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## IS THERE A DECLINE IN TEACHING ETHICS IN US BUSINESS SCHOOLS?

### ABSTRACT

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With recent financial scandals at Global Crossing, Enron and WorldCom involving manipulation of company earnings and the collapse of shareholder values, there has been increased debate concerning ethical decision making among business leaders in America and abroad. This debate has been accompanied by an increased expectation that US business schools give more emphasis to ethics in their business curricula at both the undergraduate and graduate levels. With AACSB mandating the coverage of ethics in business school curricula for member schools, administrators and faculty have shown considerable latitude in the coverage of this topic. This paper looks at differences in the coverage of ethics in the business school curricula of two universities: one a public state university, one a private religious university, as well as trends in the coverage of ethics at several public and private universities cited in recent research articles.

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*Key Words: ethics, business ethics, U.S. business schools, AACSB, business school curricula*

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## INTRODUCTION

Due to financial scandals at Global Crossing, Enron and WorldCom over the last decade, there has been an increased level of debate within society concerning ethical decision making among business leaders in America and abroad. This debate has been accompanied by an increased societal expectation that business schools give more emphasis to teaching ethics in their business school curricula at both the undergraduate and graduate level.

During the past fifteen years there has also been considerable debate within business schools over whether (business) ethics, defined by Webster's New Millennium Dictionary as "the study and examination of moral and social responsibility in relation to business practices and decision-making in business," should be covered as a separate course (required or elective), a component of all core business courses, a component of all business courses, or a combination. There also seems to be a lack of consensus over whether ethics can be taught, and whether the coverage of ethics in the business curriculum will have an effect on business student behavior after graduation.

With AACSB mandating the coverage of ethics (late 1980's) in the business school curricula of member schools, administrators and faculty have shown considerable flexibility in how ethics is covered in business courses.

The purpose of this paper is to look at the coverage of ethics in the business school curricula of two universities in the Pacific Northwest: one a public state university, and one a private religious university, as well as trends in the coverage of ethics at several public and private universities cited in several recently published research articles to discover a possible declining trend in the coverage of ethics in US business schools.

A random sample of students in core marketing courses at the two universities were surveyed during 2007/2008 to determine the extent to which ethics is covered in their business courses. The results were then compared to the syllabus for each sampled course to determine whether the intended coverage of ethics by the course instructors differs from student perceptions of the actual coverage of ethics in the course.

The results of the study show significant differences in both the coverage of business ethics, as well as student preference for additional coverage of ethics in their business school curriculum between the public state and private religious university, with students at both universities agreeing that they would prefer more coverage of ethics in their business courses.

The results of the survey also indicate a difference in the intended level of coverage between the instructors at the public and private university, and are compared to recently published studies on the coverage of ethics at several public and private universities. Conclusions are made about a possible trend involving the de-emphasis of teaching ethics in business school curricula in an environment where university administrators continue to give lip service to the AACSB mandate that ethics should be a part of member school business curricula at both the graduate and undergraduate levels.

## **LITERATURE REVIEW**

### **Coverage of Ethics in Business Schools**

Schoenfelds, McDonald, and Youngblood (1991) indicate significant coverage of ethics at over 90% of the business schools in their study, with MacDonald (2007) reporting in the *Christian Science Monitor* that the number of stand alone ethics courses increasing by 500% since 1998 with one third of business programs requiring course work in ethics. While Alsop (2006) reports that some business schools are beginning to require stand alone ethics courses, Farnsworth and Kleiner (2003) states that ethics should be a required course to prepare students for the ethical dilemmas of the workplace.

In a recent article in the *Denver Post* (May 20, 2007) Newman reports that despite a rapid increase in the teaching of ethics in U.S. business schools after Enron, a recent informal poll of business school deans shows that faculty and administrative commitment in teaching ethics is once again declining, while Moore reports in the *Denver Business Journal* (January 10, 2003) that many U.S. business schools have either cut ethics or diluted ethics courses.

Shannon and Berl (1997) reports that there is a greater focus on teaching ethics at private religious university schools of business and also at non – AACSB accredited schools of business than at public state university schools of business in the US.

### **Can Ethics be Taught**

The *Economist* (May 12, 2007) reports that it is not clear that ethics can be taught, and that building a common code of ethics is an unlikely prospect, while Jennings (1999) states that with the increase in disdain for business and capitalism in many liberal arts schools, and the increase in emphasis on multiculturalism, political correctness, radical

feminism, and postmodernism on college campuses, business students are not being taught the moral foundations of ethical business practices.

