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3 An Action Plan for Implementing the Principles for Responsible Management Education in College of Business Programme Learning Outcomes

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Report Part A: A Literature Review of the Teaching of Ethics in Higher Education

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Abstract

Recent corporate scandals have resulted in criticism of business schools for graduating students who put too much emphasis on shareholder value and profit maximisation but neglect the broader social and environmental context in which businesses operate. This research fellowship set out to review current literature of ethics education in third level universities and institutions to determine best practice in the area. It also set out to review the reports of the signatories of PRME (Principals for Responsible Management Education) to develop an understanding of the range of options available to the College of Business to embed principles for responsible management across all aspects of the College's education portfolio. This paper analyses a comprehensive literature review of the teaching of ethics in higher education. It reviews the importance of teaching ethics in higher education and reviews *what* should be taught and *how* best to teach this. Traditional teaching methods have been criticised for their over emphasis on theoretical and conceptual analysis and have given way to a more interactive, inclusive, problem based approach to business ethics education.

Keywords: *ethics, corporate social responsibility, higher education, active learning*

Introduction

Business schools have been criticised in recent years for graduating students who put too much emphasis on shareholder value and profit maximisation but neglect the broader social and environmental context in which businesses operate (Rasche, Gilbert and Schedel 2013). It has been argued that business schools need to put more emphasis on ethics within their programmes (Gu and Neesham 2014; Vendemia and Kos 2013). As part of its mission, the College of Business at DIT is committed to the education of outstanding responsible managers and corporate leaders. This project set out to review current literature of ethics education in third level universities and institutions to determine best practice in the area. It also set out to review the reports of the signatories of Principals for Responsible Management Education (PRME) to develop an understanding of the range of options available to the College of Business to embed principles for responsible management across all aspects of the College's education portfolio. This paper reviews current literature in the area of ethics in higher education.

Outline of Project

Literature Review

Corporate scandals that illustrate greed and rampant materialism have led to an increased distrust for business leaders (Crossan et al. 2011), whether fraud, embezzlement or insider trading, these scandals have led to a lack of faith in the manner in which business is conducted (Vendemia and Kos 2013). Such behaviours are not only harmful to the well-being, performance and reputation of organisations but they are detrimental to society (Birtch and Chiang 2014; Gu and Neesham 2014). One of the key factors that lead to such disasters is the unethical decisions of business leaders (Gu and Neesham 2014). Cavanagh (2009: 20) has noted that the leaders responsible for these scandals are graduates of our 'best business programs', he goes on to argue that business schools have 'failed to convey ethics, social responsibility and good moral habits to their graduates'. Business schools are often mentioned when people are asked what and who may be to blame for many of the corporate scandals economies have experienced in recent years (Sigurjonsson, Vaiman and Arnardottir 2014). They are considered responsible for not producing ethical managers and entrepreneurs (Gu and Neesham 2014). As the business news continues to be inundated with scandals 'business schools must find a better way of impacting the attitude of their graduates' (Vendemia and Kos 2013: 95).

The Association to Advance Collegiate Schools in Business (AACSB 2013) launched a task force in ethics education to prepare a report on the state of ethics education in business schools. The report requested business schools undergo a 'renaissance' in ethics education that would prepare tomorrow's leaders for ethical dilemmas in business (Waples et al. 2009). It recommended that member schools 'renew and revitalize their commitment to ethical responsibility', 'strengthen ethics components of our curricula in all disciplines' and 'offer courses that introduce frameworks that may help in resolving ethical business and managerial problems' (Dzurainin, Shortridge and Smith 2013).

The Necessity for Teaching Ethics in Higher Education

Both graduate and undergraduate business programmes should include learning experiences that enhance the ethical understanding, reasoning skills and awareness of ethical responsibilities of their students (Dzurainin, Shortridge and Smith 2013). However, debate exists among educators as to the method of delivery, content and assessment criteria regarding business ethics education (Waples et al. 2009). Ethics is treated like any other learning outcome; their accomplishment is the responsibility of the business school (Vendemia and Kos 2013).

