

MARKETING MANAGEMENT ASSOCIATION

2003 Spring Conference



“Teaching Business Ethics: Integration or Free Standing Courses--Which Approach is Best?”

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Corporate Responsibility Crisis...

 *“Opinion polls now place business people in lower esteem than politicians.”*

 -Jennifer Merritt (2002) “For MBAs, Soul Searching 101,”
Business Week, Sept. 16, p. 64.



 *“A W.S.J./NBC poll found that 57% of general public believed that standards & values of corporate leaders & executives had dropped in the last 20 years.”*

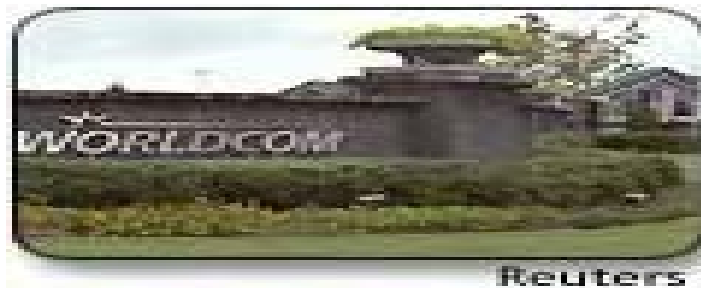
 -Eric Hellweg (2002) www.business2.0.com, Sept. 10



📄 “An ABC News/Washington Post survey indicated 63% of the public felt that regulation of corporations is necessary to protect the public.”

📄 “Seventy-five percent of those surveyed by ABC, expressed limited confidence in large corporations.”

📄 -Gary Langer (2002) “Confidence in Business: Was Low and Still Is,”
www.abcnews.com, Sept. 10.



What does fraud cost?

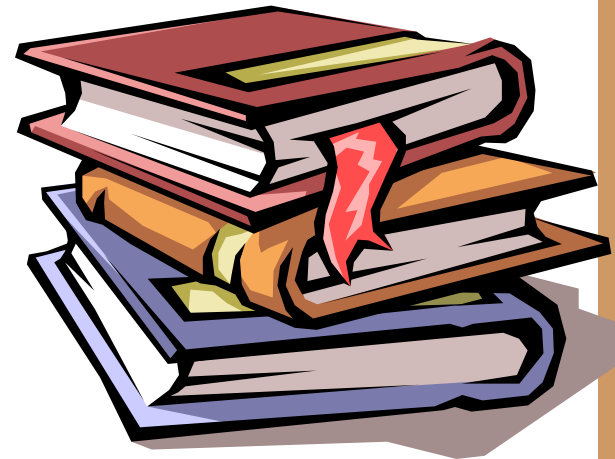
- 📄 Cost to corporations: > \$600 billion a year
- 📄 Organizations lose > \$9/day/employee
- 📄 Median loss caused by males: \$185,000
- 📄 Median loss caused by females: \$48,000



"Fraud Group Warns of Theft,"
Boston Sunday Globe, 2/3/2002

What are colleges of business doing?

- 📄 Developing programs & courses to address business ethics & corporate responsibility
- 📄 Leaving ethics education to the liberal arts college (philosophy departments)
- 📄 Encouraging faculty to integrate ethics into current curriculum
- 📄 Maintaining the status quo




Developing Programs & Courses...

☞ “...Then you had rapid succession during the eighties, insider-trading scandals, the defense-industry (overcharging) scandals, savings-and-loan scandals. Each of those ratcheted up national interest and business school interest in teaching business ethics.”

– Kirk Hanson, Stanford University

Stanford University

Philosophy Departments Teach Business Ethics...

 “The University of Akron Business College is urging students to enroll in a new ethics course in the philosophy department”

- “Certain words are sort of owned by certain departments...one of the works that is sort of owned by the philosophy department in lots of universities is the word ‘ethics’.”
- Stephen Hallam, Dean-Akron’s College of Business

The Philosophy Department's Philosophy on Business Ethics...

📄 “The attitude of a lot of liberal-arts faculty towards business & towards business-professional education was a certain level of disdain, somewhat born in a liberal mind-set. Anti-business sentiment is strong in philosophy departments.”

- Kenneth Goodpaster,
- University of St. Thomas College of Business



UNIVERSITY *of* ST. THOMAS

Integrating Ethics...

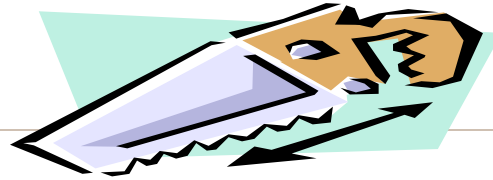


“The curriculum is under so many pressures-to do technology, the Internet, globalization, the environment...ethics is competing with so many other things. The curriculum is finite. You can't put everything in it.”