While the Gautschi and Jones (1998) study shows that students enhance their ability to recognize ethical issues in business after completing a business course, Burns and Cohen (2006) cite Fr. John Jennings, President of the University of Notre Dame, stating that, “while rules can be taught, the deepest kind of ethics requires something deeper,” and that Davis and Welton (1991) states that, “formal ethics training is not likely to be the dominant factor in the development of one’s perceptions of ethical behavior.

### **Student Attitudes on Ethics in Business School Curricula**

Warren and Rosenthal (2006) cites a recent study that reports that business school students ethical decision making is still sub – optimal, while Alsop reports in *The Wall Street Journal* (June 19, 2007) that a London Business School offered ethics courses as electives with modest student response, and that some professors are reluctant to teach about ethics and social responsibility.

Pizzolatto and Bevill (1996) reports that business school students feel that their college instruction has prepared them to deal with ethical issues on the job, while Stewart, Felicetti, and Kuehn (1996) states that business majors think it is important to teach ethics, and prefer to have it integrated into a number of courses, with female students attaching more importance on teaching ethics than males.

Crane (2004) reports that MBA students support a required ethics course in business schools, while Browning reports in the *New York Times* (May 20, 2003) that only 22% of MBA students think their business schools are doing an adequate job in preparing them to handle ethical conflicts on the job.

### **Business School Faculty Attitudes Toward Teaching Ethics**

Godson (2007) reports that AACSB cites faculty apathy toward teaching ethics while Etzioni reports in the *Washington Post* (August 4, 2003) that business school professors feel that AACSB requirements should be more “straightforward” about whether MBA students should be required to take at least one ethics course, while debating among themselves what constitutes ethical behavior.

Beggs and Dean (2007) reports that business school faculty recommend that external forces, such as legislation, are a better solution to unethical behavior in the workplace,

rather than ethics education, while Hughes (2006) reports that business school professors are emphasizing ethics more as a part of their instruction.

## **RESEARCH METHOD**

One hundred fifty eight business students enrolled in six randomly selected core marketing courses taught during 2007/2008 at two urban pacific northwest university campuses were included in this study. Approximately two-thirds of the courses and a proportional number of students from the public state university were included in the sample, with 67% female responses from the public state university, and 62% female responses from the private religious university. The demographics of students at both universities included both traditional (college aged) and non-traditional older students.

A research instrument/questionnaire was developed and administered to business students at both universities. Research questions included differences in student expectations about the coverage of business ethics in business courses at the two universities, as well as the current levels of coverage of business ethics in each course. A series of Likert questions on a five point scale, ranging from (1) strongly agree to (5) strongly disagree were included in the questionnaire to assess student attitudes towards the expectation of the coverage of business ethics in their business courses, as well as the current level of coverage of business ethics in each course.

The results of the survey were then analyzed for each question using means, standard deviations, and one way analysis of variance (ANOVA) to determine any significant differences in student attitudes toward their expectation of coverage of business ethics, and whether the current level of coverage of business ethics in their business courses differed for students at the two universities. The results of the survey were then compared with the syllabi for each sampled course to determine the course instructor's intended coverage of business ethics in each course at the two universities, and then compared to trends on the coverage of ethics in business schools cited in current literature. Conclusions were made concerning whether teaching business ethics is currently on the decline in US business schools.

## **RESULTS**

The results of the survey (Table 1) administered to students in business courses at two universities, one a private religious university and one a public state university, show

significant differences in both the coverage of business ethics, as well as their preference for additional coverage of business ethics as either a required or elective course in their business school curricula.

Students at the private religious university strongly agreed (68%) or agreed (29%) that “business ethics was a frequent topic in this course,” while students at the public state university either agreed (39%) or were neutral (31%) on this issue. Students at the public state university generally agreed (35%) that they would “like more coverage of ethics in this course,” while students at the private religious university were neutral (62%), probably because business ethics was a frequent topic currently covered in their course.

Students at both universities tended to agree that they would “like more coverage of business ethics in other courses” within their business school curricula.

Students at the private religious university tended to either strongly agree (62%) or agree (24%) that “Business Ethics should be a required course,” while students at the public state university also tended to agree (38%). Students at both universities tended to agree that “Business Ethics should be an elective course” in their business school curricula. The responses of male and female students at both universities were essentially the same in this study.

