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H. James Williams  
*Grand Valley State University*

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# Business Schools and Business Ethics: Responsibility and Response

H. James Williams, Ph.D.  
Dean, Seidman College of Business

## Introduction

“The Oath

Preamble: As a manager, my purpose is to serve the greater good by bringing people and resources together to create value that no single individual can build alone. Therefore I will seek a course that enhances the value my enterprise can create for society over the long term. I recognize my decisions can have far-reaching consequences that affect the well-being of individuals inside and outside my enterprise, today and in the future. As I reconcile the interests of different constituencies, I will face difficult choices.

Therefore, I promise:

I will act with utmost integrity and pursue my work in an ethical manner.

I will safeguard the interests of my shareholders, co-workers, customers, and the society in which we operate.

I will manage my enterprise in good faith, guarding against decisions and behavior that advance my own narrow ambitions but harm the enterprise and the societies it serves.

I will understand and uphold, both in letter and in spirit, the laws and contracts governing my own conduct and that of my enterprise.

I will take responsibility for my actions, and I will represent the performance and risks of my enterprise accurately and honestly.

I will develop both myself and other managers under my supervision so that the profession continues to grow and contribute to the well-being of society.

I will strive to create sustainable economic, social, and environmental prosperity worldwide.

I will be accountable to my peers and they will be accountable to me for living by this oath.

This oath I make freely, and upon my honor.”<sup>1</sup>

And this is the short version of the oath inspired and written by a Harvard School of Business student for his classmates and himself to adopt. The student created this oath in reaction

to some of the recent criticism of business students and their business schools, regarding unethical business behavior.

Since the beginning of time, society has been concerned about unethical behavior by businesses. This concern has become more pronounced over the decades, as smaller, more transparent, and locally owned business entities have given way to larger, much less transparent and, at least arguably, much less community-responsive, publicly held institutions. Over the past three decades society’s interest in business ethics has continued to grow dramatically, and seemingly unabated. In many ways, society’s increased interest and concern is justified by the serious loss of life and economic wherewithal resulting from what appear to be unethical business behaviors. From the Bhopal disaster, to the Enron scandal, to the BP fiasco, the public has had many reasons to question the extant and evolving global business culture.

This paper addresses one aspect of the components of the larger issue of Business Ethics by examining the challenges business schools face in responding to the criticism leveled at them for their perceived roles in creating—or at least failing to stem the tide of—unethical behavior on the parts of individuals and their business organizations. At least, effectively, it addresses the compound question of what business schools can and should do to enhance and encourage ethical conduct on the parts of its graduates when they enter the business world.

## Definition of Business Ethics

One of the real difficulties of even discussing this topic is that persons have very different understandings of the definitions of “Business Ethics.” Ethics is that branch of philosophy dealing with values relating to human conduct, with respect to the rightness and wrongness of certain actions and to the goodness and badness of the motives and ends of such actions. It is also used to describe the moral principles of an individual engaging in business or commerce. Finally, and most important for purposes of this paper, ethics refers to the rules of conduct recognized in respect to a particular class of human actions or to a particular group or culture. Thus, Business Ethics refers to the rules of conduct—and the rightness or wrongness of that conduct—recognized in respect to the persons and human interactions of those involved in the wide array of activities broadly classified as commerce or business.

Three fundamental conceptions of ethics are important in framing the response to the question of what business schools can reasonably do to enhance and encourage ethical conduct on the parts of its graduates: *Normative Ethics*, *Descriptive*

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<sup>1</sup>Harvard Business School Student Oath.

*Ethics*, and *Applied Ethics*. *Normative Ethics* refers to the moral theory of ethics; it provides “prescriptions” of what is right and wrong, and why. In other words, it suggests how persons ought to act, generally. *Descriptive Ethics*, on the other hand, reveals persons’ beliefs about morality and what is right and wrong; it focuses on what persons actually do. Finally, *Applied Ethics* refers to the applications of the normative theories and prescriptions of what to do, usually, in a specific context, such as medicine and business; it focuses, for example, on what *business* persons ought to do, specifically.

