of 7.5. This means that the students only marginally felt ethics was more important in education than their professors.

Four of the student responses ranged from 7-8 out of 10. Although they only gave ethics a 7 or 8, it still seemed very important in the justifications they provided for their numeric rating.

"I think it is important for us to learn about different cases, even where ethics has gone wrong so that we can avoid it and be aware of it, especially with all of the technology today that makes unethical behaviour easier. As we become aware, hopefully we become more ethical." (S1)

"I would say it's probably a 7 or an 8 mostly because the graduates from

MBA programs might be leaders in companies down the road and it would

be nice for them to at least know the difference between the right way and

the wrong way to run a company ethically so they aren't side-swiped by it

when it comes down the road." (S3)

Four students gave it a 9 or 10/10. Their justifications were similar to the group

who gave it is 7 or an 8/10.

"I think you couldn't have an MBA program without having some type of

business ethics, whether it's a full course or part of another course." (S4)

One of the students mentioned having students adhere to a code of ethics.

"It would be amazing if we could guarantee that all of our grads were held to

a certain code of ethics. That should mean everything to the business

community when considering new grads." (S6)

Interestingly, one of the students who gave ethics a 10/10 also questioned its

effectiveness at an MBA level.

"I think it's very important to educate people, future business leaders or

business people, whatever you want to call them, about ethics, but I think by

the time they reach the MBA level it is likely too late, they come with a set

of ethics or without a set of ethics and I don't think there is much we can do

in graduate school to change that." (S10)

Two of the students gave ethics a 5/10 for importance. Their reasoning was

similar to S10.

"Especially in the MBA, a lot of people already have been in the workforce for quite a whole and trying to break down their own perceptions or way of doing things is tough." (S7)

"I think it is probably important to bring awareness to students; however I question the ability of university or the academic environment to really influence or change one's ethics or moral compass." (S5)

For professors, two gave ethics a 7 or 8 out of 10 for importance but both had reservations of the effectiveness of teaching ethics. P1 compared getting an MBA to other professional programs like law or medicine, where professionals have a code of conduct in which to adhere.

"Is getting an MBA a professional degree? Is being a manager a profession in the same way as a doctor, lawyer or engineer has to meet professional, ethical behaviour norms in order to continue to have a license to practice?"

P5 was not confident ethics education is effective, but felt it was the role of the educational institution to provide ethics training to students.

"We shouldn't get too overly optimistic about what it will accomplish, but I think you would fall short on your duty as a business school if you don't introduce it somehow."

Two professors gave it a 4.5 or 5.5 out of 10. Their arguments related to how important they viewed other subjects in the MBA.

"If you were to ask me, do I think it should be attended to in the MBA program? Yes, but how important? I think of other things as being very important." (P8)

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"I don't think it's up there in terms of people management and financial literacy, but it's up there with general quantitative skills and higher than other functional areas." (P3)

Five professors or 50% gave ethics 10 out of 10 for importance. Three of those professors rated it high because of the role university plays in society and teaching leaders.

"I think we have responsibility as instructors, professors and faculty to try to impart to our students that need to take in a broader picture." (P2)

"I think what we are doing impacts people and we are training people to do work that is going to impact people so I think the ethical foundation or perspective from which people are working has to be integral to everything they are doing." (P10)

"We need to teach managers or engage managers in terms of ethical business practices, it is the human thing to do." (P4)

The other two professors that rated ethics as a 10/10 questioned the effectiveness, despite its importance.

"It is not going to be a far-fetched statement that a person can get an A in an ethics class and after graduation, gets a job and gets caught within a year for being engaged in unethical behaviour. Given that, I would say any place we can expose students to ethical standards that is going to be a good thing." (P7)

"I'd say it's a 10 but I am going to qualify that and say so is everything else. It's not like it gets a 10 and it somehow wins as being what's really important and it's more important than anything else." (P6)

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One professor gave it both a 0 and a 10, by looking at ethics from the point of view of accreditation for the business school, versus its impact on behavioural change.

> "There are two different criteria of importance, business school in order to survive they need to meet the criteria, it's important, you won't get accreditation, so from that point of view it's a 10. For a real difference, real value in terms of making people more ethical in their behaviour, I think it's a zero." (P9)

While the numeric average for students and professors were very close, when looking at the comments from the interviews, overall it seems students have a more positive opinion on the impact ethics education has on behaviour. For example 8 of the students or 80% rated ethics as 7 or higher, whereas 7 professors or 70% rated it as 7 or higher. No students gave ethics 0 out of 10, where one professor did.

Stand Alone Business Course and/or Integration

Students and professors were also asked if they thought ethics should be a stand-alone business course, if it should be integrated throughout the curriculum, or if the university should both provide a course and integrate it. Six out of 10 students (60%) and six out of 10 professors (60%) thought the university should both provide an ethics course and integrate it throughout the curriculum. The main arguments were that an ethical specialist could teach the course, and integration in other courses would help reinforce the importance of ethics.

