Business Ethics in Higher Education

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Abstract

Business ethics is a contemporary issue among professionals. To enhance business ethics in the long run, educating future professionals in higher education is one of the starting points. This paper aims to examine students' views on business ethics, such as their perceived importance of business ethics, knowledge and interest on business ethics, their preferred method of introducing business ethics, and the perceived usefulness of learning business ethics in lessons. Focus groups with business and social science students will be used to collect feedback on these issues from students with different gender, discipline, and seniority in university. This study will give insights about the students' views on business ethics and suggest ways / methodology to increase the awareness of business ethics in schools. Professionals and educators can make reference to the findings to develop relevant materials on business ethics to their employees and students. The results indicate that both male and female have similar views on business ethics. Senior year than junior year business students show more interest and knowledge about business ethics, while the perceptions of junior and senior social science students have similar views.

Keywords: Business ethics, Higher education, Professionals

1. Introduction

Business ethics is always an interesting topic to business community. Various reports or articles are addressing the topic and its importance to both government and business. To educate young future business professionals when they are in study, colleges have attempted to teach business ethics educating students through courses, guest talks, seminars and presentations. Numerous business-related professional bodies have code of ethics and issue ethics standards for professionals to serve public interest. For instance, International Ethics Standards Board for Accountants (IESBA) sets high-

quality ethical standards for professional accountants and facilitates the convergence of international and national ethical standards. Davis and Welton (1991) commented that one way to improve business ethics is through education. This study examines the views of university students on business ethics and suggests ways to teach and learn business ethics effectively. The study also investigates whether there is difference in perceptions between male and female students, and between different disciplines, and between junior and senior year students.

2. Literature review
What is Business Ethics?

Ethics is originated in the area of philosophy. Ethics is to examine one's moral standards or a society's moral standards and to study its implications (Velasquez, 2012). There is a lack of clarity or consensus about how to apply ethical theory in business ethics (Derry & Green, 1989). For instance, there are three efforts to combine theories: pluralist, no conflict, and concurrent conclusions. Pluralist means useful approaches may be drawn from a variety of ethical theories. No conflict means there are no real disagreement between major ethical theories. Concurrent conclusions means the major theories disagree but sometimes point to the same outcome. When selecting between theories, there are two ways of thinking: social consensus and choose. Social consensus means choose between theories on the basis of important social values; while choose means pick a theory to get on with the decision.

Various scholars have also tried to define business ethics in different ways. Business ethics is a form of applied ethics that examines ethical rules and principles within a business context, the various moral or ethical problems that arise in business community and special duties or obligations that apply to persons in business setting (Christensen et al., 2007). Business ethics provide guidelines for acceptable behavior by organizations in both day-to day operations and strategy formulation (Velentaz & Broni, 2010). Being ethical is important for corporate success and positive corporate image. Business ethics is a study of moral right and wrong that concentrates on the standards that apply to business organizations and behavior (Velasquez, 2012). Business ethics sets the basic philosophy and priorities of an organization in concrete

terms (French, 1995). It also contains the prohibitory actions at the workplace (Collier & Esteban, 2007). It provides a framework on which the organization could be legally governed. With time, two key basic concepts of ethics have been evolved: utilitarianism and deontologism.

Traditionally, role of managers is to maximize profits. For instance, in the essay of Milton Friedman (1970), he mentioned manager of a business is to make as much money as possible while conforming to the basic rules of the society. The Wealth of Nations of Adam Smith advocates the philosophy of capitalism. Steiner & Steiner (1991) commented that a careful review of Smith's influential work reveals his support of the theory of moral unity in business – the ethical principles existing in other social institutions are equally applicable to economy. With the evolution of time, two schools of thought have been developed. One school of ethics is utilitarianism: to act for the greatest good for the greatest number of people (Collins, 1994); and another school is deontologism: individuals have right to well-being and to honor this right one must fulfill a duty to provide for the well-being of others. Utilitarianism will instruct managers to act in a way to get result in the greatest good for the greatest number which can create value. Deontologism will instruct managers to respect individuals by recognizing their rights and contributing to their just treatment which can build trust. Creating value and building trust are instrumental values for both ethical and effective management (Collins, 1994).