### Are Business Schools to Blame?

Despite the focus on business organizations, usually large, publicly held institutions, individuals make the decisions that result in these organizations’ “acting” in unethical ways. In fact, the conventional wisdom is that the “tone at the top” manifested by the behaviors of presidents and chief executive officers is critical in establishing ethical business cultures, or the lack thereof, in organizations. If this is true, perhaps, business schools should accept some level of responsibility for the business ethics of these organizations. Indeed, approximately 90 percent of the Fortune 100’s CEOs have earned at least one business degree, suggesting that, at a minimum, business schools have an opportunity to influence corporate culture regarding business ethics.

Over the hue and cry of society’s reaction to what it characterizes as unethical business behavior, we in The Academy can hear the clear and distinct blame being hurled at business schools for, in the minds of many, shirking their responsibility to address the ethics issues of business leaders through their business programs and curricula. Moreover, although the results are mixed, at least some recent research findings suggest that even business students tend to cheat more than their non-business-student counterparts in colleges and universities. [McKendall, et. al., 2010] The question is what, if anything, can business schools do to stem the tide of unethical business behavior? While, at least arguably, ethics is fundamentally philosophy subject matter, this paper provides a non-philosopher’s, business educator’s point of view.

Of course, business persons and students make decisions based on their values. And as one writer noted very well, “These adults arrive on the first day of class with a well-entrenched set of values that were instilled long ago by parents and siblings, teachers and religious figures, Scout leaders and athletic coaches, peers, and heroes.” [Schonsheck, 2009] As another colleague points out, “...in 3 or 4 years, even though various ethical topics are discussed, cases studied, and papers written, these are not in many ways the formative years of a student’s life. What [students] ...believe, their values, their objectives, have been formed much earlier and by multiple forces.”<sup>2</sup> Obviously, if students come to business programs imbued with the “right” values then all is well. On the other hand, if they come with the “wrong”

values system, what can a business school do? It certainly cannot make “bad” persons “good.”

Many in society argue that business schools should be responsible and accountable for much of the unethical behavior in which their students and graduates engage. Indeed, business school faculty and administrators generally agree that business schools should accept some of the responsibility and blame. “... [A]s a provider of professional education that influences business practices, business schools need to accept their “share of the blame.”<sup>3</sup> I agree. I think, however, that the degree of responsibility and accountability should relate to a business school’s level of authority over the subject matter. Responsibility is the before-the-fact mindset of “ownership” of the expected results of an item or action, while Accountability is the after-the-fact mindset of such “ownership.” Authority, on the other hand, is the power to control or determine the outcome or result of an action or item. Very few business school critics address the fundamental role of authority, as it relates to business school responsibility and accountability for ethical conduct of students and graduates.

One of the basic tenets of effective management and leadership is that no one should accept *responsibility* or ultimate *accountability* for action, items, or results over which he or she has no control; similarly, no manager should hold anyone responsible or accountable for items and/or results over which he or she has no control. And so, it should be for business schools: business schools should accept responsibility for the ethics-related issues and concerns over which they have authority (i.e., control); moreover, society should only hold business schools accountable for those ethics-related items over which they have authority. Figure 1 depicts this Business Schools’ Ethics Responsibility Model.

### Business Schools’ Ethics Responsibility Model

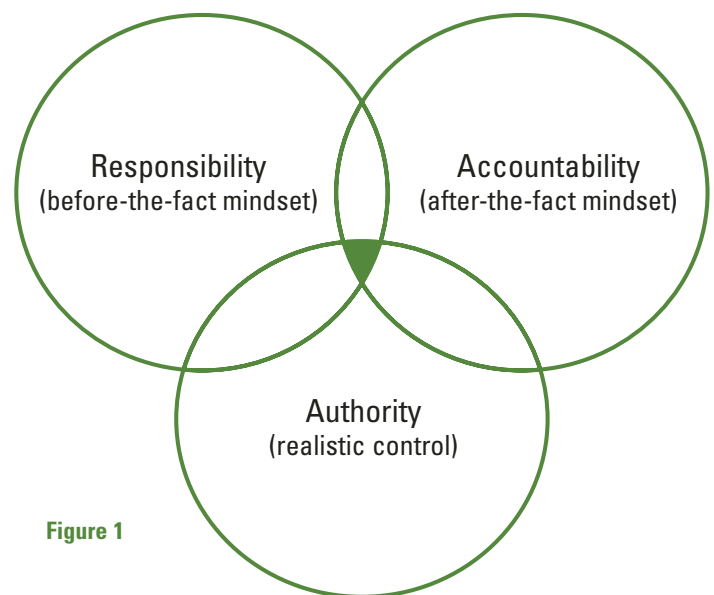


Figure 1

<sup>2</sup>Brad Stamm, Division Chairperson & Professor of Business, at Cornerstone University