> "If you just do it within a course, it doesn't get the attention it needs." (S2)

"In my mind, I think we need both. I'm a very practical person so I don't much enjoy pure theory so I think ethics, if it is interwoven through other subjects, through other courses, would have a much bigger effect when you can show how they apply to a certain situation in marketing, in management, in finance, whatever and then a separate course would put it altogether." (S10)

"I think that there are some questions that arise in the whole area of business that can be answered from the prospective of the ethics specialist, but others can be answered from the perspective of the functional specialist." (P3)

"You don't want to say, "Ethics, check, done" and move on from there, it should be reinforced throughout the rest of the material you have." (P5)

"I think having an ethics course signals something. I think it signals the importance of it… we presume that everyone knows how to make an ethical decision, not necessarily, what should you be taking into account? Not everyone has a philosophical background so they wouldn't know how to go about, what are the steps to take in terms of making an ethical decision? So, I think giving our management students that kind of foundation in terms how to go about making ethical decisions is very valuable in and of itself. That being said, I think it has to be integrated into all of courses in terms of how we go about reinforcing that message and teaching that." (P10)

Four professors (40%) and two students (20%) felt ethics was better taught as a stand-alone course. For the professors, the concerns were ensuring that ethics was actually integrated into all courses, their ability to teach ethics if it is not their specialty, and also whether or not you can actually teach ethics.

"With issues of academic freedom…in theory, integrating it into a key course would be better, but because you can't trust what is going to happen in that course, it in reality probably ends up being a better idea to have a stand-alone course." (P6)

"I think it is better to have a stand-alone course. First of all, most people are experts in their own field and I don't think training everyone to teach ethics is productive and I am not sure ethics can be taught to begin with so if you have to do something to meet the requirement of accreditation, the way we do it now is a better approach." (P9)

The two students who preferred a stand-alone course were also concerned about the quality of ethics education if it were integrated.

"My concern from that would be which order do you present it in and how do you make sure when you do it the 2nd time you are engaging students and they don't feel: 'Oh, I already learned this, time to tune out.'"(S6)

"If you want it to be something that is remembered after you graduate then it has to be that you say "I took an ethics course" and here's the material.""(S3)

No professors recommended ethics be integrated into the curriculum with no course, however two students thought this was a good choice. This correlates to the professors who expressed concerns about integrating ethics into their course when it is not their area of expertise.

To conclude, majority (60%) of students and professors interviewed felt there should be both a stand-alone course and integration throughout the curriculum. Those who did not recommend integration were concerned about maintaining the quality of the content due to professor specialities and academic freedom.

Extent of Coverage

Students were asked if they felt their core courses addressed ethical issues adequately, not adequately or more than adequately. No students said ethical issues were addressed more than adequately and six or 60% said not adequately. The main reason students felt ethical issues were not addressed adequately was because they felt only a small number of courses "touched on" ethical issues.

> "I think although some may have mentioned it in a class or something, there hasn't been a lot of attention necessarily paid to it." (S1)
>
> "It was definitely not given the attention it should." (S2)
>
> "I am going to say not adequate because there was just a dash of conversation of ethics." (S3)
>
> "I can't really think that ethics has been addressed as a core item." (S6)
>
> "I can't remember what course it was, there were a couple of courses which were kind of quantitative but had an ethics chapter in the book." (S7)
>
> "I'd like to see it more integrated so it is re-visited." (S9)

Of the three students (30%) who classified the coverage of ethics as adequate, two felt there was still some work to be done.

> "I think because of the ethics course, adequately because that certainly gave us a really good background in it. If there wasn't a full course I would say no, it's not adequate in the other core courses."(S4)
>
> "I would say relatively adequately, but I would fall between adequately and not adequately, since it's not across the board. I think there are some that do

it really well and would get a passing grade on it, but there are some where

we didn't talk about it at all." (S8)

Only one student (10%) seemed truly satisfied with the current level of ethics

coverage in the core courses.

"The level to which ethics should be addressed in the program is why I

consider it adequate. I rated it as a 5 [out of 10], which puts it in the middle

of the road in terms of how I see its importance so I think considering that

being my view, that it is addressed adequately." (S5)

Professors were asked if they were currently integrating ethics into their course

and to what extent. They were also asked if ethics was currently included in their course

outline. Only four professors (40%) felt that were currently integrating it. These four

professors also include ethics in their course outline. The other six professors (60%) did

not feel they were integrating ethics. Interestingly, one of those six professors said they

integrated ethics every year but this year. Ethics is always mentioned in their course

outline in the description of the term project. In past years students were encouraged to

get their term projects approved by the Research Ethics Board. This particular professor

had issues with students getting approvals for projects in a timely manner and placed less

emphasis on the ethics approval process this year. The other five professors (50%) do not

include ethics in their course outline. Although the five professors would not classify their

coverage of ethics as integrated, all mentioned that they included ethics in some way in

their course work.

"I can remember on numerous occasions weaving it in throughout the

lectures and leaving rhetorical questions out there, that I wasn't looking for

an answer, but just asking them to think about some of these issues…" (P2)

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"It's not integrated completely. I usually talk about it near the end of the course, in the last class or the 2nd last class as a way of, not so much summarizing the course but….I will start by asking "well, now that you know something about x topic, what do you see as some major ethical issues that arise?" (P3)

"We talk briefly about being ethical, particularly in the aspect of globalization, but it is not a topic I deliver as such, actually only a small section of the book is dedicated to that, but in terms of environmental practices and being ethical in that way, environmental sustainability has become a significant part of my course..." (P4)

"….I talk about it [ethics], I mention it, given the current environment, we talk about it, but formally do they get tested? No." (P7)

"I think it is probably inherent in everything I teach but I wouldn't necessarily label it all along the way. So I wouldn't talk about "now we are going to discuss the ethics of this" however it would be integral." (P10)

These responses reveal that all professors include ethics in some way in their course work, though some not as much as others. Only 50% include it in their course outline and only 40% say they are integrating it in their course work.

