

## CROSS-DISCIPLINARY ETHICS EDUCATION IN MBA PROGRAMS: RHETORIC OR REALITY?<sup>i</sup>

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### INTRODUCTION

After the financial crisis business schools were criticized for graduating students who put too much emphasis on shareholder value and profit-maximization but neglect the broader social and environmental context in which businesses operate (Blaine, 2009). Particularly, the value of the MBA has been questioned and business schools have been urged to rethink critically their curricula (Holland, 2009). Such critique of ethics education in MBA programs calls for closer academic attention and reflection. Even though ethics education has been debated for quite some time (Mahoney, 1990), only a small number of studies have empirically reviewed the topic in the context of the MBA (Cornelius, Wallace, & Tassabehji, 2007; Evans et al., 2006). Particularly, we miss a more thorough discussion of the following two areas: Firstly, we lack knowledge about whether ethical issues are integrated into courses of other disciplines such as marketing, finance and accounting. Existing research has been limited mostly to a discussion of standalone courses (Christensen, Peirce, Hartman, Hoffman, & Carrier, 2007), while, to the best of our knowledge, there have been no cross-disciplinary examinations of an integration of ethics content into MBA curricula so far. This is a surprising omission, as cross-disciplinary research would help us to understand whether the claim that ethical issues *should* be integrated into the MBA has provoked any reactions. Secondly, we need to know more about the development of ethics education in MBA programs over time. To date, research only paints a static picture.

In an effort to further explore these two research areas we use data underlying the Aspen Institute's *Beyond Grey Pinstripes* (BGP) survey. BGP is a survey-based ranking of business schools analyzing full-time and in-person MBA programs (N=139 for 2009) regarding the integration of ethics-related content into curricula. Our findings suggest (1) that the reach of ethics education still remains limited as the vast majority of courses are electives, (2) that ethics is only integrated into a few selected disciplines, and (3) that over time business schools have added ethics content to a number of courses, however without challenging the non-compulsory nature of courses or their affiliation with selected disciplines. Our key argument is that these findings point towards a problem: business schools increasingly risk decoupling their upbeat public claims regarding ethics education from their actual curricular offerings.

Given the persistence of ethical problems in today's business environment, we suggest that business schools need to work on two key themes to avoid decoupling talk from action. First, ethics education in MBA programs needs to move more into the mandatory curriculum, largely because electives only "preach to the converted." Second, ethics education needs to move beyond general management courses and into critical disciplines like finance and accounting.

Realizing that there is a risk that schools decouple talk from action implies to initiate structural changes in curricula – changes that reach beyond the predominant selective and elective approach.

## **UNDERLYING DATA AND METHODOLOGY**

Our study is based on the data underlying the 2009 BGP survey of business schools. The data is based on self-reported information about ethics education in full-time and in-person MBA programs. For the 2009 edition of the BGP ranking, 590 online surveys were sent out to business schools worldwide. The *Aspen Center for Business Education* (Aspen CBE) invited schools, which are accredited by AACSB, EQUIS and/or AMBA, to participate in the survey. Further, schools that are recognized as leading institutions within their country or region, but do not hold an accreditation, were also invited. In total there is detailed course data available from 139 schools for the year 2009 yielding a response rate of 24%. This response rate is in line with similar studies (e.g., Bedeian, Taylor, & Miller, 2010). Looking at regional distribution, 64% of the responding schools are located in North America, while the remaining 36% cover more than 20 other countries (predominately in Europe). A comparison of schools from both regions only revealed significant differences regarding the number of elective courses (see discussion below).

We use the 2009 survey data to discuss the integration of ethics into the MBA curriculum and study recent changes and trends in ethics education based on the 2005, 2007 and 2009 data. The underlying dataset for the discussion of longitudinal effects comprises a panel of 59 schools, which participated in all three surveys since 2005. The dataset provides a cross-disciplinary view of ethics education, because it includes information on standalone ethics courses as well as courses from other disciplines with relevant content. When submitting their data, schools had to classify their courses into a number of pre-defined disciplines (e.g. Management, Strategy, or Accounting). We define courses on “Corporate Responsibility/Business Ethics” and “Environmental Management/Sustainability” as standalone courses on ethics. This classification was guided (a) by Matten and Moon’s (2004) conclusion that these were the top labels for standalone courses discussing ethics (see also Wu et al., 2010) and (b) by looking at how related studies have defined standalone courses (see e.g. Christensen et al., 2007).

The BGP data also analyzes what percentage of course time is devoted to ethics-related content in each course. This information enables a more fine-grained analysis of whether and to what extent MBA students are actually exposed to such debates throughout their studies. Schools had to report the percentage of relevant ethics-related content in each course (e.g., percentage of discussion of ethics in a marketing course) and provide evidence for this coverage by submitting a course syllabus. We used this data and rated ethics coverage according to four intervals: 1%-25%, 26%-50%, 51%-75% and 76%-100%.

