

Business Ethics and CSR As Part Of MBA Curricula: An Analysis of Student Preference

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Business ethics, Corporate Social Responsibility and Sustainability have arguably become more important to both the business world and business schools in recent years. The Masters of Business Administration program is regarded as the premier business qualification for practicing managers with career aspirations. It would seem logical that MBA programs would address the topics of Business ethics, Corporate Social Responsibility and Sustainability in a clear and strategic fashion.

Field of Research: Business Ethics, CSR and Education.

1.0 Introduction

Management has often been defined as the art of getting things done through others (Robbins, 1990 and that it is neither an exact science nor a pure art, but rather that it has elements of both (Gosling and Mintzberg, 2005). Masters of Business Administration programs (MBAs) have been a mainstay of management education since their introduction at the beginning of the twentieth century. Jones (2003) describes how MBAs were introduced in the United States with subjects addressing book keeping and accounting, typically structured as a two-year program. This paper reviews some of the literature concerning MBA program curricula and the current trends with regards including business ethics, CSR and sustainability in MBA programs.

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2.0 Literature Review

Baruch and Lemming (1996, p27) suggest that “the aims of MBA programs are to prepare graduates for managerial roles, help them gain a better understanding of the industrial and business world and its needs, enrich their skills and provide them with competencies relevant to their careers.” They further state that an effective MBA program must continually adapt content and structure as the needs and demands of the business world also change. Flexibility and adaptability are crucial attributes of MBA programs. Johnson (1988 et al. p. 49) identified that the most common expected outcome of MBA executive programs was the broadening the individual in addition to general education and quality of instruction objectives. They suggested that organisations expect “life changing”, developmental outcomes from MBA programs. Hilgert (1994) demonstrated that managers who have completed MBA studies think more broadly, understand more comprehensively and report life-changing outcomes. He also states that MBA programs focus on the development of managers from specialist to a more integrated generalist perspective.

Paucar-Caceres (2008) reviewed the structures of MBAs in the UK and France, specifically those accredited by the UK based, Association of MBAs. He examined MBAs according to their core (compulsory) subjects and the range of elective (free choice) subjects as advertised in their school’s prospectus, and they reveal that MBAs have started to essentially incorporate the following:

- A greater focus on International perspectives
- Increasing use of real business case scenarios
- Greater attention to the development of interpersonal skills such as communication.

According to Baruch and Leeming (1996) there is considerable agreement about some areas taught in a conventional MBA. They identify core subjects such as finance, human resource management, international business and marketing as fundamental to MBA programs. However, consistent with their observations concerning the need for flexibility and relevance, they identify that many scholars frequently put forward new subjects for the curriculum addressing areas such as: such as entrepreneurship, information technology and management information, international human resources management and production and operations. They also note that business ethics is an emerging issue that can be seen as a critical component of an MBA program. This is consistent with Neelankavil (1994, p47) who states, that from a organisation’s perspective, new subjects such as: entrepreneurship, ethics, global environment, production and operations management and quality management, must be part of MBA programs to broaden the outlook of future managers so as to tackle key issues now facing business.

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Paucar-Caceres (2008, p 189) noted that despite the influence of national culture and economic issues, the majority of MBAs show “signs of being fairly similar across the huge range of business schools.” He found that despite variation in some compulsory subjects, the traditional functional areas of marketing, accounting, and strategy dominated MBAs. However, the criticisms of the vocational focus and lack of standards has resurfaced in recent years prompting a reassessment of what is taught and the educational methods used in MBA programs. Amongst the most vocal is Henry Mintzberg, Cleghorn Professor of Management Studies at McGill University in Montreal, who’s 2004 book “Managers not MBAs” suggested that MBAs focus too heavily on functional content such as strategy, accounting and marketing and insufficient attention to the critical skills of management. He argued that management, as taught in MBA programs, is ineffective for three key reasons:

1. MBA programs admit the wrong people,
2. they use ineffective educational methods and
3. students emerge with the wrong set of knowledge, skills and attitudes.

Mintzberg (2004) states that MBA programs should be designed for practicing managers with substantial work experience, not inexperienced graduates. He further suggests that the current design of MBAs emphasizes and rewards competitive characteristics of students and that the excessive use of case studies has emphasized reactive decision making based on limited and insufficient data. This is also consistent with his earlier research on the nature of managerial work that most managers are not reflective thinkers, prefer verbal to written communication and are reactionary making decisions with insufficient information (Mintzberg, 1990). Gosling and Mintzberg (2004, p. 19) purport that “management is neither a science nor a profession, neither a function nor a combination of functions. Management is a practice – it has to be appreciated through experience, in context. Management may use science, but it is an art that is combined with science through craft. In other words managers have to face issues in the full complexity of living, not as compartmentalized packages. Knowledge may be important but wisdom- the capacity to combine knowledge from different sources and use it judiciously- is the key”