<sup>3</sup>Frank Novakowski, Associate Dean and Professor of Business, Davenport University

Thus, the question of what a business school can do to stem the tide evolves to a slightly different, but no less compelling, question: “What can a business school reasonably do to educate graduates to have—and to exercise—strong moral values when they enter the business world?” That is to say, what is a reasonable expectation for society, given the level of authority or control business schools have over the ethical conduct of students and graduates?

### How are Business Schools Responding?

What can a business school reasonably do to educate graduates to have—and to exercise—strong moral values when they enter the business world? In some ways the distinction is as elementary as the difference between teaching and learning. To *teach* is to inform, enlighten, discipline, drill, school, indoctrinate.<sup>4</sup> To *learn*, on the other hand, is the modification of knowledge or behavior through practice, training, or experience.<sup>5</sup> Schools of Business can control what they teach and the environments they create, to assist students in “learning” business ethics. As with any other subject matter, students, on the other hand, will learn as they deem appropriate for themselves.

Creating an appropriate, empowering environment is the most important component of what business schools must do.

Creating that environment, of course, includes providing ethics courses that serve to help students understand the fundamentals, concepts, and theories that allow them to engage in some deep introspection about their own values systems, as well as to critically evaluate opportunities and challenges for applying their values in appropriate ways in the work place. Indeed, exposure to the great philosophers’ (e.g., Socrates, Plato, Aristotle, and Kant) points-of-view on ethics can encourage students to reflect on their own values and the resulting actions. Perhaps, this kind of orientation and education can result in students developing life-long habits of reflecting on their values and business ethics.

Of course, over the past decade, as the AACSB International (the premier accrediting agency of business schools world-wide) has increased the emphasis on, and requirements<sup>6</sup> for, business schools around business ethics, the member schools have responded by including ethics courses in their curricula. Also, those

institutions not accredited by the AACSB have also responded by adding ethics courses—perhaps, either because they view education around ethics as fundamental to an effective business education, or so that they can remain competitive in the marketplace. Moreover, a number of business schools also offer other ethics-oriented initiatives and opportunities for students, including business ethics centers, sustainability initiatives, centers, and programs, and faculty and student honor codes, similar to the one shared in the Introduction to this paper. In fact, the State-assisted colleges and universities in Michigan all have business programs that attempt to create diversified environments to support and promote business ethics, including courses, programs, centers, and other initiatives (see Table 1). Moreover, in this West Michigan community the eight colleges and universities all have business programs that include some form of business ethics courses, programs, centers, and other initiatives (see Table 2 on page 28).

Research results support the notion that most persons share a common set of values, irrespective of cultures and religions. As a consequence, some argue that the real challenge of conducting business ethically, indeed, in being ethical in any endeavor, is not the point of knowing what is right but, rather, the doing of what we know is right. To the extent this is true, another very important component of an appropriate

**Table 1: Ethics Courses and Programs in Michigan State-Assisted Colleges and Universities**

College/University	Business Ethics Courses	Ethics Embedded in Business Courses	Ethics Initiative, Program, or Center
Central Michigan University	—	Embedded in some courses	—
Eastern Michigan University	1 course	Embedded in most courses	Ethics Program ETHOS initiative
Ferris State University	1 course	Embedded in most courses	—
Grand Valley State University	8 courses	Embedded in 5 courses	Sustainability Business Ethics Center
Lake Superior State University	None	Embedded in most courses	—
Michigan State University	None	Embedded in some 21 courses	Sustainability Student Honor Code
Michigan Technological University	None	Embedded in 5 courses	Sustainability
Northern Michigan University	None	Embedded in 8 courses	—
Oakland University	None	Embedded in law courses	—
Saginaw Valley State University	1 course	Embedded in most courses	—
University of Michigan – Ann Arbor	12 courses	Embedded in 7 courses	Sustainability Community Values Requirement
University of Michigan – Flint	1 course	Embedded in most courses	—
University of Michigan – Dearborn	1 course	Embedded in some courses	—
Wayne State University	2 courses	Embedded in 5 courses	—
Western Michigan University	—	Embedded in core business courses	University-wide initiative

