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Business Education Puts Corporate Reputations at Risk

By Diane Swanson

Corporate reputations are under siege, especially in the United States where public outrage over the proliferation of Enron-like scandals has turned into a general distrust of business. Part of the cynicism is a growing awareness that business schools are at least partly to blame for the precipitous decline in corporate goodwill. The realization is that business schools are falling short of educating future managers in their legal and ethical responsibilities to society.

In response to this dangerous myopia, more than 150 business professors and ethics officers petitioned the Association for the Advancement of Collegiate Schools of Business (AACSB), the agency that accredits business degree programs, to stipulate that at least one ethics course be required as a condition for accreditation. This flood of petitions was timely, to say the least. For while the earthquake of corporate scandals shook America, AACSB officials were quietly drafting new standards that would influence management education for decades to come. And so these officials had a unique opportunity to upgrade ethics education at a critical juncture in corporate history. Unfortunately, they failed to do so.

This failure could adversely affect business education internationally and by extension corporate reputations. True, business schools abroad need not be held hostage to AACSB, a distinctly American-based institution. In reality, however, AACSB stamps approval on business degree programs worldwide. Ethics education has not fared particularly well under this system. Here's why. As long as AACSB does not stipulate a required course in ethics, business school

deans facing curriculum battles can point to this lack of standards as an excuse to side step ethics and cater to a majority of faculty vying for other coursework. When this happens --and it happens a lot, given faculty skirmishes over crowded curriculum --then students are not required to take even one ethics course before graduating from undergraduate and MBA programs. This orphaning of ethics coursework is one of the best-kept secrets of business education, compliments of AACSB.

To be fair, AACSB officials have included ethics in list of content areas for accreditation. They also added certain ethics material to AACSB's website, but only after the flood of petitions, mentioned previously, prompted media coverage and heated debate on scholarly discussion lists. Of course, the professors who wrote to AACSB wanted more than mere website window dressing. Certainly, many of them were less than thrilled with the boilerplate responses they received from AACSB, indicating that accrediting officials were closing ranks around the agency's doctrine of flexibility. Deciphered, this means that AACSB can give its stamp of approval to the most superficial coverage of ethics in MBA and undergraduate degree programs, such as the promise that ethics will be mentioned in a few courses and/or condensed into a two-week seminar for new students.

In other words, AACSB's allegiance to flexibility is a loophole through which ethics can be slipped out. It is a green light that ethics can be strewn across curriculum, even haphazardly, and delivered by professors who have plenty to do without trying to learn practical applications of a 2000-year-old moral tradition of Western philosophy. *Does anyone really imagine that students would grasp complex principles of marketing, accounting, operations management, or finance that same way?* No wonder students get the message that ethics doesn't matter in business. It all starts with AACSB.

And it ends with AACSB as well. In circular fashion, AACSB membership is made up of deans who craft rules that they then apply to their cohorts and themselves. There is no government oversight and hardly any external pressure on this Dean's Club. By all appearances, member Deans are crafting standards flexible enough to retain room to wiggle out of recurring curriculum battles. As a political maneuver, ethics easily gets sacrificed to courses that are sacred cows or fads or fashions in management. In a recent article aptly entitled "It's a heckuva time to be dropping ethics courses," Business Ethics Magazine gave an accounting of business schools that have participated in this well recognized past time of downsizing ethics in curriculum, which continues to this day. Deans who break with this tradition to ensure that at least one ethics course is required in curriculum deserve special applause.

If AACSB officials had considered the record carefully before crafting new standards, they would have found out that many knowledgeable professors have deemed the experimental (flexible) approach to ethics a huge failure. There is simply no substitute for a stand-alone course delivered by faculty trained in applying ethics to areas of management including stakeholder relations, crisis management, environmental stewardship, leadership, corporate culture, and the law, government regulation and public policy. Whether labeled "business ethics," "business and society," "corporate citizenship," or "social issues in management," such course incorporates ethics so that it adds up to something for students. When topics get selected out and strewn across curriculum, it all falls apart.

That business students can graduate without one ethics course to their credit stands in stark contrast to programs in law and medicine. Clearly, no one wants to be represented by an unethical lawyer or operated on by an immoral doctor. That similar logic is not applied to future managers who will be entrusted with society's scarce resources flies in the face of common sense

and calls into question the very integrity of business schools.

The bottom line is that AACSB's failure to strengthen ethics education could perpetually undermine business's efforts to regain society's trust in the aftermath of the most devastating corporate scandals on record. While strengthening ethics education won't cure all ills, it is a necessary ingredient in repairing tarnished corporate reputations. Instead of leading solutions in this area, the governing body of accrediting deans has demonstrated that it is part of the problem. In doing so, AACSB has failed both its corporate constituents and society at large.

Postscript: Diane Swanson (Kansas State University) and Bill Frederick (University of Pittsburgh) founded *Campaign AACSB* as an effort to upgrade and strengthen ethics course work in Business Schools. To date, more than 200 professors, including two academic associations, have endorsed its goals. To add your personal or institutional endorsement to the list of Campaign supporters, contact Diane Swanson (swanson@ksu.edu). To read more about the Campaign, go to

<http://www.cba.k-state.edu/departments/ethics/docs/JIERCampaignAACSB.pdf>.