## **FINDINGS**

### **Ethics as a Largely Non-Mandatory Part of the MBA Curriculum**

According to the 2009 BGP data, the vast majority of business schools have acknowledged the importance of ethics education and set up appropriate courses. Over 80% of all surveyed schools had at least one standalone course in their MBA curriculum. These results indicate that standalone ethics courses are by now a commonly accepted part of the MBA

curriculum. However, a more detailed look at the compulsory/elective status of these courses slightly changes the picture. Only 31% of all standalone courses were mandatory, while the vast majority of standalone courses are electives. Looking at the institutional level, almost half of all business schools do not offer a single mandatory standalone ethics course. This data demonstrates that, while schools seem to have generally accepted the relevance of ethics-related content, many institutions still see this topic as a “nice-to-have” which is added as an elective to the curriculum.

These findings are interesting for at least two reasons: Firstly, the results point towards a possible inconsistency between the rhetoric of senior decision makers in business schools around ethics education and the reality of the curriculum. Secondly, these findings call into question the degree of acclaimed progress regarding ethics education in MBA programs. Recently, there has been much talk about “mainstreaming” ethics education – i.e. the more widespread exposure of students to relevant debates (Knight, 2009). While it is hard to disagree that there has been an increase in the overall number of standalone courses, we caution that assuming that the majority of MBA students are currently enrolled in standalone ethics courses may be overstating things.

### **Selective Integration of Ethics into the MBA Curriculum**

The data shows that 13% of all courses with ethical content were courses on management. We believe that the dominance of ethics-related content in general management courses has historic reasons. As pointed out by Khurana (2007), courses discussing managers’ ethical responsibilities originally entered business schools as general management courses framed around the stakeholder model. Although lower in absolute numbers, courses on business strategy also expose students to ethics-related content. We found it surprising that marketing, which is discussed as a discipline in which “potential ethical issues lie closer to the surface” (Evans et al., 2006: 282), does not expose students intensely to ethical issues.

These results suggest that the integration of ethical issues is primarily focused on a few selected disciplines and was lowest for finance, accounting, information technology, and quantitative methods. Given the importance of finance and accounting for numerous ethical challenges (Bampton & Maclagan, 2005), it seems sobering that relevant debates are still not sufficiently integrated into these two disciplines.

### **Increase in the Number of Ethics Courses, but Few Structural Changes**

To identify recent changes and trends in ethics education we looked at a panel of 59 schools, which participated in all three BGP surveys since 2005. Our findings show that there is a sharp increase of courses with ethics content over time. The overall number of courses almost doubled from 2005 to 2009. This result puts numbers behind the commonly expressed claim that ethics education has migrated from being of marginal importance to becoming more widespread within business schools (Cornelius et al., 2007). While the general number of courses has increased, there are almost no structural changes regarding how business schools embed relevant topics into the MBA curriculum. The ratio of mandatory versus elective courses did not change over time. This result indicates that our abovementioned concern about the missing reach of ethics education in MBA programs remains relevant, as electives are the predominant way of anchoring ethics education into the curriculum. Moreover, the percentage of standalone courses as part of the overall number of reported courses remained stable between 2007 and 2009 at

around 10%. This suggests that schools are not changing the ratio between standalone and cross-disciplinary courses.

## **ETHICS AND MBA EDUCATION: THE RISK OF DECOUPLING**

We argue that these results point towards a problem: business schools increasingly risk decoupling rhetoric from reality when it comes to ethics education in MBA programs. In the following we show why each of the three key findings presented above can potentially lead to decoupling and what can be done about it. We acknowledge that our arguments are not based on a direct observation of decoupling, but are rather indirectly suggested by *our* interpretation of the BGP data. Hence, we carefully frame our argument as a provocative proposition rather than a verified fact.

### **Decoupling and the Elective Nature of Courses**

Our data suggests that the majority of courses covering relevant content have elective status, and that the ratio between elective and core courses remained stable over time when considering the 2005 to 2009 period. These findings call into question whether the bulk of MBA students are really exposed to ethics-related discussions throughout their studies. Decoupling is likely to occur because, if business schools really want to educate “value-based leaders” who make a difference to society, they cannot isolate relevant discussions into elective course offerings. Despite recurring claims that a discussion of ethical issues is moving into the mainstream (Di Meglio, 2010a), we suspect that in most schools ethics education remains restricted in terms of the actual number of students who are exposed to such topics. This raises the question of whether ethics-related discussions might not suffer from the problem of “preaching to the converted.” The majority of students enrolled in standalone courses deliberately choose this option because they are interested in the topic. Of course, business schools cannot enforce ethical behavior simply by making courses mandatory, neither should ethics courses aim at “persuading the unconvinced.” What is important, however, is that the impact of schools’ ethics education remains limited when only a self-selected segment of (already interested) students are exposed to such topics.

In light of this we suggest that there is a need for moving ethics education more into the core curriculum, particularly when considering the persistence of ethical problems in today’s business environment. Although exposing every MBA to relevant discussions will not suddenly turn students into responsible business leaders, it would however send a strong signal to an entire cohort of students that “*Ethics Matters!*” We also believe that mandatory classes would create much better discussions among students, since the likelihood of disagreement about ethical challenges is higher when students with a more critical perspective on ethical challenges are included.