Barriers to Ethics Education

Professors were asked specifically if anything prevents them from integrating ethics into their curriculum. Only three professors or 30% felt there were no barriers. From the other 7 responses, three themes emerged and most professors indicated more

than one barrier. The first theme that emerged was professors questioning whether ethics can even be taught. Four professors mentioned this in their answers.

"I am not 100% sure you can teach ethics." (P5)

"I think that for many people, when it comes to teaching ethics, for some people you're preaching to the converted…and for other people they will go through the motions, tow the party line, say what they know the professor wants to hear but when they get out there and they are doing their thing, what happened in an ethics class probably has very little do with the decisions they make." (P6)

"To be honest, I actually don't know whether teaching ethics to MBA's leads to more ethical behaviour." (P8)

"...I don't think training everyone to teach ethics is productive and I am not sure ethics can be taught to begin with…" (P9)

A second theme was lack of ethics training. Four professors mentioned lack of training in their responses.

"I don't know much about it or at least I am not trained on it, so what I've learned is how my discipline is approaching this issue and it is not primarily a focus of my research activity, so you know, I think for many of us, it is marginalized because we know much more about [x topic] where my training and knowledge is quite high...." (P3)

"What you want to do is make sure that people understand ethics well enough that they know how to at least recognize the opportunity for discussion around ethics for various aspects of the courses." (P4)

Two of those professors mentioned providing faculty with extra support and
training as a way to increase integration.

"If we introduce ethics into our courses perhaps what is necessary is for

faculty members themselves to have a course or workshop on ethics because

we may have a general view of what ethics is all about but it does not

automatically mean we can try to translate that into the context of a course.

So I think we can be helped if there is some sort of workshop at the faculty

level to inform us of exactly what we mean by ethical practices and then

how we might begin to use an ethics lens to view the work that we do and

somehow incorporate it into our courses." [P4]

"Maybe a note can be given across the business school saying if you can

incorporate, if it is possible, some ethics-related topics that would be great.

Saying that, I would also say how and what? Perhaps faculty members could

be provided some material on examples." (P7)

The third theme was lack of time. Three professors felt pressure to cover certain
topics in their class and did not feel they had adequate time.

"I can easily bring it in when I have more time…The kind of course I teach

is more of a tools course. " [P7]

"I teach x topic, I don't teach ethics, I don't have time." (P8)

"Time is definitely a constraint because usually x topic is a very intensive

course." (P9)

One professor (P8) also mentioned the research ethics board (REB) approval
process as being a barrier to ethics education. They had always encouraged students to go
through the process with their class projects and thus discussed the process and ethics

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each year. This past year some of their student projects were significantly delayed in the process therefore they did not mention the process to students this year.

Students were not asked specifically about barriers to ethics education, though two did mention time and training professors as issues in their responses to other questions.

> "I think it's to train the trainers. They are not going to teach it and if they do, they are not going to teach it well until they have buy-in. You have to get buy-in from faculty that that is an issue so I think they need some business ethics training." (S2)

> "The class structure for my ethics course over the summer did not really allow for a lot of give and take due to time constraints…" (S7)

It was clear that professors felt lack of training and lack of time were two distinct barriers to teaching ethics. However, the largest stumbling block seems to be that 40% of the professors interviewed do not think ethics can be taught.

Marginalization of Ethics

Professor and student responses were studied to determine if ethics was being marginalized in the classroom. Five professors or 50% marginalized ethics in terms of the language they used in their responses.

> "It [ethics] will be a little snippet of discussion where we can discuss the appropriateness and effectiveness of using appeals to the basis of ethical values but it won't be central." (P3)

> "We talk briefly about being ethical, particularly in the aspect of globalization, but it is not a topic I deliver as such, actually only a small section of the book is dedicated to that." (P4)

"Not so much a focus, probably more anecdotally" [P5]

"Going back to the issue of ethics, I don't want to integrate it, I want to touch on it but I am not inclined to put it front and center because it's an important issue but it's not something that I think should pervade." [P6]

"I don't think it's [ethics] very important in changing people's behaviour. I think it's too late, if they don't know by the time they enter the business school, it's not an education part." (P9)

Many of the student descriptions of how ethics was covered in their courses revealed a marginalization by professors. Seven students or 70% used language such as "touched on" or "a little bit" in their descriptions.

"We very briefly talked about it but there hasn't been a lot of attention paid to it…." (S1)

"….they touched on it briefly in our leadership class, but I only remember what we talked about." (S2)

"...there was just a dash of a conversation of ethics, there was nothing really, full blown…I don't remember a chapter in one of the books starting with ethics. It was just something that was talked about." [S3]

"I can't really think that ethics has been addressed as a core item." (S6)

"We touch on it but we really don't talk about it…" (S9)

Students did bring up specific courses in which they remembered ethical issues being discussed. Seven students or 70% remembered ethics being included in their leadership course. Five students or 50% recall Organizational Behaviour including ethical issues. Four students or 40% remember covering ethics in accounting. Two students, or

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20% remember covering it in marketing and only one student each or 10% remembered covering ethical topics in Operations Management, Economics and Finance.

Contradictions in Findings

Participant responses were also analyzed for discrepancies in how they rated the importance of ethics, versus language they were using in other answers throughout the interviews. Four professors and three students gave contradictory responses to answers throughout their interviews.

