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# Developing Ethical Leadership in the Post-Enron World: The Current State of Business Ethics Education in National Liberal Arts Colleges in the United States

*James Welch\**

## **ABSTRACT**

As evidenced by the recent revitalization of guidelines for general learning objectives for business ethics education by the two primary undergraduate business accrediting agencies, the Association to Advance Collegiate Schools in Business (AACSB) and the Accrediting Council for Business Schools and Programs (ACBSP), undergraduate business ethics education is of significance importance today. However, the specific ways in which business schools implement business ethics education remains quite diverse. This study was designed to survey and compare current undergraduate business ethics education curricular strategies in national liberal arts colleges in the United States. The results indicate significant differences in terms of the curricular strategies currently being used in the national liberal arts colleges to teach business ethics at the undergraduate level with a clear minority of institutions implementing standalone business ethics courses.

**KEY WORDS:** ethics, business ethics, national liberal arts colleges, business education

## **I. INTRODUCTION**

For six consecutive years in the late 1990s and early 2000s, Fortune magazine named Enron Corporation “America’s Most Innovative Company” (PRNewswire, 2001). Unfortunately, today Enron Corporation is better known as a poster child for unethical and fraudulent corporate culture. The world was astonished as the company’s institutional innovation turned out to be institutional corruption; its success fabricated by fraudulent financial statements. By the time the company filed for bankruptcy on December 2, 2001, the scandal had resulted in the loss of nearly 20,000 jobs at Enron; the demise of one of the big five accounting firms, Arthur Andersen; and an additional job loss for over 80,000 people worldwide (Brown & Dugan, 2002). Add the WorldCom accounting scandal that came to light in 2002, and it is no mystery as to why business ethics garnered increased attention over the past fifteen years (Rockness & Rockness, 2005).

Not long after Enron’s fall, the Association to Advance Collegiate Schools of Business (AACSB) established a task force to examine and report on the current status of ethics education in business schools (Waples, Antes, Murphy, Connelly, & Mumford, 2009). The AACSB report strongly encouraged business schools to “ramp up” their ethics education and better prepare students for the wide range of ethical dilemmas found in day-to-day business decision making (Waples et al., 2009). Not long after the AACSB task force report, a second accrediting body, the Accreditation Council for Business Schools & Programs (ACBSP), also revamped the suggested educational requirements for teaching business ethics at the undergraduate level (ACBSP, 2013).

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Despite the unifying call for advancing ethics education, the specific ways in which business schools implement and measure business ethics learning remains quite diverse. The study presented here is designed to survey and compare current undergraduate business ethics education curricular strategies in national liberal arts colleges in the United States. The results indicate significant differences in approaches currently used to teach business ethics at the undergraduate level. These differences are important as they reveal a lack of consistency in curricular approach, suggesting that students receive a diverse learning experience with regard to ethical decision making. Therefore students at some colleges will take required course work in business ethics, while students at other colleges may receive very little formalized instruction on the topic.

## **II. BACKGROUND**

### *A. Brief Historical Evolution of Teaching Ethics*

The ancient Greek philosopher Socrates was perhaps the first academic to believe that ethics could be taught. Most Greeks in the fifth century B.C.E. would argue that doing the right thing involved simply following requirements decreed by the gods and goddesses (Goree, 2009). Socrates, however, would eagerly debate this prospect in the public square, emphasizing the importance of critical thinking over superstition in matters of ethics and morality. The citizens of Athens enjoyed witnessing Socrates debate other intellectuals, and they learned something from the process (Goree, 2009). This form of educated debate became known as the Socratic Method. Socratic instruction involves inquiry and debate that stimulates critical thinking. When issues are discussed or debated, a hypothesis that leads to contradictions can be eliminated, and a better hypothesis can take its place (Goree, 2009).

Unfortunately, Socrates' insistence on critical thinking over and above religion led to his arrest, conviction, and death sentence. Even in this dire situation, Socrates refused to compromise his ethical standards. He believed that the ultimate end of humankind was to move toward virtue, even in the face of personal suffering and sacrifice. Although many Athenian citizens supported him and left every avenue for him to escape from custody--even to the extent of leaving the cell door open--Socrates would not escape, and ultimately drank a cup of poison hemlock and died (Goree, 2009). Fortunately for students of the modern era, however, the Socratic Method lives on in a variety of curricula. This form of instruction is used today, for example, in American law schools to stimulate the student's ability to argue logically. It is also often a preferred method of instruction for the teaching of ethics topics, whether addressing business, medical, legal, or other related concepts.