### **Decoupling and Selective Integration**

Decoupling may also be driven by a selective integration of ethics content into disciplines. Selective integration signals to students that ethics is more relevant in the context of some disciplines, while only marginally relevant to other disciplines. We believe that this signaling function is important. Students are unlikely to take ethics education seriously, if

discussions are isolated from more “technical” disciplines like finance and accounting. Integrating relevant issues into these disciplines not only contextualizes ethical problems, but also enhances the credibility of ethics education in the eyes of students. Of course, standalone ethics courses can equally isolate education leading to similar problems (i.e. a lack of perceived relevance due to missing contextualization). What is needed, then, is balance between integrated and standalone courses as well as a balanced integration in different disciplines. We suggest that addressing the problem of selective integration requires moving beyond general management courses and into critical disciplines like finance and accounting. The goal must be to develop a curriculum that helps students to question fundamental assumptions of traditional theoretical frameworks.

### **Decoupling and the Proliferation of Ethics-Related Courses**

Considering the substantial increase in courses covering ethics-related content raises the question of who actually teaches these courses. A rapid expansion of courses over a short period of time requires the availability of sufficient teaching skills by faculty. We would like to ask the controversial question of whether faculty are sufficiently prepared to teach such topics when they are swiftly added to MBA courses. There is also the question of whether existing teaching materials adequately support the uptake of relevant discussions in a wider number of courses. Given these insights, decoupling seems to be a possibility, since it is likely that faculty is being asked to “jump on a bandwagon” without proper development of skills (at least in some cases) and supporting pedagogical tools.

#### **WHAT DRIVES DECOUPLING IN THE BUSINESS SCHOOL CONTEXT?**

What, then, can explain this picture? Why do business schools add courses with ethics content to the curriculum, while, at the same time, shying away from implementing more structural changes? We believe that the combination of (1) rising external institutional pressures to showcase ethics education and (2) the existence of a variety of internal impediments with regard to curriculum change give business schools a hard time when trying to mainstream ethical issues into the MBA. This is consistent with one of the core arguments brought forward by institutional theorists (Meyer & Rowan, 1977; Oliver, 1991) that organizations tend to decouple talk from action whenever the demands of the environment cannot be easily aligned with internal interests and resources. Decoupling occurs because organizations face conflicts between the coercive pressures exerted by other organizations upon which they depend (e.g., accreditation agencies) and their limited internal capacity for change (e.g., missing faculty interest). The result is that organizations decouple talk from action by building up a legitimacy façade.

#### **Rising External Institutional Pressures**

One way to gain legitimacy is to respond to external pressures which are exerted on business schools by other organizations or more general societal expectations (DiMaggio & Powell, 1983). An important source of pressure is the generally increased importance of ethics after the numerous accounting scandals in 2000/2001 and the more recent financial crisis. Another source of institutional pressure comes from accreditation agencies. According to Navarro (2008), accreditation is an important influencing factor of the MBA curriculum.

Business schools are also increasingly faced with pressure from a variety of other initiatives concerned with ethics education. For instance, the UN-backed PRME initiative has already more than 430 participants (as of April 2012).

### **Internal Impediments to Curriculum Change**

The literature on ethics education has identified a variety of internal impediments to change. The most widely acknowledged impediment is faculty resistance. Faculty resistance is based on the claim that ethical issues cannot be taught and that teaching such issues has no lasting impact. However, portraying the situation entirely as faculty resistance neglects the role of other actors. Although deans continuously highlight the importance of ethics education in public debates, we should keep in mind that there is a difference between believing that a topic is important and actively supporting its integration into the curriculum, particularly when considering the faculty-governed nature of many institutions and the importance attached to the concept of “academic freedom” (Gross-Schaefer, 2010). A crowded MBA curriculum can also impede ethics education. Many disciplines are competing for space in the curriculum of MBA programs, which are, at least in some cases, only 12-15 months long. Given the restricted space in the curriculum and the need to incorporate a variety of other student activities (e.g., career planning), schools first try to cover traditional function-specific content, which is perceived to be at the heart of MBA education.

To sum up, the risk of decoupling, that we have argued for, may be an outcome of business schools struggling to appropriately align rising external pressures with a limited internal capacity for change. This may lead to a situation in which schools overemphasize the pure number of ethics-related courses (to publicly showcase that these issues are discussed) but risk to neglect debates around how precisely ethical challenges are being addressed in these courses and how content from different courses interrelates.

### **CONCLUSION**

We conclude that the current status of ethics education in MBA programs provides no reason for enthusiasm. Overall, our analysis paints a mixed picture: On the one hand, the discussion of ethical challenges seems to proliferate as more and more courses with relevant content are added. On the other hand, ethics remains for the most part an add-on to the curriculum and is still not well embedded in important disciplines like accounting and finance. We hope that this paper spurs further critical debate and research about whether business schools are living up to their aspiration of anchoring ethics in the MBA.

### **ENDNOTES**

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### **REFERENCES AVAILABLE FROM THE AUTHORS**