Most of the contradictory professor responses resulted from ethics being rated as high for importance but the professor only touched on the subject in their course material. For example, P7 gave ethics 10 out of 10 for importance, indicated that there should be an ethics class and integration throughout the curriculum, but admitted to not currently integrating it into their course material. This professor also questioned the effectiveness of teaching ethics and expressed they felt there was no substitution for an actual ethics course.

> "It is not going to be a far-fetched statement that a person can get an A in an ethics class and after graduation, gets a job and gets caught within a year for being engaged in unethical behaviour. Given that, I would say any place we can expose students to ethical learning, ethical standards, that is going to be a good thing so I would give it a 100% or 10[out of 10] - it's a must."

At the same time...

> "….I talk about it [ethics], I mention it, given the current environment, we talk about it, but formally do they get tested? No."

Also,

> "It does show up when specific topics are covered, however I think there is
> no substitute for an ethics course."

This professor mentioned time and training as the two barriers to teaching ethics. It may be that the professor wants to integrate ethics but does not have enough time and does not feel they have proper training.

P4 gave conflicting responses to how much they integrated ethics. At one point they mentioned only "briefly" talking about ethics but then says that ethics and environmental sustainability has become a significant portion of their course.

> "Only [integrate ethics] in the sense of dealing with it through the
> sustainability aspect, environmental sustainability as one dimension. One
> would not attempt to teach ethics as such we talk briefly about being ethical
> particularly in the aspect of globalization, but it is not a topic I deliver as
> such, actually only a small section of the book is dedicated to that, but in
> terms of environmental practices and being ethical in that way,
> environmental sustainability has become a significant part of my course..."

This contradictory response could stem from the professor's definition of ethics. It would seem the professor has a distinction between ethics and environmental sustainability. While environmental sustainability is a significant part of their class, they do not consider that to be ethics. This professor also expressed interest in getting training on how to teach ethics.

P3 thinks there should be an ethics course and it should be integrated throughout the curriculum, yet admitted to not integrating it into their course.

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"I think it's better to have both [an ethics course and integrated throughout]. I think that there are some questions that arise in the whole area of business ethics that can be answered from the perspective of the ethics specialist, but others can be answered from the prospective of the functional specialist."

However when discussing how ethics is currently included in their course work

"It's not integrated completely. I usually talk about it near the end of the course, in the last class or the 2nd last class as a way of, not so much summarizing the course but….I will start by asking "well, now that you know something about x topic, what do you see as some major ethical issues that arise?"

One of the barriers this professor mentioned was also training.

"Most of us are trained as functional specialists and so most of us have not taken a course in business ethics and when I did my undergraduate and graduate degree, it was rare for there to be a business ethics course."

Again, the lack of integration could be attributed to the disclosed barrier of lack of ethics training.

P8 mentioned integrating ethics every year but this past year. This particular professor related ethics to the research ethics board (REB) and obtaining ethics approval for research projects. The professor did not mention the REB process this year because they had problems with student projects being delayed last year. While they indicated mentioning ethics every year but this year, they also said they do not have time to teach ethics.

"Normally I would spend 15-20 minutes talking about the importance of ethics approval and I would bring copies of the REB application and pass it around."

They also said:

"I teach blank topic, I don't teach ethics, I don't have time."

While they said they integrated ethics, in reality they only spent 15-20 minutes discussing it in previous years. This issue could be resolved if there was a faculty-wide understanding of what it means to integrate ethics into a course. Again, this relates back to faculty training.

For students, S6 expressed some contradictory views of ethics. When talking about the role of ethics in business, they related ethics to protecting yourself and your company, whereas when defining ethics they related it to doing the right thing.

When asked if ethics has a place in the business environment:

"Absolutely, it has to. Not only with the legal arguments you see coming up lately, but also for international business. For pretty much any point of PR or marketing, you want to make sure that you are not spinning your company to be good or bad just to cover something up, and you want to protect yourself and your company so it is definitely necessary."

When asked about the definition of ethics:

"My definition of ethics is a smart person knows the difference between right and wrong and choses right and an ethical person just does right because they don't even consider the other option, it's not an option to them."

Would this same student do what is right, if it meant exposing themselves or their company?

S7 thought that ethics was not currently being presented as important as it should be, but only gave it 7 out of 10 for importance.

> "I would say that it's probably a 7. I think it's important but I don't necessarily think that it is always presented as important as it should be. When I look back at my undergrad degree in business, I had to take an ethics course and it was very sort of high-level, you talk about Enron, like every other business class you're in and I don't think the importance of it really sinks in."

This seemingly contradictory response could be a result of the extremity bias mentioned in the limitations of this study. Some people are hesitant to give anything 10 out of 10, though their language would suggest otherwise.

S10 gave ethics 10 out of 10 for importance in business education but then questioned its effectiveness in the long run.

> "I'd say it's a 10."

At the same time

> "I think it's very important to educate people, future business leaders or business people, whatever you want to call them, about ethics, but I think they by the time they reach the MBA level it is likely too late, they come with a set of ethics or without a set of ethics and I don't think there is much we can do in graduate school that will change that."

While there were a few contradictory responses that stood out from professors and students, some of the contradiction may be explained through the barriers to ethics education that were brought up in the interviews and the extremity bias that can result from using a numeric scale in questions.