In the study of Duska (2000), he mentioned that there are two attempts to establish ethics in business. One is business needs ethics as a prerequisite for social stability. Business cannot operate without honesty, trust and respect for others. The other attempt is ethics as a strategy for good (profitable) business. Being ethical does lead to good business, in terms of higher productivity and profit. For instance, being honest to customers and looking out for their interests will create long-term relationship and loyalty.

In a recent study of Norman (2012), he commented that business ethics as self-regulation which goes beyond the compliance obligations. It will have advantages over

other frameworks such as stakeholder theory, corporate social responsibility, corporate citizenship and the like.

Ethics in Business

In the study of Purcell (1985), and Davis and Welton (1991), they defined ethics as applying to business and demanding every corporation be concerned with the rightness and wrongness of human action, and business ethics can be summed up as a concern for fairness. The focus is on people of the organization. Ethics can be influenced by power. Studies have indicated that the senior management has influence over those in their employ (Davis and Welton, 1991).

In the study by Touche Ross in 1988 about business ethics, 97% of the respondents believed businesses operate ethically and 15% of these respondents believed that businesses are highly ethical. While other studies of business ethics got different results. A study by an executive search firm found that 25% of the respondents believe that ethical behavior would impede success and does not pay, and there is a sense that ethical behavior at personal level is not ideal.

In a study by Finn et al. (1988) on certified public accountants, the result indicated that 3% of the respondents believe that anyone in their firms ever performs unethically and some often engage in unethical activities.

In business environment, senior management can greatly influence the ethics of the organization (Davis and Welton, 1991). To penetrate to all areas of an organization, management has to set formal reviews and evaluations of ethical policies. In an organization, having a code of ethics may be a starting point, and employee participation is also important (Berenbeim, 1988). Education may be another way to improve ethical behavior, and ethics education may be carried out during college (Davis and Welton, 1991). Exposure to different points of view about ethics is important to a young adult (Kohlberg, 1973).

Ethics Education

Rohatyn (1987) agreed that ethics education must be embedded early at home, in school and in church. Thurow (1987) shared similar view and he believed that society has the responsibility to teach ethical behavior. Most researchers on business ethics agreed that for training to be effective it must be repetitive (Davis and Welton, 1991). Hence, ethics education is more likely to affect employee behavior if it begins during their college study and continues during their career. More companies are incorporating ethics topics in their training programs, and more ethics consultants are in demand in the business community (Davis and Welton, 1991).

Ethics Education in Profession

To uplift the ethics standards in the accounting profession, the IESBA is an independent standard-setting board that develops and issues high-quality ethical standards for professional accountants worldwide (IESBA, 2013). In Hong Kong, the Hong Kong Institute of Certified Public Accountants (HKICPA) collaborates closely with the IESBA for the adoption of international ethics standards in Hong Kong. The HKICPA has its own Ethics Committee to develop local ethics standards and work closely with the IESBA. Similar practices are adopted in various countries in the accounting profession. To finance professionals, ethics is also very important. In the curriculum of Chartered Financial Analyst programme, ethical and professional standards are one of the four major curriculum areas.

Ethics Education in Schools

Business curricular incorporating ethics courses continue to grow and educators believe ethics training will make a difference (Davis and Welton, 1991). Various universities and colleges integrate business ethics into course work gradually. In the study of Christensen et al. (2007), the result indicated that 25% of the responding schools require Master of Business Administration (MBA) students to study ethics as a stand-alone subject and 27.27% of the responding schools teach ethics in combination with corporate social responsibility and sustainability. The study also found that 65.9% of the responding schools stated that they have a center relating to ethics, corporate social responsibility (CSR) and / or sustainability. For some schools, the lack of specific