– David Vogel, University of California-Berkeley



Eliminating the Business Ethics Course...



“Eliminating business ethics as a separate class is the approach at the Katz School of Management (University of Pittsburgh). It may be better to integrate ethics into other classes, so students see it as an integral part of other subjects...such as finance, accounting or marketing.”

– Frederick Winter, Dean



University of Pittsburgh

Maintain the Status Quo...

📄 “By the time they’re taking auditing, they’re 21-33 years old. The question comes up, can you teach a person of that age ethics? I don’t think we can.”

- Ken Lambert, Director School of Accountancy, University of Memphis



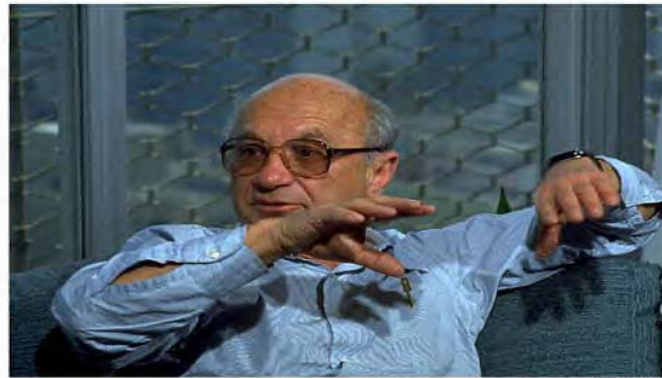
The University of Memphis

Eliminating Business Ethics...



“A business can’t have ethics any more than a building can have ethics. I don’t believe the university is a place for that--family & elementary & secondary schools are.”

– Milton Friedman, Nobel Laureate



Teaching Idealism or Management Issues...



📄 “A business ethics course is not serving its mission in the curriculum if it just deals with ideological stuff; it’s got to deal with the stuff of leadership & management.”

– Kenneth Goodpaster, St. Thomas University



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Developing Trust & Confidence in Business...

📄 individuals alone did not cause our current crisis

📄 the following stakeholders were all involved in supporting deception, fraud & destruction

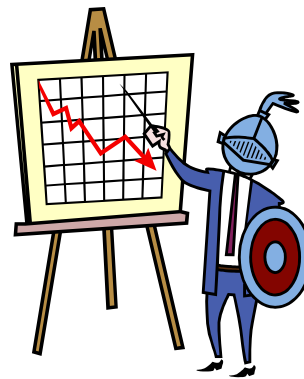
– board members

– top management

– attorneys

– accounting firms

– securities analysts



-regulators

-politicians

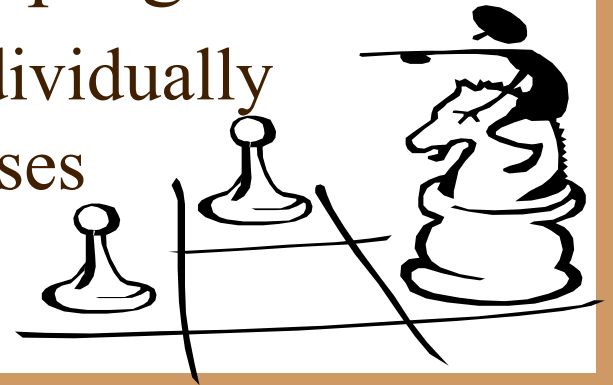
-mass media

-investors

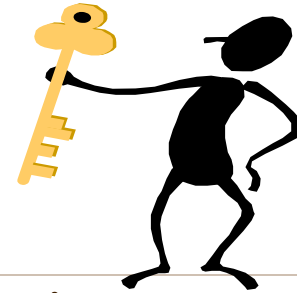
-colleges of business

Our Recommendation for Colleges of Business...

- ☞ Take responsibility for educating your students about corporate responsibility, business ethics & social responsibility
- ☞ Both in colleges of business & business top management needs to make sure there are visible & supported programs
 - do not rely upon faculty to individually integrate ethics into their courses



The Solution...



- 📄 Teach courses such as Business & Society, Business Ethics, Social & Regulatory Issues
- 📄 Integrate business ethics into core coursework
- 📄 College of Business faculty need education & support to achieve the above objectives
- 📄 AACSB will put greater pressure on COB's to prove they are using due diligence in addressing the business ethics needs of our students

The Main Point...

📄 “You can’t necessarily teach morality...but, it’s possible to point out behavior that’s over the line. Your mother did not teach you about off-balance-sheet entities and how to grapple with them.”

– Thomas Donaldson, Wharton College of Business

Wharton

PENN