THE BUCK STOPS HERE: WHY UNIVERSITIES MUST RECLAIM BUSINESS ETHICS EDUCATION

ABSTRACT. Given the groundswell of corporate misconduct, the need for better business ethics education seems obvious. Yet many business schools continue to sidestep this responsibility, a policy tacitly approved by their accrediting agency, the Association to Advance Collegiate Schools of Business (AACSB). Some schools have even gone so far as to cut ethics courses in the wake of corporate scandals. In this essay I discuss some reasons for this failure of business school responsibility and argue that top university officials must go beyond weak accrediting standards to insist that ethics courses be required in business school curriculum. Otherwise, students will continue to get the message that practicing managers have little or no legal and ethical responsibilities to society.

KEY WORDS: AACSB standards, business ethics education, business school responsibility, MBA, university responsibility

Given all the news of corporate misconduct, the need for better business ethics education seems painfully obvious. Yet as a group, the nation’s business schools deans have done little to ensure that the next generation of corporate managers will be more mindful of their legal and ethical responsibilities to society. In response to this dangerous myopia, hundreds of professors launched a collective effort to try to persuade the Association to Advance Collegiate Schools of Business (AACSB), the agency that sanctions business degree programs, to require at least one ethics course as a condition of accreditation. Instead of receptivity, these professors encountered resistance (Benner, 2002). During their campaign, it became clear that AACSB’s accountability for ethics education was weak to non-existent and would remain so, even in the aftermath of the worst corporate scandals on record. In this essay I summarize the dialogue between these professors and AACSB officials as a backdrop to arguing that ethics education cannot be left in the hands of business schools and their closely held accrediting agency. Instead, universities must reclaim business ethics education as part of their broader institutional responsibility.

THE CALL FOR BUSINESS SCHOOL RESPONSIBILITY

By the summer of 2002, corporate corruption had cascaded, shocking the conscience of the nation, wiping out thousands of employee pensions,
putting tens of thousands more on the jobless rolls, and shaking investor confidence to the core. Public trust in business dropped to disastrous lows: CEOs and stockbrokers were trusted by only 23 percent of the public, just a few points above used car dealers at 15 percent. In late June, President Bush told the nation, “We must have rules and laws that restore faith in the integrity of American business” (White House Press Release, 2002a). Two weeks later, he spoke directly to Wall Street financial leaders, saying, “We need men and women of character, who know the difference between ambition and destructive greed, between justified risk and irresponsibility, between enterprise and fraud. Our schools of business must be principled teachers of right and wrong, and not surrender to moral confusion and relativism” (White House Press Release, 2002b). The President called for “a new ethic of responsibility,” which he obviously was applying to the nation’s business schools as well as to corporations (White House Press Release, 2002c). Simultaneously with the President’s urgent messages, Business Week pointed out that, “Sure, most B-schools are loudly condemning such ethical breakdowns. But what are they doing to really combat recurrences of such behavior? The short answer: not much. . . . Deans have issued elegant statements of indignation . . . [but] adding a strong ethics component to the B-school culture will be no sure thing” (Hindo, 2002).

In late September 2002, Professor Bill Frederick of University of Pittsburgh and I wrote to business school faculty members in the U.S. and abroad, urging them to counteract and correct the effects on our students (present and future) of the behavioral excesses of corrupt corporations. We also called for a comprehensive inquiry into the role that business schools and their accrediting agency, AACSB, play in inculcating a normatively amoral attitude that encourages unethical, fraudulent, corrupt, and illegal behavior by business practitioners. The response was overwhelming. Shortly after we issued this call, Professor Duane Windsor of Rice University wrote an Open Letter on Business School Responsibility to top accrediting officials in AACSB, proposing that AACSB mandate a standalone course in business ethics as a condition of accreditation. An excerpt of his letter follows.

The role of business and society instruction and scholarship depends on the moral wisdom and social conscience of the whole body of the school’s faculty. Accreditation standards adopted in the early 1990s led over the years to a slow deterioration in the role of business and society in MBA curricula. An essential feature in [those] accreditation standards was a shift to a high degree of flexibility in how schools could structurally address mission delivery. In direct contrast, the accreditation standards of the early 1970s established a clear guidance [and] plainly pointed business schools in the direction of some kind of required course in business and society, social issues in management, business ethics,