<sup>4</sup> Dictionary.Com

<sup>5</sup> Dictionary.Com

<sup>6</sup> The AACSB’s accreditation standards require curricula component that addresses ethics (Business Accreditation Standards, #15 and Accounting Accreditation Standards, #37.)

**Table 2: Ethics Courses and Programs in West Michigan Colleges and Universities**

College/University	Business Ethics Courses	Ethics Embedded in Business Courses	Ethics Initiative, Program, or Center
Aquinas College	4	Embedded in 4 courses	Sustainability
Baker College	-0-	—	—
Calvin College	1	Embedded in 2 courses	“Voices to Values” Curriculum
Cornerstone University	2	Embedded in most courses	—
Davenport University	3	Embedded in most courses and Integrated into Academic Excellence System	Sustainability Leadership Effectiveness
Grand Rapids Community College	2	Embedded in 1 course	—
Grand Valley State University	8	Embedded in 5 courses	Business Ethics Center Sustainability Student Honor Code
Hope College	1	—	—

environment for learning and enhancing the ethics of business students is providing students opportunities to practice being ethically responsible. These practice opportunities can take many forms, including evaluating cases and role-playing. Over the past few years a new and compelling approach has begun to take hold: “Giving Voice to Values,” which focuses on providing opportunities for students to practice and, thus, learn, to speak up when confronted by ethically complex situations. The idea is that students learn to anticipate the difficulty of confronting unethical behavior and how to deal with the discomfort associated with doing what they know is the right thing. (See Table 3) Indeed, Grand Valley State University hosted the author of this new methodology, Mary Gentile, who presented to a full house during March of 2010. Moreover, another area business program, at Calvin College, is incorporating this program into an entirely new curriculum on ethics.

**Table 3: Giving Voices to Values Program: Seven Pillars**

Pillar	Brief Description
1 Acknowledging Shared Values	Consider the short list of values that research shows that people share, irrespective of cultures, religions, or eras
2 Choosing to Act	Identifying strategies to enhance “action-enablers” and counteract action-disablers”
3 Normalizing Values Conflicts	Adopting the mindset of expecting to face values conflicts, to demystify and disempower the idea of values conflicts
4 Defining Professional Purpose	Accepting a broad definition of professional purpose (i.e., beyond the “bottom line”)
5 Understanding the Self	Developing and refining a self-awareness, as well as a positive alignment with personal values, that focuses on personal strengths
6 Using One’s Voice	Understanding and gaining comfort with expressing opinions in different ways (e.g., by asking questions, making assertions, negotiating, and setting examples)
7 Preparing Responses	Learning to anticipate and respond to typical reasons and rationalizations for unethical behavior

## Conclusion

Over the past three decades society’s interest in business ethics has continued to grow dramatically. Moreover, many argue that business schools should be responsible and accountable for much of the unethical behavior in which their graduates engage as leaders of business organizations.

Business schools have a very limited level of “control” over the values their students bring with them and any positive changes they can only hope students might adopt during the students’ matriculations. Consequently, business schools should focus their efforts on creating learning environments that provide opportunities for students to learn about ethics, including

the philosophical underpinnings, on the one hand, and to practice exercising their moral values in real-world, complex contexts, on the other. In this regard, at least in large measure, business schools across the State of Michigan and in this West Michigan community are at least beginning to do what they should and must to educate graduates to have—and to exercise—strong moral values when they enter the business world! Unfortunately, because of the countervailing work environments in which many business professionals find themselves, including the high-stakes disincentives to ethical behavior in business, much work remains. ■

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