Business schools play an instrumental role in laying the foundations for ethical behaviour and socially responsible actions in the business community (Birtch and Chiang 2014). Undergraduate students need a foundation in ethics and ethical decision making as part of their education (Hurt 2006). The move to a global, service based economy, coupled with new technology has increased the pace of change and decision making within business. This has increased the importance of ethical in education (Waples et al. 2009). According to Dzurainin, Shortridge and Smith (2013) the need for ethics in education is as important now as it was after the wave of corporate scandals in the early 2000s. As the business news continues to be inundated with scandals, business schools 'must find a better way of impacting the attitudes of their graduates' (Vendemia and Kos 2013: 95). Crossman et al. (2013: 286) pose the question 'How are we changing the way we educate leaders today to ensure that they make a more positive difference in the world tomorrow?'

Evans and Weiss (2008) found that more than 80% of their respondents including CEOs, business college Deans and Faculty agreed that more emphasis should be placed on ethics in education. Less than 1% disagreed and 80% of respondents agreed that 'A concerted effort by business schools to improve the ethical awareness of students eventually will raise the ethical level of actual business practice' (Evans and Weiss, 2008: 51). A study of managers view of ethical teaching carried out by Sigurjonsson, Vaiman and Arnardottir (2014) that 60% of managers disagreed that ethics should be thought in the workplace. Some 90% agreed that students should have strong ethical standards before entering the workforce while 92% felt it is the responsibility of business schools to assist their students in becoming

more socially responsible and more ethically sensitive. According to Vendemia and Kos (2013) the question is not whether ethics in business warrants attention. Rather, by what means should this issue be addressed.

What to Teach?

Waples et al. (2009) argue that the focus should be on developing an awareness of ethical issues, an understanding of the moral reasoning process specifically within the organisational context. Similarly, Dzurainin, Shortridge and Smith (2013) argue that there are two key learning outcomes. Firstly, *increased awareness of ethical issues*. This learning outcome aims to provide graduates with a greater perception and understanding of personal values, business ethics, corporate social responsibility and their ability to identify ethical issues (Vendemia and Kos 2013). It is also important that students develop an understanding of the consequences of unethical behaviour. This was noted as a critically important factor within a study of business school deans and business students (Floyd et al. 2013).

Secondly, *enhanced decision making skills*. The purpose of this learning outcome is to enhance decision making skills, to improve the graduate's ability to make thoughtful, deliberate decisions. This might involve exposing the student to a number of ethical theories and decision making frameworks. Vendemia and Kos (2013) similarly identify the ability to solve ethical problems in business as an important learning outcome. Floyd et al. (2013) argue that providing students with information about theories and concepts of ethical decision making is widely acknowledged to be a critical factor in teaching business students. According to Crossan et al. (2013) increased training in ethical decision making skills can positively impact a student's level of moral development and thus lead to more ethical behaviours associated with character strength. Indeed, Sigurjonsson, Vaiman and Arnardottir (2014) study found that managers argue for strengthening students' self-confidence in making ethical decisions, as they believe this to be missing.

How Best to Teach Ethics in Higher Education

At the heart of the business ethics debate is the question 'What is the most effective way to teach business students about ethical behaviour and moral decision making?' (Floyd et al. 2013). According to Gu and Neesham (2014) formal ethics teaching programmes tend to be too abstract for students to be able to contextualize successfully. Rule prescription is often too general, inflexible and removed from the personal experiences of individuals to be able to motivate them into engagement (Edelstein and Krettenauer cited in Gu and Neesham 2014: 529). Traditional teaching methods which can be criticised for their over-emphasis on theoretical and conceptual analysis have given way to a more interactive, inclusive, problem based approach to business ethics education (Birtch and Chiang 2014).