Socrates was perhaps the first to theorize that ethics could be taught, but he was certainly not the last. The primary historical figures in more modern moral development theory are Jean Piaget, Lawrence Kohlberg, and James Rest.

It was in 1932 that Jean Piaget conducted research involving children and moral development (Piaget, 1997). Through this research, Piaget came up with a two-stage theory: an early, fixed-interpretation stage; And a later, situational-based interpretation. He found that children younger than 10 or 11 solved moral dilemmas through a very fixed interpretation of rules. According to his theory, at this very early stage of cognitive development, children believe that rules given by authority figures are unchangeable. Conversely, Piaget (1997) found that the moral decisions of older children (aged above 10 or 11 years) are dependent on the specific situation. These later stage children perceived that rules could be changed depending on the circumstance. While research into moral development of children may appear quite distant from a discussion of undergraduate business ethics instruction, Piaget's work did set the stage for continued research into the possibility of impacting a person's ethical thought process.

Lawrence Kohlberg, in his 1958 dissertation, expanded the work of Piaget and theorized that humans continue to develop morally beyond two stages (Crain, 1985). His research centered on the concept of justice, or how the interpretation of justice is reflected through moral behavior. He described six levels of moral behavior that can change as people age, although he would further explain that adults do not always move through all the stages (Crain, 1985). Many adults can remain at the first two stages throughout their lives; therefore, these stages are not a result of chronological maturation. Kohlberg also believed that one does not

always move through the stages consecutively, but instead can jump around from stage to stage depending upon external and internal factors at the time (Crain, 1985).

Following Kohlberg's groundwork in the 1960s, there has been a limited amount of research available to indicate that ethics education can make a difference in ethical decision making, and that a person's moral sensitivity and critical thinking can be impacted through a Socratic Method of instruction (Bebeau, 1993). There is evidence that examining ethical dilemmas and debating the possible options can aid students in forming and defending ethical decisions. Ethics students can potentially learn to recognize ethical dilemmas when they did not see them before. Still, with the continued pervasiveness of unethical activity at all levels of society, one wonders about the lasting effect of ethics education.

Psychologist James Rest, following up on Kohlberg's stages of moral development (1958), also expressed the value of ethical education and training (Rest, 1982). Rest conducted his own research in moral and ethical development, and developed the Defining Issues Test, which uses a Likert-type scale to provide quantitative rankings to five moral dilemmas (Rest, 1982). This test consists of six ethical questions designed to stimulate ethical reasoning. With each question, participants were given twelve issue statements applicable to the situation, and then asked to rate those issue statements in terms of importance. The data was then used to identify the particular schema the participants used to make moral decisions (Rest, 1982).

Through this research, Rest also identified four key psychological components that need to be developed in order for a person to become morally and ethically mature: moral sensitivity, moral judgment, moral motivation, and moral character. Rest (1982) described the questions posed by these four components in his article, "A Psychologist Looks at the Teaching of Ethics." The pertinent questions address the individual's interpretation of the situation; the individual's determination of the morally ideal course of action; the individual's decision making process; and the individual's implementation of the decision (Rest, 1982). How one deals with these central questions reflects the ethical or unethical response to the situation at hand. If the ethical process breaks down in any one of these components, then the individual would behave unethically.

Ultimately, Rest believed that moral education should be involved in each one of these components. He supported a partnership between psychologists and ethics instructors to help students improve understanding and proficiency in these four areas, and most especially in the areas of moral sensitivity and critical thinking (Rest, 1982). Rest believed that formalized curriculum efforts, designed to increase moral awareness and to improve the critical decision making process, can provide a demonstrated level of effectiveness (Velasquez, 1987).