centers on ethics does not mean that they are lack of interest in it. For instance, the Schulich School of Business at York University in Toronto does not have a center on ethics, however, the School is a famous leader in the CSR and sustainability field and has created endowed chair in business ethics, CSR and sustainability. The result reported that RSM Erasmus University has a new program called the "Living Management Assignment" which integrates six business functional areas with ethics and sustainability for MBA students, and these two topics are graded 25% of the total grade in each functional area. At the Graduate School of Business at Columbia University, the topic of ethics is covered extensively during orientation and supported by extra-curricular and curricular activities, while the MBA program at the University of Michigan engages new students in a one-week leadership program that has heavy focus on ethics.

Universities and colleges in Hong Kong have also incorporated business ethics into their curricular, either as a stand-alone subject or integrating it with other subjects. Hong Kong, being a well-known business city, it is valuable to investigate business ethics in higher education in Hong Kong. This study examines the following areas from the views of business and social science students:
1 – the importance of introducing business ethics in education,
2 – the interest of students in learning business ethics,
3 – the knowledge of students in business ethics,
4 – the preferred teaching and learning method by students in learning business ethics,
5 – the expected usefulness of learning business ethics.

3. Research Methodology and Analysis
This study is based on primary data. Focus group discussion instead of questionnaire was used because focus group interviews can collect more in-depth qualitative information. Participants in the focus group discussion can express and exchange their views freely in a relaxing environment. Furthermore, the time and cost incurred for focus group discussion are shorter than individual interview.

The researchers conducted focus group interviews with 24 university students studying business and social science undergraduate programmes in Hong Kong. The students consisted of 12 male and 12 female. Among them, 12 were studying senior years of a 4-year degree and 12 were studying junior years of a 4-year degree. To make the discussion easier, the students were divided into 4 groups with 6 students each mixing with different gender, discipline and seniority. One hour discussion was conducted with each group. Same questions were asked in each group to maintain consistency (Neumark-Sztainer and Perry, 1999). Some questions were adapted from the study of Adkins and Radtke (2004), and Wong and Wong (2013). The questions were reviewed to ensure there was no ambiguity in understanding the questions by participants. The discussions were summarized in the following sections.

3.1 Importance of introducing business ethics in education

During the discussion, two questions were asked in each group: how important is ethics in community and / or company and how important is ethics in university courses.

    a. Researcher: "How important is ethics in the community and / or company?"

Participant 5: "Yes, it is important. For instance, the unethical activities of Enron affected a lot of people."

Participant 12: "There may be fraud and theft if employees have no ethics in the company."

Participant 8: "More corruption will happen if there is no ethics."

Participant 10: "Sure, it is important. For instance, accountants cannot make questionable adjustments to financial records because it will affect profit of the company and decision of shareholders. Or if the salesperson accepts customer with questionable credit, it will affect the collectable amount of the company."

Participant 2: "I don't really understand what business ethics is and how it affects the business."

Participant 9: "I think profit-making is more important than ethics."

Participant 11: "I don't know. I think some managers or supervisors may violate company policy and ask subordinates to follow their orders. Subordinates may not want to lose jobs and do not dare to tell senior management."

Participant 18: "Of course, Yes. Ethics is important to community and organization. It maintains the fairness of the society."

Participant 22: "Yes. Without ethics, there may be a lot of corruption in the society."

Participant 16: "Without ethics, there may also be more unfairness in the society and unethical behavior among government officials."

Participant 15: "Ethics is important, otherwise, the rich will get richer and the poor will become poorer."

    b. Research: "How importance is ethics in university courses?"

Participant 5: "It is good to learn ethics in school because we need to handle ethical issues in workplace."

Participant 1: "Yes, I think it is important for business students to learn ethics because a lot of unethical activities happen in real life."

Participant 6: "I think it is important because we have heard a lot of unethical behavior in the world."

Participant 8: "Yes, we need to learn it because this is part of professional examination."