Sigurjonsson, Vaiman and Arnardottir (2014), in their study of managers, found that when asked how ethics should be taught; the most common answer was to use the past to demonstrate the impact of unethical behaviour in business. It was commonly thought that this may be done through the use of case studies. The use of case studies helps the student think through the ethical decision making process. A well-taught case creates awareness of the ethical issue, allows for critical judgement of alternatives and encourages the formulation of an intention to act ethically (Crossan et al. 2013). Waples et al. (2009) advocate the use of case studies in ethical teaching as they provide the opportunity for the student to heavily engage in the learning process as well as facilitate transfer of learning to the world of work. These case studies should have a strong focus on implementation (Crossan et al. 2013). Students may be encouraged and supported in ethics case competitions (Dzurainin, Shortridge and Smith 2013).

Active learning is important in this area (Dzurainin, Shortridge and Smith 2013). Experiential methods may be incorporated to move students from knowing what is good to actually doing good. For example, role playing where students are put in character stretching situation can result in positive character development (Crossan et al. 2013). In addition, extra-curricular activities such as mentoring and volunteering aim to develop skills and capabilities in business ethics as an integral part of the whole person education agenda (Birtch and Chiang 2014). Inviting guest lecturers from industry that have dealt with ethical dilemmas in business to share their experience is a good method to teach ethics (Crossan et al. 2013; Dzurainin, Shortridge and Smith 2013; Sigurjonsson, Vaiman and Arnardottir 2014).

Swanson and Fisher (cited in Floyd et al. 2013: 754) have argued that it is 'common practice in business schools of marginalizing ethics by scattering ethics topics superficially and incoherently across the curriculum'. They note that less than one third of all accredited business schools offer a stand-alone course in business ethics to graduate or undergraduate students. There is on-going debate as to whether a business school should provide a single stand-alone course on business ethics or incorporate ethics into all subjects that it is considered important to be included in. Ketcham (2003) suggests that stand alone ethics courses may be rigorous but few colleges utilise this approach partly because it is difficult to identify qualified and willing staff.

Birtch and Chiang (2014) argue in favour of the integration of ethics into all relevant modules rather than providing a stand-alone module. Integration across modules contextualises ethical issues, signals to students that ethics is an important part of business functions and broadens the range of topics addressed (Dunfee and Robertson 1988). While Sigurjonsson, Vaiman and Arnardottir (2014) point out that ethics is found in every facet of business life – be it finance, accounting, marketing, strategy or human resource management – they argue that the goal should be to show students that they cannot really escape encountering ethical considerations.

However, such an approach may result in repetitious learning outcomes. An integrated approach is difficult to evaluate. The use of a stand-alone module allows for the analysis of the specific content and a direct measure of the course's impact (Vendemia and Kos 2013). According to Ritter (2006) the ideal situation occurs when student learn basic philosophical theories underlying ethical decision making in a stand-alone module and ethics is also further integrated throughout business modules which may allow the student apply the concepts to specific contexts. Dean Krehmeyer (cited in Floyd et al. 2013: 756), Executive Director of Business Roundtable, advocated that business schools provide 'both a stand-alone course and the integration of ethics into the other core disciplines'.

Ethics teaching should be part of the strategy of the business school. According to Sigurjonsson, Vaiman and Arnardottir (2014) it should not be the responsibility of an individual faculty member to decide whether and how business ethics are delivered in his/her course, but that this should be part of an overall strategy and embedded into the structure of the school. Rasche, Gilbert and Schedel (2013) similarly argue that effective ethics education requires structural changes to the curriculum, in particular more mandatory ethics courses and a stronger integration of ethics related debates into disciplines such as finance and accounting is required. This raises the question as to whether ethics modules should be optional or mandatory. Vendemia and Kos (2013) are in favour of mandatory modules. Sigurjonsson et al. (2014) survey of managers found 91% believe an ethics module should be mandatory at third level business education. The argument can be made that optional modules are 'preaching to the converted'.