Psychologists such as Rest and Kohlberg, as well as ancient philosophers such as Socrates, certainly emphasized the impact ethical awareness and understanding can have on behavior; they believed that awareness can be improved by instruction. Over the past forty years, there have been several studies examining this link between ethics education and an individual's willingness to make ethical decisions. In 1975, a student of Kohlberg, Moshe Blatt, conducted ethics education exercises with sixth grade students by having them participate in ethics discussion groups over a period of twelve weeks. Blatt found at the end of the twelve-week period that over fifty percent of the participating students moved up one Kohlberg stage, and that students who were more interested in the debate moved up even more (Blatt & Kohlberg, 1982). Blatt tried to replicate these findings in subsequent years, with different ages and/or lengths of classes, but was unable to do so (Blatt & Kohlberg, 1982). Notwithstanding the inconclusiveness of the Blatt study, there have been other related studies demonstrating that the Socratic Method, used over a period of time, can impact ethical decision making over and above control groups who do not receive Socratic instruction (Blatt & Kohlberg, 1982).

Of course it is one thing to examine the impact of ethics education on sixth graders, and quite another to examine the impact of ethics education on business undergraduates. In an article published in the *Journal of Business Ethics* in August of 1998, "Lessons Learned from Ethics in the Classroom: Exploring Student Growth in Flexibility, Complexity and Comprehension," the research revealed a link between teaching ethics to college-aged students and a resulting positive change in their thinking about ethical dilemmas (Carlson & Burke, 1998). The study centered upon a semester-long business ethics course. At the beginning of the semester, the students were given a business ethics case and questioned as to the appropriateness of the leader behavior reflected in the case. In the beginning, the students were found to have a specific either/or, black and white, understanding of ethical decision making. However, following the semester-long ethics course, the students began to think more deeply regarding ethical decision making in business. The researchers reported that the final responses at the end of the semester revealed greater perception and sensitivity (Carlson & Burke, 1982).

The Carlson-Burke study provides support for the premise that educating business school students in ethical decision making is an important aspect of their overall educational experience, and is just as meaningful

to future business success as management, finance, accounting, and marketing courses. However, additional research is needed to examine those factors that can make ethics education more successful in impacting the future decisions of business school students. If business schools really want to cultivate ethical leadership development in students, educators have to understand the important dynamics that can affect the learning process. The first step in understanding those dynamics requires an examination of the current approaches taken by business programs.

*B. Evolution of Undergraduate Business Ethics Education from a Curricular Perspective*

While the first higher education program in business, founded by a group of French economic scholars and businessmen, was established in Paris on December 1, 1819, the study of ethical decision making as it relates to business has been addressed only over the past one hundred years (Abend, 2013). Early offerings in business ethics did not represent whole courses devoted to the subject, but were instead short topical lectures dealing with ethics in selected business topics. Business historian and Associate Professor of Sociology at New York University, Gabriel Abend Ph.D., describes the early business school ventures into business ethics instruction as sporadic, topical discussions of a very limited nature (Abend, 2013). In fact, the beginning of business ethics education in U.S. colleges consisted merely of college-sponsored public lectures, as opposed to any significant effort to make changes or additions to undergraduate business curriculum. Yale University and the University of California were the first institutions to implement public lectures on business ethics in the early 1900s, and, while these public lectures had very little, if any, substantive impact on ethical decision making in business, they “were certainly a major advance in terms of the public and institutional legitimacy and visibility of business ethics as a distinct field and subject matter” (Abend, 2013, 179).

This interest in business ethics was mostly driven by individual donations to fund these selected, limited programs. For example, the lecture series at the University of California was initiated by Mr. Harris Weinstock of Sacramento on May 14, 1902, with an endowment gift of \$5,000 (Abend, 2013). The founder of the lectureship stated the purpose to be the education of young men “to the belief that success in business is more probable and more lasting if conducted upon a high ethical plane, and that true success lies in developing character rather than in heaping up gold” (Abend, 2013, 179). The first for-credit course in business ethics was introduced in 1928, at Harvard Business School, when the school brought in philosophy professor Carl Taeusch from the University of Iowa. Dr. Taeusch was engaged to teach a second year elective in business ethics, but unfortunately the students believed the course to be too theoretical. Subsequently the school removed the course from the curriculum seven years later (Ciulla, 2013). The core dilemma with that first-offered course in business ethics is still a major consideration in the modern context: whether business ethics should be taught from a philosophical or a practical perspective.