Conflicts of Interest

   Students were asked if the concept of a conflict of interest was addressed in their

core courses. Learning how to identify a conflict of interest is an important element to

ethical behaviour. As mentioned in the need for this study, conflicts of interest have been

identified as one of the top three ethical issues facing Corporate America (Peterson &

Ferrell, 2005). Six students or 60% did not think the concept of a conflict of interest was

addressed.

      "I don't feel like conflicts of interests have come up at all, unfortunately."

      (S1)

      "I don't remember that at all. I don't remember discussing that at all." (S2)

      "I think we mentioned it in the ethics course but I don't really remember

      there being a lot of discussion around it. I can't recall anywhere else it comes

      up." (S4)

      "I wouldn't say explicitly. If it was included, it might have been just a very

      small component of a case study in marketing class that I can think of." (S6)

      "Not a whole lot." (S9)

      "A little bit, I don't think it was mentioned specifically, again it may have

      been touched on through some examples and case studies, but I don't think

      we've talked about conflict of interest as a subject." (S10)

   Four students or 40% remember it being included to some extent but were not

confident in their response. For example S3 talked about general conflict, as opposed to a

conflict of interest.

"Back again to Leadership and Organizational Behaviour, because those were the courses that addressed the people side of things. Conflict is usually people-related issues. Examples were given how conflicts escalated, conflicts between teams - storming, norming, performing, what to expect in a new team, how things would progress, so to speak."

S8 also focused their answer on conflict, rather than conflicts of interest.

"The first thing that jumps out is leadership. We talked about that [conflict of Interest] and how to deal, especially in those labs where we did the role playing, I can remember talking about conflict and that sort of thing."

S8 also recalled it being covered in accounting but could not remember the exact content.

"Accounting as well, those core ones that talk about behaviours, you definitely touch on it. Exactly what we did, I can't remember, aside from those leadership role playing."

S5 mentioned it was covered but was very vague on what was covered and in which specific courses.

"I think so, I would probably look to some of the management courses that were core to the program and using some of the theories we learned there and apply those to different situations we come across."

Only S7 gave a specific example that showed an understanding of conflicts of interest and where it applied in their core course work.

"I think it would be addressed the most in strategy and maybe a bit in finance, because if you address the strategy the company is going to take one way, disregarding the effects it will have on another group of stakeholders…"

"If you are on the Board of Directors, but also have a stake in that

corporation, there is a conflict of interest because you will be maximizing

the stakeholder's wealth or manager."

To conclude, overall (60%) of students did not feel conflicts of interest were

addressed in their core course work. Of the 40% that felt it was addressed, only 1 or 10%

gave a clear example and showed their understanding of the topic.

Chapter 5: Discussion and Implications

The Definition of Ethics and the Stakeholder Approach

It is interesting that students who defined ethics according to values did not

mention the environment or stakeholders at all. Likewise, the students who defined ethics

according to the stakeholder approach did not mention values. It is also interesting that

more students brought up values in their definition than professors. Among other things,

this could reflect student exposure to ethics in the MBA program or in their business

experience.

The main emergent trend in the definition of business ethics for both professors

and students is the stakeholder approach. Christensen et al (2007) made note of the

growing trend to include the stakeholder approach in their research; "MBA programs are

beginning to expand their focus to two recently highlighted dimensions of ethics: (1) the

corporation's ethical role in society (its corporate social responsibility) as well as (2) the

corporation's role in minimizing the destruction to, and maximizing the preservation of

resources for future generations" (p. 348). As mentioned in the literature review, the

AASCB also espouses the importance of the stakeholder model when discussing their

accreditation standards surrounding ethics. When asked about the extent of coverage,

only 1 professor mentioned the stakeholder approach. Despite this, 40% of students and 60% of professors defined ethics according to the stakeholder approach. While this is positive, if Sumantra Ghoshal had his way, 100% of students would define ethics according to the stakeholder approach.

The Role/Importance of Ethics in Business

Overall, more professors had a negative viewpoint on the role of ethics in business. One professor in particular mentioned how they feel laws are more important than ethics: "I think what's more important in that respect are laws. Those are things that are enforceable. Organizations need to have policies, rules, regulations that curtail behaviour…" This professor is not looking at the role of ethics in business through the same lens as Archie Carroll, who defined corporate social responsibility (CSR), as we now know it. Carroll (1999) says that CSR "encompasses society's economic, legal, ethical and discretionary expectations for business organizations at a given point in time" (p. 283). Carroll makes a clear distinction between the ethical and legal expectations. He says society expects business to obey the law; the ethical expectations "extend to behaviours and practices that are *beyond* what is required by law" (Carroll, 1999, p. 283). Therefore a business could be fulfilling society's legal expectations by obeying the law, but if they are not going above and beyond that to include the various stakeholders affected by their decisions, they are not meeting society's ethical expectations. The same could be said for individuals. It is obvious the professor does not recognize this distinction, pointing to a need for faculty training surrounding corporate social responsibility and business ethics.

It was also interesting that both professors and students mentioned negative consequences that can or have resulted from unethical behaviour as a way of emphasizing

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its importance. While negative stories show the potential consequences of unethical behaviour, it is also important to highlight the positive stories. As AACSB points out in their 2004 report, "Ethics Education in Business Schools", schools must engage students "at an individual level through analysis of both positive and negative examples of everyday conduct in business" (p. 9).