Participant 7: "I do not think it is important because whether one has ethics is something internal to him / her and cannot be taught."

Participant 13: "Yes, it is important to learn ethics in our courses."

Participant 20: "Yes, it is important to learn ethics because it affects our daily life behavior."

Participant 19: "It is important to learn ethics because it is fundamental for becoming a good citizen."

Participant 17: "Yes, it is important."

3.2 Interest of learning business ethics

During the discussion, two questions were asked: are the students interested in learning business ethics and would the students like to have business ethics as a course.

    a. Researcher: "Are you interested in learning business ethics?"

Participant 4: "I think it is interesting to learn more about it."

Participant 10: "Yes, I am interested in learning ethical cases in real business world."

Participant 8: "Good, I am interested to learn current ethical cases in real life and how we should handle the unethical situations."

Participant 5: "Yes, it is because we need to answer some questions about ethics in examination or coursework."

Participant 3: "Quite interested in it because it will help me to understand how business runs and makes sound investment decisions."

Participant 6: "Yes."

Participant 9: "Not sure."

Participant 14/17/21/24: "Yes, sure."

    b. Researcher: "Would you like to have business ethics as a course in your study?"

Participant 10: "Yes, because it is part of my professional examination."

Participant 1: "It is good to have it as a course because we may need to learn more in order to handle similar cases when we go out to work."

 Participant 9: "No, we have a lot subjects to study already."

Participant 11: "It may be too heavy to have a separate course on business ethics."

Participant 3: "I enjoy listening to business ethics issues, I don't mind having such course in my study."

Participant 4: "No special preference."

Participant 16/17: "Yes, I would love to."

Participant 22: "Yes, because it affects all walks of life."

Participant 23: "Yes, it is important in our general education."

3.3 Knowledge of business ethics

During the discussion, two questions were asked: have you heard about business ethics, and where did you get the knowledge.

    a. Researcher: "Have you heard about business ethics?"

Participant 9: "Yes, in internet."

Participant 11: "In financial news."

Participant 6: "Teachers mentioned it in lessons."

Participant 1: "We have subjects teaching business ethics."

Participant 5: "We have a separate subject on business ethics."

Participant 3: "In professional magazines and textbook."

Participant 13: "Yes, from teachers."

Participant 14/15/24: "Yes, from news."

Participant 22: "I heard it in our general education."

    b. Researcher: "Where did you get knowledge of business ethics?"

Participant 6: "In classroom sessions."

Participant 4: "During lessons, teachers taught it. We learn it in core business course."

Participant 7: "I heard that we will have business ethics in some advanced subjects"

Participant 1 and 12: "We got the knowledge in some discipline compulsory courses."

Participant 8: "I have taken course in business ethics. We have a separate course called 'Business Ethics'."

Participant 3: "We did assignment covering business ethics."

Participant 5: "We learn it in 'Auditing'."

Participant 16/17: "We learn it in our general education courses."

Participant 18: "We learn it in some of our core courses."

3.4 Preferred teaching and learning methods of learning business ethics

During discussions, two questions were asked: how would the students prefer in learning business ethics and should the teachers introduce it as a core or an elective course.

    a. Researcher: "How would you prefer in learning business ethics?"

Participant 1: "Teachers can ask us to do some research ourselves before lessons, we can discuss our viewpoints on business ethics in tutorial lessons."

Participant 5: "Case study is better."

Participant 3: "Simulations and role plays are good to learn business ethics."

Participant 10: "Teachers have to teach us the basic concepts and principles, and they can then give us problem-based assignments for application and discussion."

Participant 8: "I think discussion and case study will be more effective."

Participant 12: "Teachers have to tell us some real life examples for easier understanding."

Participant 10: "Doing group project is also good."

Participant 2: "I think the current method of incorporating into 'Financial Accounting' is enough."

Participant 11: "I think integrating it into subjects is a good way to teach business ethics. Otherwise, it is very boring."

Participant 14: "I think ethics should cover broader areas. I prefer teachers asking us to do analysis on current issues."