For the next forty to fifty years, the primary interest in business ethics focused on business philanthropy (Abend, 2013). The essential concern was to encourage businesses to help the communities through which they had received their livelihood. The premise of the public view concerning the business world during these years was a resignation to the fact that business, or more specifically, the profit motive in business, was an amoral activity and had little relationship to societal improvements, other than to make a select few much better off. At best, the most ethical result to hope for was the set aside of a small percentage of these amoral profits to be designated for the public good (Abend, 2013).

It was not until the late 1970s and early 1980s that the subject of business ethics became regarded as a discipline worthy of research and publication. Academic societies related to the study of business ethics, such as the Society for Business Ethics (founded in 1980), finally provided forums for research, teaching, and promotion of ethical decision making in business. Around this same period, journals such as the *Business and Professional Ethics Journal*, *Journal of Business Ethics*, and *Business Ethics Quarterly*, provided academic outlets for the publication of business ethics study and research (Abend, 2013).

In the “greed is good” era of the late 1980s and 1990s, business ethics education once again took a back seat to the seemingly more important concepts of profit maximization and corporate consolidation. Business decisions during this era were characterized by aggressive—and sometimes questionable—behavior, and driven primarily by the potential for financial gain with little regard to matters of ethics. This period is symbolized in the famous pronouncement that “greed is good” from the 1987 film *Wall Street*, spoken by the unethical corporate raider and movie bad guy, Gordon Gekko (Pressman, 1987).

As previously mentioned, in 2004 the Association to Advance Collegiate Schools of Business (AACSB) task force examination of ethics education strongly encouraged business schools to expand and enhance ethics education to better prepare students for the wide range of ethical dilemmas found in day-to-day business decision making (Waples et al., 2009). However, as researchers Waples, Antes, Murphy, Connelly, and Mumford noted in their article, "A Meta-Analytic Investigation of Business Ethics Instruction," the forward movement in business ethics education had a number of obstacles to clear before the subject could be fully integrated into the business curriculum (Waples et al., 2009).

The article describes the central problems of providing consistency in ethics education across business schools, with one very formidable challenge being the "lack of empirical information discussed regarding whether the instruction of ethics within business schools provides any discernible impact on the ethicality of students" (Waples et al., 2009, 134). The authors also suggest that "if ethics instruction does prove to be effective, there is little evidence to suggest how or why it is effective" (Waples et al., 2009, 134). Most certainly, the "how" and "why" unknowns have been barriers to any consistency in ethics education within business programs.

Therefore, while the common perception in business academia is that ethics education in North American business schools must have expanded in the post-Enron environment due to increased publicity for the subject, studies have actually shown inconsistencies in that argument. Carolyn Nicholson and Michelle DeMoss, both members of the marketing faculty at Stetson University, discuss the divergent views concerning ethics expansion in undergraduate business programs. They report that in 1991, 73% of AACSB international-accredited undergraduate programs included separate required or elective courses in ethics; conversely the most recent data revealed a decrease in standalone ethics courses (Nicholson & DeMoss, 2009).

The Nicholson-DeMoss study utilized a questionnaire submitted to AACSB international-accredited business schools located in the United States, and was designed to explore ethics and social responsibility educational offerings, including feedback from administrators concerning their own view if there was enough ethics education in their respective programs (Nicholson & DeMoss, 2009). They received adequate responses from 405 curriculum administrators, representing accounting, finance, management, and marketing programs. The data revealed that administrators from across disciplines "reported less ethics education than they perceived was required by business" (Nicholson & DeMoss, 2009, 217).

Not only have the new academic requirements led to only gradual increases in curriculum development for business ethics, but the specific ways in which business schools address the issue have also been quite diverse (Evans & Marcal, 2005). In large part due to the continued discourse about the effectiveness of incorporating ethics into business education, the AACSB has maintained a mission-based approach to the ethics requirement that allows for a great deal of institutional freedom in addressing the topic (Evans & Marcal, 2005).

Therefore, even though ethics education in business schools is discussed widely and encouraged by the accrediting bodies, business schools display a wide range of curricular approaches to ethics education, and most do not even require a course in business ethics (Evans & Marcal, 2005). Ultimately, the AACSB and the ACBSP have permitted business programs to make their own decisions regarding the curricular approach to ethics education, including whether to offer separate and distinct courses for business ethics, designating a course as required or elective, or integrating ethics material with previously existing courses, such as accounting, management, business law, etc. (Evans & Marcal, 2005). This flexibility has predictably resulted in a wide range of curricular approaches to the subject of ethics in colleges that offer a business education.