2.1 MBA Programs and Business Ethics/CSR

According to Trevino and Nelson (1999), business school students may need training in ethics and moral reasoning more than most other students. Research conducted by Best (1987) found that students in business school ranked lower in moral reasoning than students in philosophy, medicine and dentistry. Crane (2004, p 149) cites a study of top business schools in the United States that found business school education not only fails to improve the moral character of students, but potentially weakens it. Buchholz (1989) defines business education as focusing on concepts and concerns that are essential to business-theories of finance, management, economics, motivation etc, whilst business

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ethics focuses on the purpose and roles of these theories and techniques. It concerns itself with such matters as "the public interest", "social responsibility" "human rights" etc. Buchholz (1989) has identified a critical issue with management education, students are taught the theories of management, but are not necessarily exposed to the implications of their use. Questions such regarding the "right" and wrong of such theories and their implementation are rarely considered. Another complicating factor is that business programs, such as MBAs, are rarely holistic with subjects taught in isolation with little integration across the entire degree. Students are left with the task of trying to integrate the different theories and concepts.

Crane (2004) highlights that in recent years, the ethical content in business school subjects has also been diminishing to the minimum content required by ranking agencies such as the Association to Advance Collegiate Schools of Business and AMBA. He opines that some business ethics educators highlight the marginalization of business ethics in favor of other "hard" business topics such as finance, strategy and marketing, as one of the reasons for the deterioration of ethical conduct in business (Gioia, 2002). This suggests that MBA graduates may act unethically because they were neither exposed to the ethical dilemmas nor to strategies for resolving such dilemmas that are frequently part of business decision making.

As identified above the inclusion of ethics subjects and more recently the concept of Corporate Social Responsibility in MBA programs is seen as a way of broadening outlook and increasing the capabilities of future managers to make more responsible decisions. Dunfee and Robertson (1988, pp. 847-59) support the inclusion of such subjects in business school programs and put forward several reasons why they should be featured:

- To convince students that ethical issues are an important part of the key business functions of finance, marketing, and management.
- To provide systematic coverage of a wide range of ethical issues to all students.
- To imbue all MBA students with a perspective of what ethics means in business practice.
- To provide students with a set of analytical tools applicable to ethical problems in all aspects of their business education, as well as their future jobs.

Powers and Vogel (1980) argue that teaching business ethics is not solely about helping manager to resolve a specific moral dilemma, but also to develop competencies or capacities for, moral judgment in business contexts, the ability to integrate broader social issues with the managerial role and to implement this concern in a holistic fashion. Snoeyenbos (1992) and Sikula (1996) emphasize the importance of teaching business ethics to ensure a holistic approach to business education.

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According to Gardiner and Lacy (2005) interest in areas such as social and environmental responsibility, and by default business ethics, has been triggered by successive corporate scandals combined with external pressure from NGOs, policy-makers, consumers, and the media. However whilst the business world considers the benefits of CSR and business ethics specialists versus mainstream generalists, there is a parallel and increasing need for business schools to address the issue as part of the curriculum. They suggest that, with a few exceptions, business education at both the European and international level been unable to address this need in a cohesive way, largely due to a lack of understanding of the debate and its strategic value within the core MBA curricula. Gardiner and Lacy (2005) claim that this is despite increasing demand from the business community for such specialist knowledge. They cite a 2001 study conducted by CSR Europe, The Copenhagen Centre and the International Business Leaders Forum that found demonstrable demand for new business models and management skills to help companies respond to the triple bottom line of business: economic, social and environmental contexts. In the same survey, business schools were asked to identify the extent to which these concepts were addressed as part of the curricula and over half indicated that these were addressed in optional (elective) subjects.

Similarly, Matten and Moon (2004) identify that the increased role of corporate social responsibility in European organisations, raises the question of what and how business schools need to do in terms of:

- Providing graduates with CSR Skills
- Supply of CSR education for practitioners
- Specialist education for industry and
- Research to advance knowledge in CSR

In a survey of European Business Schools, Matten and Moon (2004) found that 47% of their respondents offered subjects in CSR or related fields such as citizenship, governance, business ethics etc as optional subjects and 38% embedded the concepts in existing subjects. They pointed out that the most popular was of offering was through optional subjects however it has the disadvantage of not fundamentally changing the primary offering of the business school.

3.0 Methodology

A simple questionnaire was administered to part-time MBA students using multiple choice options asking them to identify least to most important issues and to choose options that best described their positions or perspectives on Business Ethics and Social Responsibility. Completed forms were subject to simple statistical analysis focusing on percentages, medians and averages given that the questionnaire was not a detailed survey. Some correlation between answers could be undertaken to provide greater insight into student

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preference and perceptions.