The Role/Importance of Ethics in Business Education

A numeric scale was used to determine the importance of ethics in business education. While the numeric average for students and professors were very close (7.85 for students and 7.5 for professors), when looking at the comments from the interviews, overall it seems students have a more positive opinion on the impact ethics education has on behaviour. For example, only 3 students were negative in their responses, questioning the impact of ethics education on behaviour, whereas 6 professor responses were negative. Of those six, four professors questioned the impact of teaching ethics and the other two did not feel ethics was any more important than topics like financial literacy or people management. If business school administrators want to integrate ethics into the curriculum they will need to address faculty's views of its impact.

Dean et al (2007) surveyed faculty at a mid-West Catholic University in the United States. They conducted interviews prior to their survey and found that the majority of faculty were not interested in teaching ethics and did not feel that teaching ethics had a positive impact on behaviour. After the survey it was revealed that only half of the faculty had ethics training, leading Dean et al to wonder if the negative view of ethics was a result of lack of training. The same conclusion could be drawn from the results of this study and leads to the question — how many of the faculty of this institution have ethics training?

Stand-Alone Course versus Integration versus Both

It is interesting to compare the 2003 study with the current study when looking at opinions regarding the pedagogy for the teaching of ethics. At the time of the 2003 study there was no mandatory ethics class, only an elective. Ethics is now a mandatory class at the institution. In the current study, the majority (60%) of students and professors interviewed felt there should be both a stand-alone course and integration throughout the curriculum. In the 2003 study, only 2 professors (20%) thought there should be a course and integration whereas 13 out of 31 students (42%) did. This is a significant increase on the part of the professors and a slight increase for students. In the current study four professors (40%) and two students (20%) felt ethics was better taught as a stand-alone course. In the 2003 study only 2 professors (20%) and 3 students (9.6%) felt a stand-alone course was best. Most of the literature reviewed for this study indicated that a stand-alone course was less effective than other pedagogical models. As Cant and Kulik (2010) stated "ethics is not an add-on, it is an essential element in the managerial decision-making process" (p.250). Cant and Kulik feel, like others, that a stand-alone course merely pays lip service to the topic but does not emphasize its importance reinforcing "the perception that ethics is not significant enough to get anything more than passing consideration" (2010, p. 251).

In the current study no professors (0%) recommended ethics be integrated into the curriculum without a course; however two students (20%) thought this was a good choice. However, in the 2003 study, 5 professors or 50% recommended integration without a course and 14 students (45%). This is a significant difference and could be attributed to the fact that there was no mandatory stand-alone course at the time. In light of not having a course, perhaps students and faculty felt integration was a good option. The literature

points to potential problems with pure integration. Cavaliere et al (2010) argue "spreading the responsibility of teaching ethics across the curriculum diminishes its importance" (p.4). From the current study it is obvious that both students and faculty see the value in having a stand-alone course, though 60% would like to see integration packaged with it. This presents an opportunity to the administration of the institution. Both faculty and students suggested a pedagogical change that is supported in the academic literature. However, both students and faculty recognize the barriers that exist to implementing this change.

Barriers to Ethics Education

It was clear that professors felt lack of training and lack of time were two distinct barriers to teaching ethics. However, the largest stumbling block seems to be that 40% of the professors interviewed do not think ethics can be taught. These exact same barriers were presented in the 2003 study.

One barrier that was not mentioned in the 2003 study was the Research Ethics Board (REB). One professor in the current study named the REB as a barrier. Students in their class last year had a hard time getting projects approved; therefore this professor was discouraged from emphasizing it in their class. This demonstrates a misunderstanding of ethics and its role in education. The REB process focuses on risks and potential harm to research participants. While it is an ethical element that must be considered for research, it is not a practical application of business ethics. This professor would benefit from learning more about business ethics pertaining to their field of study and how they might incorporate it into their course work in other ways.

It is not surprising some of the faculty in the study display a misunderstanding of ethics. Hartman and Hartman (2004) point out that there is "no reason to believe that most

faculty are able to teach ethics adequately, as there is no reason to believe that most business ethics faculty can teach tax accounting or corporate strategy" (p.172). Hartman and Hartman (2004) go on to describe how institutions have been successful, "They have trained their faculty with care…recognizing and analyzing ethical problems requires a sophisticated understanding of many ethical concepts and principles" (p. 172). This discussion also addresses the barriers presented in this study, with the scholars saying, "Whether an instructor can provide the necessary foundation for dealing with such difficult issues depends on whether he/she is not only willing, but able to take the class time required to provide it. And of course, it depends on the instructor's competence as well" (Hartman & Hartman, 2004, p. 172).

Cant and Kulik (2010) emphasize that an ethical curriculum cannot be forced on faculty; success in including ethics "requires faculty to both individually and collectively endorse the initiative" (p. 233). One of the students (S2) interviewed recognized this, "I think it's to train the trainers. They are not going to teach it and if they do, they are not going to teach it well until they have buy-in. You have to get buy-in from faculty that that is an issue so I think they need some business ethics training."

Cant and Kulik (2010) also emphasis that it is not about bad apples (professors) or bad barrels (institutions), but instead

> …How (1) apples (business school teachers) can be placed in barrels in the first place as 'good' ones (by being a part of an effective integrated ethics program), rather than as unintentioned rotten ones; and how (2) more rot-resistant apples (situational-resistant ethical acting employees) can be genetically modified (educated) in a way that results in less bad apples, regardless of the pre-existing presence of bad apples or barrels (p. 233).