### III. METHOD

Business programs employ certain instructional strategies to teach students relevant business ethics in the curriculum. These approaches include both required and elective courses, as well as ethics content integrated throughout the business curriculum (Evans & Marcal, 2005). The primary purpose of this study was to examine respondents' survey responses to determine whether differences existed between the various business ethics curricular strategies currently in use in national liberal arts colleges. In addition, the researcher sought to examine respondent preferences for instructional methods, as well as respondent preferences for the measurement of business ethics learning outcomes. Additional demographic data were collected about

respondents and their respective institutions. Survey participants were drawn from the business and/or economics programs of national liberal arts colleges. Out of a total pool of 180 surveys, the researcher collected 55 useable surveys resulting in a 30.6% response rate.

#### *A. Analysis and Results*

As the survey was specifically sent to those responsible for the administrative aspects of their institution's undergraduate business program, it is no surprise that the majority of respondents, 74.5%, indicated that they currently served as a department chair either in economics (20%) or business/business administration (54.5%). The next highest percentage of respondents (9.1%) served as business ethics faculty, with an additional 5.5% of respondents serving as a dean of their respective programs.

In addition to specific items dealing with the three research questions, respondents were also asked a series of demographic questions that would provide the basis for comparison. For question 13, the respondents were asked to identify their schools' status as to specific institutional control including public, private-religious affiliation, or private-no religious affiliation. The data revealed that a clear majority, 65.5% of respondents, represented private, religiously affiliated institutions with an additional 30.9% representing private, non-religiously affiliated institutions. Only 3.6% of respondents represented public institutions. These response results fit the general conception that national liberal arts colleges are predominately private institutions. However, the low percentage of respondents from public institutions made any comparative analysis with other response groups problematic.

As discovered in the pre-survey document analysis, most national liberal arts colleges do not have separate business program accreditation from the AACSB or the ACBSP. Therefore it was as expected that the large majority (81.8%) of the respondents in this study indicated that their business school/program was either not separately accredited, or accredited by other agencies. While the percentage was expected, the modest response rate resulted in low numbers of respondents from accredited programs, creating a problem for comparative analysis between accredited and non-accredited programs.

In addition, it is noteworthy that only 38.2% of respondents indicated that the institutional mission statement included a reference to ethics or ethical decision making. Despite the growing emphasis on ethics and ethical decision making throughout U.S. colleges and universities, the majority of respondents in this survey (56.3%) indicated that the mission statement of their business program did not contain a reference to ethics or ethical decision making (43.6%) or that they did not have a mission statement (12.7%).

As part of the demographic survey questions, respondents were also questioned as to their beliefs regarding the impact of undergraduate business ethics education. For Question 19, respondents were asked whether a concerted effort by undergraduate business schools to improve the ethical awareness and decision making capability of undergraduate business students would eventually raise the ethical level of actual business management practice. The data indicated that a majority of respondents (81.8%) either agree or strongly agree with this statement. This is an important finding when it is considered that only 38.2% of respondents have a reference to ethics in their mission statement and only 27.2% of respondents represent institutions with required business ethics courses at the undergraduate level.

#### *B. Standalone Courses and/or Integration throughout the Curriculum*

The major research objective of this study was to examine the current state of undergraduate business ethics education in national liberal arts colleges by asking the following question: What is the relationship between the curricular strategies (required courses, elective courses, content integrated throughout the business curriculum, or a combination of approaches) that are being used by business programs to teach business ethics in national liberal arts colleges in the U.S. and the following institutional type, business school accreditation, size and ethics references in the mission statement? This research item was analyzed by examining Question 1 of the survey: Which of the following best describes your business (or economics) program's approach to including business ethics in the curriculum?