In terms of the intended level of coverage of business ethics by instructors in the selected business courses at the two universities, there were significant differences, with the syllabi for selected courses at the public state university not listing ethics as either an intended topic or reference chapter, while the syllabi at the private religious university specifically listed ethics as an intended topic and referenced chapter, and included written assignments on ethics.

While the private religious university does not have a required business ethics course, it does have an elective business ethics course in its business school curriculum. The public state university has neither a required nor an elective business ethics course in its business school curriculum.

**Table 1: Results**

Universities		Items	SA	A	N	D	SD	F	P
Private* Religious	Public* State								
1.38/.59	2.61/1.066	1. "Business Ethics" is referenced in syllabus this course.	1	2	3	4	5	25.672	.005
2.67/1.19	2.31/1.003	2. "Business Ethics" is referenced in syllabi my other courses this term.	1	2	3	4	5	1.898	.175
1.71/.64	2.96/1.094	3. "Business Ethics" a referenced chapter on syllabus for this course.	1	2	3	4	5	19.698	.441
4.33/.85	2.70/1.014	4. "Business Ethics" a topic used infrequently in this course.	1	2	3	4	5	45.446	.193
1.62/.86	3.13/1.043	5. "Business Ethics" a frequent topic in this course.	1	2	3	4	5	37.025	.479
3.43/1.16	2.74/1.105	6. "Business Ethics" a frequent topic in my other courses this term.	1	2	3	4	5	6.257	.610
3.19/.81	2.68/.993	7. I prefer lecture on "Business Ethics" more often in this course.	1	2	3	4	5	4.486	.454
2.81/1.07	2.61/.865	8. I prefer lecture on "Business Ethics" more often in my other courses this term.	1	2	3	4	5	.821	.464
3.52/.87	3.34/1.071	9. I prefer lecture on "Business Ethics" less often in this course.	1	2	3	4	5	.536	.459
2.95/.74	3.17/.944	10. I prefer lecture on "Business Ethics" less often in my other courses this term.	1	2	3	4	5	.962	.236
1.52/.87	2.26/1.117	11. "Business Ethics" should be a required course in the College of Business Curriculum.	1	2	3	4	5	7.796	.118
2.76/1.33	2.47/1.31	12. "Business Ethics" should be an elective course in the College of Business Curriculum.	1	2	3	4	5	1.032	.073

SA= Strongly Agree (1), A= Agree (2), N= Neutral (3), D= Disagree (4), SD= Strongly Disagree (5)  
 \* x/s

## DISCUSSION AND CONCLUSION

With the recent scandals in the business community, there appears to be universal agreement that there needs to be an improvement in ethical decision making within the private sector. At the same time there is a diversity of opinions over the most effective methods of bringing about more ethical decision making in the workforce, and whether ethical behavior can be taught, The Economist (May 12, 2007), MacDonald (2007), Burns and Cohen (2006), and Davis (1991) question whether formal ethics training is likely to be the dominant factor in the development of ethical behavior.

While many consider business schools an appropriate place to train future business leaders ethical decision making, AACSB has mandated the coverage of ethics in business

school curriculum for member schools since the late 1980's, Farnsworth and Kleiner (2003). Since then, among faculty and business school administrators, there has been considerable debate over how ethics should be covered, and what constitutes ethical behavior, with the AACSB offering little in the way of straightforward requirements, as reported by Etzioni in the Washington Post (August 4, 2002).

With faculty apathy toward teaching ethics cited, Godson (2007) and Beggs and Dean (2007) report that many business school faculty feel that external forces such as legislation are a better solution (than teaching ethics) to change unethical behaviors in the workplace. The results of this survey are consistent with much of the literature concerning student attitudes on the importance of the coverage of ethics in business school curricula, and the intensity of coverage of ethics that they are currently experiencing in their business courses.

While students at the private religious university tend to agree or strongly agree that business ethics should receive more intense coverage, students at the public state university either agreed or were neutral on this position, consistent with the results reported by Shannon and Berl (1997). Students at the private university also tended to prefer a required business ethics course more than students at the public university, consistent with Crane (2004).

There were also differences in the intensity of coverage of business ethics by faculty at the two schools of business, with much more intensity of coverage by faculty at the private religious university than the public state university, consistent with Godson (2007).

In summary, the results of this study are consistent with current research indicating that teaching ethics in business school curricula may be on the decline at public state universities and AACSB accredited schools of business, while private and non AACSB accredited universities are showing increased intensity of coverage of business ethics in their business school curricula, Shannon and Berl (1997). Additional longitudinal research will be necessary before we can conclude whether this is part of a long term trend at US business schools.

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