According to social learning theory, individuals learn what acceptable behaviour is by observing cues and information from their environment or their ethical climate (Birtch and Chiang 2014). An ethical climate is defined as 'the prevailing perceptions of typical organisational practices and procedures that have ethical content' (Victor and Cullen 1988: 10); in other words, the elements of the environment that determine what constitutes acceptable ethical behaviour. Trevino Weaver and Reynolds (1998) argued that one can expect that the ethical climate of a business school can play a significant role in shaping its students' ethical values and behaviours. Individuals learn from their environment, not only from formal standards and policies but informal norms about what is acceptable and unacceptable. Business schools should explicitly recognize and reward the ethical values and behaviours of their students (Birtch and Chiang 2014; Crossan et al. 2013, Floyd et al. 2013).

Conclusion

In summary, this paper has highlighted the need for ethics to be taught in business schools. Business schools have been criticised for graduating students with insufficient moral standards (Cavanagh 2009: 20) and have been encouraged to place more emphasis on 'impacting the attitude of their graduates' (Vendemia and Kos 2013: 95). Debate exists among educators as to the method of delivery, content and assessment criteria regarding business ethics education (Waples et al. 2009). Key learning outcomes include increased awareness of ethical issues (Dzuranin, Shortridge and Smith 2013;

Floyd et al. 2013; Vendemia and Kos 2013; Waples et al. 2009) and enhanced decision making skills (Floyd et al. 2013; Vendemia and Kos 2013).

In addition to considering *what* to teach, it is also important to determine *how* best to teach ethics. Literature has argued in favour of a more interactive, inclusive, problem based approach to business ethics education (Birtch and Chiang 2014; Gu and Neesham 2014). In particular, the use of case studies has been advocated (Crossan et al. 2013; Dzurainin, Shortridge and Smith 2013; Sigurjonsson, Vaiman and Arnardottir 2014; Waples et al. 2009) and the use of guest lecturers (Crossan et al. 2013; Dzurainin, Shortridge and Smith 2013; Sigurjonsson, Vaiman and Arnardottir 2014).

There is on-going debate as to whether a business school should provide a single stand-alone course on business ethics or incorporate ethics into all subjects that it is considered important to be included in. The ideal situation is one which uses both (Floyd et al. 2013; Ritter 2006). Another important consideration is whether the module should be mandatory or optional for students. Finally, the report also highlighted the importance of a culture of integrity within the business school which reinforces ethics teaching.

Recommendations to the DIT

Based on the literature review the following recommendations are proposed for DIT:

1. Audit of current modules and programmes

This report recommends that the College of Business undertakes an audit of all modules and programmes within the college to identify the extent of responsible management teaching with the college. Following this, an audit of all module learning outcomes should be carried out to identify the extent to which responsible management is contained within all modules.

2. Audit of responsible management activities

An audit should be carried out of all the responsible management activities carried out within the college, for example research activity, community engagement and sustainability initiatives.

3. Discussion with staff

It is recommended that dialogue takes place with staff within the college of business to identify the level of interest in the area of responsible management within the college. This should aim to identify the extent to which staff feel that a responsible management module should be included within all programmes, what the key learning outcomes of this module should be, whether this module should be optional or core and how best this should be taught and assessed for example through case studies.

4. Steering Committee

It is envisaged that a strengthening of responsible management with the college and implementation of the PRME would involve a strong commitment from the college. It is recommended that a steering committee is established within the college. This should include members of management, academic staff and researchers. This group should meet regularly to review the progress of change of responsible management within the college and the progression toward signing up to PRME.

Future Research

Ethics in higher education is an area requiring on-going rigorous research to allow researchers assess their activities and evaluate the success of their initiatives and benchmark the college against best practice. It is recommended that research continues and evaluates the implementation of the PRME within the College of Business, DIT.

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