When examining specific curricular strategies for teaching ethics in undergraduate business programs, there are five basic approaches: (1) integration of business ethics material into traditional business school courses without offering required nor elective business ethics courses; (2) integration of business ethics material into traditional business school courses in addition to offering a required business ethics course; (3) integration of business ethics material into traditional business school courses in addition to offering an elective business ethics course; (4) offering of a required business ethics course without integration of business ethics material into traditional business school courses; and (5) offering of an elective business ethics course without integration of business ethics material into traditional business school courses (Evans & Marcal, 2005).

*C. Standalone Courses and/or Integration throughout the Curriculum: Entire Sample.*

The descriptive statistics (Table 1; pg. 13) record that the largest percentage of survey respondents (30.9%) represent colleges that do not offer standalone required or elective courses in ethics, and instead integrate business ethics throughout the curriculum.

The second largest percentage of respondents, at 18.2%, represented colleges offering elective ethics courses along with ethics integration in the curriculum; an additional 14.5% of respondents represented institutions that require a business ethics course at the undergraduate level along with ethics integration throughout the curriculum. The combined totals of these three categories revealed that 63.6% of respondents report that they integrate business ethics throughout the curriculum. This represents the most commonly implemented curricular strategy shown in the study, and echoes the fact that accrediting bodies strongly encourage schools to incorporate ethics into other core courses (Carlson & Burke, 1998).

In contrast, only 12.7% of respondents required a course in business ethics without integrating ethics throughout the curriculum. This result, when combined with the 14.5% of respondents that include in their respective programs a required business ethics course along with integration, demonstrates that a collective 27.2% of respondents specifically require a business ethics course within the undergraduate curriculum. Contrast this result with the 72.8% of respondents that indicated their institutions do not require a standalone business ethics course. This is an interesting result considering the majority of respondents indicated that ethics instruction at the undergraduate level can indeed make a difference in future ethical behavior in business decisions. Thus the data indicates that business ethics integration is more commonly implemented over standalone business ethics courses.

The fact that the majority of respondents do not represent institutions with standalone required business ethics courses is an interesting finding; accrediting bodies also encourage the combination of standalone business ethics courses and ethics integration throughout the curriculum. As addressed earlier in this article, faculty and administrators “are encouraged to establish specific ethics courses which include codes of ethics and implementation activities currently used by corporations and governmental units” (Carlson & Burke, 1998, 1179). As the data shows, most respondents in the survey represent national liberal arts colleges that seem to implement an ethics integration strategy over and above the establishment of standalone business ethics courses. This could be a concern, however, as the integration approach to ethics could potentially result in diverse approaches to ethics depending on the particular course instructor.

Table 1: Approach to Business Ethics in the Curriculum

	Frequency	Percent	Cumulative
Required course	7	12.7	12.7
Elective course	7	12.7	25.5
No required or elective course but ethics integration throughout the curriculum	17	30.9	56.4
Both a required course and ethics integration throughout the curriculum	8	14.5	70.9
Both an elective course and ethics integration throughout the curriculum	10	18.2	89.1
Unknown	6	10.9	100.0
Total	55	100.0	

*D. Standalone Courses and/or Integration throughout the Curriculum: Institutional Type*

A comparative analysis of individual schools' institution type (public, private-religious affiliation, private-no religious affiliation) and inclusion of ethics in the institutional mission statement demonstrated measurable differences when examining the specific curricular strategy used to teach business ethics at the undergraduate level. The results based on institution type, as shown in Table 2 (pg. 14), revealed the largest difference with 38.9% of the respondents of private religious institutions indicating that they did not offer required or elective courses in ethics, but instead integrated business ethics throughout a variety of courses in their program. In contrast, the highest percentage of respondents including required or elective business ethics courses, as well as ethics integration, were private non-religious affiliated institutions (elective courses in ethics with ethics integration throughout the curriculum (41.2%) or a required course in ethics along with ethics integration throughout the curriculum (23.5%)). This result demonstrates that 64.7% of private non-religious institutions offered both required or elective courses in business ethics along with the integration of business ethics throughout the undergraduate curriculum.

Table 2.