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What Cant and Kulik (2010) are suggesting requires the creation of an ethical climate referred to by other research reviewed for this study (Horn & Kennedy, 2008; AACSB, 2004). As the authors suggest, this ethical culture necessitates the inclusion of two other stakeholders in addition to faculty — students and the business community.

Marginalization

There were signs of ethics marginalization in the interviews conducted for the current study with 50% of students and 70% of professors using language as "touched on" or "a little bit" in their descriptions of how ethics is covered in classes. This same marginalization was evident in the 2003 study with the author Jacqueline Finn suggesting that the marginalization was a direct result of barriers professors faced. Without the time or the training, faculty are forced to marginalize ethics in the classroom. By addressing the barriers presented in this study, business school administrators could combat this marginalization.

Extent of Coverage

It is disturbing that out of 10 students; only one felt the current coverage of ethics was adequate. No students said ethical issues were addressed more than adequately and six or 60% said not adequately. This correlates to the marginalization of ethics discussed in the previous section. Student language suggested ethics was being marginalized and their classification of ethics coverage confirms this.

What also stood out from the interviews is only two students, or 20% remember covering ethics in marketing and only one student each or 10% remembered covering ethical topics in Operations Management, Economics and Finance. These are important courses in which to include ethical dimensions. Many MBA graduates go on to work for the banking industry after graduating. As mentioned in the need for this study, the

banking industry in the United States played an integral role in the financial crisis of 2008. The finance course is where MBA students learn about the shareholder model and financial risk therefore it is particularly important in that subject for students to understand the ethical implications of decisions in that field. In Economics students learn about capitalism and the structure of the global economy. This cannot be explained without an understanding of how the economies in the world are intricately connected and how a bankruptcy in the United States, like the Lehman Brothers in 2008, can have far reaching effects around the globe.

It was positive to hear that all 10 professors said they included ethics in some way, though only 40% classified their current coverage as integration. This self-disclosed coverage is contrary to the students' perceptions and points to the need of professors to emphasize and identify particular ethical topics when they are being covered. As the literature reviewed suggested, a big part of ethical decision-making is recognizing the ethical elements. As Assudani et al (2011) point out,

> Ethics education can be used as a means to help students become aware of their ethical philosophy, provide them with the tools to make choices consistent with it, and sensitize them to the existence of ethical situations" (p. 106)

Having professors points out ethical dilemmas in the classroom will help students identify ethical dilemmas after graduating.

Conflicts of Interest

From the study it is evident that conflicts of interests are not widely discussed in the MBA curriculum. Only 40% of students felt conflicts of interest were addressed and of those, only one (10%) articulated a full understanding of a conflict of interest, "If you are on the Board of Directors, but also have a stake in that corporation, there is a conflict of interest because you will be maximizing the stakeholder's wealth or manager" (S7). As mentioned earlier, Peterson and Ferrell (2005) indicate that conflicts of interest are number one out of the top three ethical dilemmas facing Corporate America and it was conflicts of interest that led to the financial crisis of 2008. Had the players of the scandal recognized the conflict of interest and learned how to evaluate and apply their own ethical ideologies, they might not have made the same choices. These choices unfortunately led to a global economic recession.

Chapter 6: Conclusion and Recommendation for Future Research

Conclusion

The results of this study support current academic literature that there is no widely accepted definition of ethics. The result also support the academic literature surrounding the debate of whether ethics can even be taught; both student and faculty expressed scepticism, though a larger number of professors were sceptical.

In an institution whose pedagogical model for teaching ethics includes a stand-alone business ethics course it was interesting to hear that 60% of students and faculty thought that the integration of ethics across the curriculum should accompany the course moving forward. Despite this, there are still some pronounced barriers that need to be addressed including faculty training, time and the perception that ethics cannot be taught.

The study also revealed that both professors and students are aware of the stakeholder model and its role in ethics. This would have pleased the late Sumantra Ghoshal, one of the loudest critics of the business curriculum and the shareholder model. In the literature review, the problems Freeman et al (2009) saw with the current model of business education were presented

1. Markets are perfect, or at least efficient
2. Human beings are always self-interested
3. Economic models and reasoning can explain most of what is interesting about business
4. Ethics is about altruism

It seems appropriate to conclude this study with the new story Freeman et al (2009) want business schools to tell:

1. Business is primarily about purpose. Money and profits follow.

2. Any business creates (or sometimes destroys) value for shareholders as well as for customers, employees, suppliers and communities

3. Capitalism works because we are complex creatures with many needs and desires, and we can cooperate to create value for each other.

4. Most people tell the truth and keep their promises, and act responsible most of the time. (p.3)

If the business school analyzed in this study and those around the world adopt this new story we will ensure, as Cavaliere et al (2010) suggested at the beginning of this report, that future generations will "do better than the last generation" (p. 4).

Recommendations for Future Research

The results of this study point to the need for future research. Although there were a number of studies examined in the literature review that looked at the impact of ethics education on behaviour (Venezia et al, 2011; Buell, 2009; Hickman, 2008; Galla, 2006 Cannon, 2001; Cartwright, 2006; Bateman, 1996; Hussey, 2011; Lämsä et al, 2008; Gunderson et al, 2008; Krishnan, 2008 and Luthar & Karri, 2005), more studies should be conducted to help prove that ethics education has a positive impact on behaviour.

The study revealed that students have a more positive opinion on the impact ethics education has on behaviour than professors. Future research could involve interviewing alumni 5 and 10 years after graduating to see how (or if) their valuation of business ethics education changes.