4.0 Discussion: Demand for Business Ethics and CSR Subjects

In 2002 the postgraduate elective called Managing Personal and Corporate Responsibility was designed and offered to MBA and other business postgraduate students at the Royal Melbourne Institute of Technology University. Despite the course being offered on a regular basis, it has only had sufficient demand for an economically viable class size on three occasions. (The RMIT University's Business Portfolio originally set 15 students as the minimum for an economically viable class. This has since been raised to 18.) In an effort to understand student reluctance to undertake these subjects a survey of MBA students was administered to over 280 students in 2004 and over 100 students responded. In the four years since that survey, the course has only managed to run successfully on two further occasions despite being offered on at least six.

The intention of the survey was to understand the importance of business ethics and CSR to MBA students and why they chose not to undertake elective subjects in business ethics relative to other electives. The survey also contained questions concerning the purpose of undertaking an MBA and their views on the positioning of elective subjects at postgraduate level. By comparing responses from the different questions, insight was gained as to how to better meet the needs of MBA students.

4.1 Main Findings of the Survey.

The majority of respondents, just over 54%, indicated that they pursued the MBA for professional reasons identifying a link between a greater knowledge, represented by a formal qualification in management and career advancement. 35% indicated a need to develop their own knowledge and skills. This may suggest that these MBA students recognized the emergence of life long learning as a determinant of career progression. In terms of the importance placed on business ethics at that time, the overwhelming majority of respondents 73.5% identified business ethics as a fundamental requirement for good business and a civil society. The inference might be that MBAs recognized that a clear set of moral standards is necessarily for society to maintain stability, however, almost 20% suggested that it was desirable but not (as) important as other issues in business.

When canvassed on whether business ethics could be taught in the same way as other subjects, 50.4% of MBAs believed that ethics could not be taught or had little effect on managers in a formal program such as the MBA because these factors (ethics) were either personal or learned behaviours that could not be changed in adulthood. Just under half of the respondents 49.2%, took an opposing view that ethical concepts could be taught as a managerial capability. It suggests that over half of a student group choosing elective subjects will not

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even consider ethics as a potential course of study because they do not believe it can be taught or that it will have no effect on their views. In terms of why students did not pursue subjects in business ethics subjects, the 2004 survey found that 42.6% indicated that they regarded it as less important than other subjects and 38.2% indicated that the course was of interest but had already committed to another subject. An interesting response was that only 3% of respondents indicated a lack of information about the subject as the reason for not selecting it. Yet in a later question, almost 30% would be encouraged to select business ethics if they had better information about its content and structure

A series of concluding questions sought advice from students as to how to increase the profile of the subject and whether it should be offered as a compulsory unit. Interestingly, in addition to the need for more information about the course 30.8% cited greater relevance to business practice and the same number suggested an indication from the business community that such learning would be seen as valuable, would have an impact on their decision to pursue these type of subjects. The majority of students, 63% suggested that the course should be left as an elective. Given that the survey was completed by students who did not undertake the subject, it is interesting that they would feel that they can make a decision about the value of a subject that they know little or nothing about! As a result of the survey, increased promotion and information was made available to students via the RMIT website, including advertising the fact that keynote speakers from industry would be part of the curriculum. With the increased attention to ethics and CSR, due to corporate collapses in the early 2000s, as noted by Matten and Moon (2004), it was puzzling that the course continued to fail to attract sufficient numbers to be viable on more than 2 occasions in five years.

5.0 Conclusion

Matten and Moon (2004) identified that the term Corporate Social Responsibility is interpreted in a number of ways, in fact they proposed that CSR is used synonymously with terms such as Business Ethics, Corporate Citizenship, Sustainability, Corporate Environmental Management, Business and Society, Business and Governance, Business and Globalization, Stakeholder Management, Governance. In addition greater attention to global warming and the importance of sustainability as an issue, suggests that it is becoming a far more important issue to the business community, yet the apparent lack of demand for the subjects suggests that this attention has not translated to meaningful options for MBA students in relation to career decisions.

There is clear support for the inclusion for Business Ethics or Corporate Social Responsibility as part of the MBA curricula within both academic and business circles. It would seem that more information about its importance as a management competency to aid business decisions would increase its

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attractiveness to students. Similarly, as argued by Freeman (1984) business leaders need to be more vocal in their support for the inclusion of such important content. Further research in this area has been planned and developed with respondents from across several international locations of the RMIT MBA delivery. Early analysis reaffirms many of the above findings. A further specific paper by the authors will present this new 2008 research.

6.0 References

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