## Approach to Business Ethics in the Curriculum and Institution Type

Survey Question: Which of the following best describes your business (or economics) program's approach to including business ethics in the curriculum?						
		Institution type			Total	
		Public	Private – Not Religious	Private - Religious		
Required course	N	0	2	5	7	
	%		11.8%	13.9%	12.7%	
Elective course	N	0	1	6	7	
	%		5.9%	16.7%	12.7%	
No required or elective course but ethics integration throughout the curriculum.	N	0	3	14	17	
	%		17.6%	38.9%	30.9%	
Both a required course and ethics integration throughout the curriculum.	N	1	4	3	8	
	%	50.0%	23.5%	8.3%	14.5%	
Both an elective course and ethics integration throughout the curriculum.	N	1	7	2	10	
	%	50.0%	41.2%	5.6%	18.2%	
Unknown	N	0	0	6	6	
	%			16.7%	10.9%	

*E. Standalone courses and/or integration throughout the curriculum: Accreditation status*

A comparative analysis based on accreditation status showed no significant differences. This result is as expected because the majority of business programs in national liberal arts colleges are not separately accredited by either the AACSB or the ACBSP. Only six respondents indicated AACSB (5) or ACBSP (1) accreditation, and five of those respondents indicated that their programs did require a standalone business ethics course, and a single respondent indicated that their program did not. The statistics are shown on page 15 in Table 3.

Table 3: Approach to Business Ethics in the Curriculum and Accreditation Status

		Accreditation Status for Business Program		
		AACSB/ACBSP	None	Total
Required course	N	2	5	7
	%	33.3%	10.2%	12.7%
Elective course	N	0	7	7
	%		14.3%	12.7%
No required or elective course but ethics integration throughout the curriculum	N	0	17	17
	%		34.7%	30.9%
Both a required course and ethics integration throughout the curriculum	N	3	5	8
	%	50.0%	10.2%	14.5%
Both an elective course and ethics integration throughout the curriculum	N	1	9	10
	%	16.7%	18.4%	18.2%
Do not know	N	0	6	6
	%		12.2%	10.9%
Total	N	6	49	55
	%	100.0%	100.0%	100.0%

*F. Standalone Courses and/or Integration throughout the Curriculum: Ethics Reference in the Mission Statement*

A comparative analysis based on institution mission showed that 57.2% of the respondents that indicated that their institutional mission statement contained a reference to ethics or ethical decision making offered a required business ethics course at the undergraduate level, while 33.4% of respondents that indicated their institutional mission statement contained a reference to ethics or ethical decision making only offered an elective business ethics course at the undergraduate level. The combined percentages demonstrate that 90.6% of respondents from institutions with an ethics reference in their mission statement offered either required or elective courses in business ethics at the undergraduate level. This would indicate that those respondents with an ethics reference in their mission statement are more likely to follow the AACSB and ACBSP guidance about developing standalone business ethics courses. Correspondingly, 45.8% of institutions without a reference to ethics in their mission statement do not offer a standalone course in business ethics. The data seems to support previous research findings that discussed the fact that administrators from across business disciplines “reported less ethics education than they perceived was required by business” (Nicholson & DeMoss, 2009, 217).

One interesting result from this study is that while the clear majority of respondents (81.8%) agreed that they believed business ethics education at the undergraduate level may ultimately raise the ethical level of actual business/management practice, only 27.2% of respondents indicated that their institutions have required standalone business ethics courses. An additional 29.9% of respondents indicated that their institutions have elective business ethics courses. Therefore, the data of this survey suggests that the most dominant method of addressing business ethics education at the undergraduate level is an integration of business ethics throughout the curriculum.

This finding supports other recent examinations of the issue, such as the Nicholson and DeMoss study previously mentioned. This study found that there has been a gradual decrease in standalone ethics courses over the past twenty years (Nicholson & DeMoss, 2009). My research corroborates this trend; the majority of responding national liberal arts college programs appear to integrate ethics throughout the undergraduate business curriculum, as opposed to offering standalone business ethics courses (whether required or elective). This can become a concern in practice, however, as faculty members in a variety of business discipline areas may not necessarily have a grasp on teaching business ethics topics. Given that this study also revealed slightly stronger support for faculty members from the business law (47.3%) or management (47.3%) disciplines to teach business ethics education at the undergraduate level, the integration of business ethics throughout the curriculum would result in faculty from other business disciplines, including those faculty at the lower end of support levels as indicated in the study, addressing the topic.