Participant 20: "Me too, doing analysis on current issues is good."

Participant 21: "Yes, doing case study is good."

Participant 17: "By discussion is good too."

Participant 18: "By debate is also good."

     b. Researcher: "Should the teachers introduce business ethics as a core course or an elective course?"

Participant 5: "I prefer it as a core course because it is interesting."

Participant 1: "In order to have more understanding about business ethics, I prefer it to be taught as a separate core subject and assessed in 100% coursework, such as presentation and case analysis."

Participant 8: "It is important to learn business ethics, and I think a core course is more suitable."

Participant 10: "Good to be Core."

Participant 12: "It is good to have it as a core course because we have professional examination in this area."

Participant 2: "To me, I think an elective course would be enough."

Participant 6 / 11: "Either one is fine."

Participant 13/14/19/24: "Core is good. It is good to cover all areas of ethics."

3.5 Expected usefulness of learning business ethics

One question was asked during discussion: the expected usefulness of learning business ethics.

Researcher: "What is the expected usefulness of learning business ethics?"

Participant 1: "It helps us to make ethical decisions."

Participant 5: "It helps us to handle unethical people."

Participant 8: "It may help me to handle unethical behavior of colleagues and supervisors."

Participant 12: "It tells me what I can do and what I cannot do."

Participant 10: "It may teach me how to make managerial decisions."

Participant 4: "It can tell us what ethical decision is."

Participant 11: "I heard from senior students that learning business ethics is needed for taking professional examination."

Participant 15: "It helps us to understand the society and government."

Participant 23: "It helps us how to do evaluation on current issues."

Participant 18: "It helps to create a more fair society. It is important for public administration."

4. Findings

Most of the participants are aware of business ethics. First, both male and female students have similar views on the importance of business ethics. Both senior and junior social science students agreed that business ethics is important. To business students, most of them agreed that business ethics is important, especially to the senior business students. Senior business students in general agreed that ethics is important in business community and / or company, and it is important to have ethics in business courses. Second, most participants, both male and female students, indicated interest in learning business ethics and would like to have business ethics as a course in their study. Both senior and junior social science students have interest in learning business ethics. To business students, students of senior years than junior years showed stronger interest in learning business ethics, for instance, senior students wanted to learn business ethics for preparing them in workplace and professional examination. Third, both male and female students have some knowledge about business ethics, they knew about it in financial news, professional magazines and textbooks etc. According to the discussion, senior business students have clearer idea than junior business students where they got the knowledge about business ethics, for instance, they knew more about which subjects cover business ethics. Among social science students, they knew it in general education courses. Forth, majority of male and female

students shared similar views on the preferred learning and teaching method for business ethics. Senior business students suggested various ways in teaching and learning business ethics, such as case study, simulations, role plays and group projects etc., while junior students were quite silent in this part. Senior business students also preferred teachers should introduce business ethics as a core course. To social science students, they preferred debate, discussion, and analysis of current issues. Finally, both male and female students shared similar views on the expected usefulness of learning business ethics. Again, senior business students provided more ideas on the expected usefulness, such as helping them to handle unethical people, helping them to make ethical decisions, and helping them to make managerial decisions etc. To social science students, they expected the study would help them understanding the society more.

5. Implications and Conclusion

Hong Kong students are eager to learn business ethics. Schools should introduce business ethics as a separate course or integrate it with other subjects. For junior years, schools can incorporate the business ethics into various subjects, such as compulsory core or discipline courses etc. For senior years, schools can have an individual subject teaching business ethics because senior students should have better analytical and critical thinking skills in discussing the ethical issues. For social science students, the ethics should cover a broader spectrum, such as current issues. Schools can also adopt various methods to teach business ethics, such as group projects, case analysis, simulations, debate, and discussion etc. Professional bodies can offer seminars providing both students and professionals updated ethical issues and standard development. There will be a demand for academic professionals with knowledge of business ethics as well. