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Lauren Scott-Logan

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Ethics in Business Education

Lauren Scott-Logan

Ethics is the highest moral order or set of values, beliefs and attitudes that govern our behaviours. As ethics governs actions, it is a practical concern and has a social element that involves relationships and people (St James Ethics Centre, 2012). Therefore, the presence of strong ethical values is imperative to achieving social welfare. As ethical decision making can be a complex mix of trade-offs, it is often a difficult process, where the 'right' solution is often decided with uncertainty. There is a symbiotic relationship between business and society (AACSB International, 2004), therefore business leaders must exhibit a high level of integrity and social responsibility and must be educated on the value of ethics and how to approach ethical dilemmas in practice. This paper argues that business schools must include ethical curricula to enhance ethical decision making, because it is critical that future business leaders understand the value of ethics for a well-functioning society and business environment.

The value of ethics in business and business education is an imperative that has faced opposition in practice, stemming from the classical ideology instilled by Friedman (1970) that the sole function of businesses in society is to maximise shareholder profit; the belief that foundational moral character is formed in early childhood and adolescence; and that decision makers in business only respond to economic and legal incentives (Hooker, 2004). The frequent occurrence of ethical scandals in the business community over the past 20 years has highlighted the inability of our business leaders to make socially conscious and morally acceptable decisions. Despite the high level of social value derived from ethical behaviour, leadership, ethics and corporate responsibility has remained at the periphery. Arguably, this is the result of 'ethically deficient' business education systems. For example, Lane et al. (1988) present strong empirical findings to support the hypothesis that students have value parameters outside the defines of 'ethical behaviour' and believe that ethical outcomes are often mutually exclusive to profit-making and career success. Furthermore, Wolfe and Fritzsche (1998) find that business students exhibit more unethical behaviour after the completion of their degree. Contrastingly, some would argue that ethics cannot be taught at all (Forbes, 1987). A paper by Sims (2002, p. 1) argues that in order for ethics to be taught, the following conditions must be met: stakeholders must agree to the goals of teaching business ethics; ethics education must be perceived as relevant by students; an experimental learning pedagogy should be used; the faculty should create a safe learning environment; a debriefing is included; and the design and implementation is continually reviewed and revised against outcomes. If we accept these conditions as true, it is merely the way in which we teach ethics in business schools that has historically failed.

A potential reason for the prevalence of unethical behaviour in business is the agency theory. Hooker (2004) describes the inconsistency between behaviours that people identify as personally morally impermissible, such as

allowing people to work in obscene conditions, and those which are permissible for an agent that is contracting on behalf of a principal, such as a company achieving cheapest possible labour costs to maximise profit (Friedman, 1970). Another potential cause for poor results in business ethics is the tendency for people to subscribe to the conventional ethos that prevails – and thus that people are vulnerable to becoming ‘context driven’ (Piper et al., 1993).

In order to improve the quality of ethical decision making by our future business leaders, we must re-evaluate how ethics are addressed in business schools. A key starting point to this is to develop critical thinking skills in students (Facione, 1992) so that they are able to identify ethical dilemmas and evaluate the alternative outcomes objectively. Rather than a normative, prescriptive approach or one merely raising awareness, business schools should simulate realistic scenarios via case studies that require them to make decisions based on alternatives, exercising moral reasoning and professional judgement and justifying their course of action. It is necessary for students to learn about ethics via their own argumentation and thought processes, under pressure and involving dynamic trade-offs, because it reflects the complex and challenging nature of solving ethical dilemmas in a business context. These action-based, experiential exercises are seen to be highly effective (Sanyal, 2000; Hemmasi and Graf, 1992) as they can involve real-life situations such as conflict of interests or inappropriate receipt of gifts (Sims, 2002).

Whilst there is overwhelming support for improved ethical awareness and decision making in businesses, the effectiveness of the proposed ethical curricula should be examined against outcomes and new strategies should emerge if students fail to have an improved ability to identify ethical dilemmas and critically analyse and determine morally sound alternatives. However, various limitations and exclusions still exist. Readers should be aware that an awareness of the ‘right’ course of action and the demonstration of the ‘right’ course of action do not necessarily co-align. As a result, the business ethics learned in undergraduate and postgraduate education should be continually reinforced in corporate culture and corporate social responsibility endeavours. A further limitation to the report is presented by Cragg (1997), who argues that the teaching of ethics is only beneficial to individuals who are primed to consider ethical strategies and moral values, whilst findings by Ritter (2006) signal positive effects from ethical training is only observed in women. Smith and Oakley (1997) support this notion, citing that gender differences are context-specific, for example no gender differences are found for rule-based behaviour, such as employee relations and sexual exploitation, but gender differences are found in most other areas.

To ensure that a thriving business culture and social welfare co-exist, it is vital that business students appreciate the value of ethical behaviour and continue to practice it throughout their professional careers. Thus, it is imperative that business schools strengthen their inclusion of ethical modules in the curriculum through an emphasis on critical thinking, and scenario-based experiential exercises to demonstrate the complex, dynamic

nature of ethical decision making in a business context.

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