#### **IV. CONCLUSION**

Throughout academic history, there has been a long-standing debate concerning the methods and effectiveness of teaching ethics in undergraduate business programs. While there has been an expansion of interest in teaching ethics in undergraduate business programs over the past ten to fifteen years, there seems to be little consistency regarding curricular approaches to business ethics education. As previous studies have found, the inclusion of ethics into undergraduate business programs has been unorganized at best. This present study adds to the body of literature on undergraduate business ethics education by exploring the current state of business ethics education in national liberal arts colleges.

Undergraduate business programs, especially those programs that are accredited by either the AACSB or the ACBSP, are under increasing pressure to incorporate ethics more fully into their academic program, but there are a variety of approaches in implementing ethics instruction, as well as a variety of methods to measure the attainment of learning objectives.

Perhaps the most significant result of this study is found in the following contrast: while a clear majority respondents (81.8%) indicated that they believed business ethics education at the undergraduate level can ultimately raise the ethical level of actual business/management practice, only 27.2% required standalone business ethics courses and 29.9% have elective business ethics courses offered at their institutions. Therefore, my survey data suggests that the most dominant method of addressing business ethics education at the undergraduate level is the integration of business ethics throughout the curriculum without the use of standalone business ethics courses.

Using the integration approach to teach business ethics can be a double-edged sword. On the one hand, it has an advantage in that each course can address the ethical components related to the subject. For example, accounting courses can address ethics in accounting using a variety of case studies specifically related to the accounting field. Using such specific case studies can be quite an advantage to examining course related issues. However, relying on ethics integration also means that professors may have very different definitions as to what business ethics really is and can have quite diverse methods for teaching the subject. Some professors may see ethics as dealing with only the letter of the law, while other professors may see ethical decision-making in terms of broader issues in governance for the long term. Without specific, standalone courses in business ethics, business undergraduates will potentially receive an uneven, disjointed view of ethical decision-making, dependent entirely upon the faculty, who may, or may not, include the discussion of ethics in their course design.

As our survey only focused on national liberal arts colleges as classified and ranked by the U.S. News and World Report (2013), additional research would be merited to expand to other classifications. With trends running against national liberal arts colleges, as recent studies have shown that student interest in studying liberal arts and the humanities has been on the decline, continued examination of other four-year as well as two-year colleges is needed for future investigation (Connelly, 2012). While the current study seems to indicate differences in terms of the curricular strategies currently being used in the national liberal arts colleges, further research examining other institutional classifications could be of tremendous assistance in developing a full picture concerning the climate of business ethics education at the undergraduate level.

Additionally, while this study focused on the “what and how” of undergraduate business ethics education and measurement, further research would be beneficial in examining the “why” question. Qualitative research, using surveys, interviews and focus group research centered on the topic of business ethics education, could help to understand the preferences for instructional methodologies, preferences for business ethics faculty, and preferences for the measurement of learning outcomes.

Continuing research on this very sentinel subject is also important because growing numbers of employers are looking for business graduates that have had some measure of undergraduate business ethics education. A 2009 survey of employers conducted for the Association of American Colleges and Universities found “that 75% of those surveyed felt that colleges and universities needed to place greater emphasis on teaching students skills associated with the ability to connect choices and actions to ethical decisions” (Floyd, Xu, Atkins, & Caldwell, 2012, 772). This would suggest that employers are learning to recognize that importance of ethical decision making in the context of business relationships, and that American undergraduate institutions should be doing more to develop ethical business leaders.

It is apparent that as ethics scandals continue to emerge, ethical decision making will remain at the forefront of public discussions for the foreseeable future. In the 1960s, former Goldman Sachs Senior Partner, Gus Levy, coined the phrase “long term greed” to represent the importance of developing long relationships with clients (Cohan, 2010). For Levy, long term greed meant treating your clients the way they would want to be treated (Cohan, 2010). Ethical decision-making is one facet of developing those long-term relationships and building long-term success.

However, as we continue to see short-term emphasis in decision-making, we will continue to see challenges in ethical thinking. Perhaps the best way to alter that view is to educate future leaders as to the vital importance of ethics in the decision making process. Whether integration throughout undergraduate coursework, or in the offering of specific standalone courses, developing business ethics education strategies can not only help avoid disasters like Enron, Arthur Andersen, and WorldCom, it can also help add to the financial bottom line for American businesses.

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