It would also be interesting to conduct further research on faculty perceptions of the impact of ethics education. Dean et al (2007) wondered if faculty marginalization of

ethics was a result of a lack of ethics training. A future study could look at the differences in faculty perceptions of ethics education prior to and after receiving ethics training. Could faculty training change perceptions and reduce marginalization?

The research conducted by Rasche et al (2013) also points to a need for research surrounding the decoupling of a school's public claim of including ethics in the curriculum and the actual practices. It would be interesting to see how the claims and practices differ.

Rasche et al's (2013) research also shed light on how ethics is typically emphasized more in management-based courses, versus technical courses such as finance, accounting, information technology and quantitative analysis. Future research could include a cross-disciplinary study of ethics integration to get a better picture of how significant this difference is and what schools can do to close the gap.

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Appendix A

Student Questions

1. In your opinion, what is business ethics?

2. In your opinion, does business ethics have a place in the business environment?

3. How would you rate the importance of ethics education in the business curriculum at the university level on a scale of 1-10, 1 being not very important, 10 being very important?

4. Do you feel it is better to have a stand-alone business ethics course, as we have now in the MBA program, or to have it integrated throughout the curriculum, both or none at all?

5. Have your core courses addressed business issues related to ethics? To what extent? Can you think of one example in which an ethical business issue was addressed in class?

6. To what extent have your core courses prepared you to manage conflicts of interest in the business environment?

7. Choose one of the following: In your opinion, your core courses have addressed related ethical issues: More than adequately, adequately, not adequately

Professor Questions

1. In your opinion, what is business ethics?

2. In your opinion, does ethics have a place in the business environment?

3. How would you rate the importance of ethics education in the business curriculum at the university level on a scale of 1-10, 1 being not very important, 10 being very important?

4. Do you integrate ethics in the ---- course that you teach? To what extent? How is this done?

5. Is there anything mentioned in your course outline regarding ethics?

6. Was there anything that prevented you from integrating ethics into the course curriculum?

7. Do you feel it is better to have a stand-alone business ethics course, as we do now in the MBA program, to have ethics integrated throughout curriculum, both, or none at all?

Appendix B

Student Information/Consent Letter

Ethics Integration in Business Education
REB File # 12-276
Principal Investigator: Joanne Firth
Department of Management
Saint Mary's University, Halifax, NS B3H 3C3
Tel: 496-8142, Email: joanne.firth@smu.ca
Faculty Supervisor: Cathy Driscoll
Tel: 420-5282, Email: cathy.driscoll@smu.ca

I, Joanne Firth, am a graduate student in the Department of Management at Saint Mary's University. As part of my Masters in Business Administration degree's Major Research Project, I am conducting research under the supervisor of Dr. Cathy Driscoll.

The purpose of this study is to determine if there is any discrepancy between the perceptions of business professors and students with regards to ethics being integrated into the curriculum. A similar study was completed in 2003. This new study will determine if any advancement has taken place since that time and the extent to which business ethics is currently integrated.

Participation will involve a one-on-one, ten minute interview with me at a location on the Saint Mary's University campus.

Participation is completely voluntary. You may withdraw from this study at any time without penalty.

All of the information in the study will be kept strictly **confidential**. Confidentiality will be achieved by not revealing your name in the release of the findings. Your name will not be connected to the collected information and no individual participants will be identified.

Your assistance would be greatly appreciated. The responses provided will be a valuable source of information for this project, which will help contribute to the literature surrounding business ethics education.

If you have any questions, please contact me at 496-8142 or at the following email address: joanne.firth@smu.ca.

This research has been reviewed and approved by the Saint Mary's University Research Board. If you have any questions or concerns about the study, you may contact Dr. Jim Cameron, Chair, Research Ethics Board at ethics@smu.ca.

If you are interested in the results of this study please contact me after May 1st, 2013.

An affirmative reply to this email and your participation in the interview will be taken as informed consent.

Sincerely,
Joanne Firth

Professor Information/Consent Letter

Ethics Integration in Business Education
REB File # 12-276
Principal Investigator: Joanne Firth
Department of Management
Saint Mary's University, Halifax, NS B3H 3C3
Tel: 496-8142, Email: joanne.firth@smu.ca
Faculty Supervisor: Cathy Driscoll
Tel: 420-5282, Email: cathy.driscoll@smu.ca

I, Joanne Firth, am a graduate student in the Department of Management at Saint Mary's University. As part of my Masters in Business Administration degree's Major Research Project, I am conducting research under the supervisor of Dr. Cathy Driscoll. I am inviting you to participate in my study. The purpose of this study is to determine if there is any discrepancy between the perceptions of business professors and students with regards to ethics being integrated into the curriculum. A similar study was completed in 2003. This new study will determine if any advancement has taken place since that time and the extent to which business ethics is currently integrated.

Participation will involve a one-on-one, 20-30 minute interview with me at a location on the Saint Mary's University campus.

The results of this study will provide valuable information regarding the ethical content of business courses at Saint Mary's University. **Participation is completely voluntary. You may withdraw from this study at any time without penalty**.

All of the information in the study will be kept strictly **confidential**. Confidentiality will be achieved by not revealing your name in the release of the findings. Information you provide in the interview will not be made known to participating students. Your name will not be connected to the collected information and no individual participants will be identified.

Your assistance would be greatly appreciated. The responses provided will be a valuable source of information for this project, which will help contribute to the literature surrounding business ethics education.

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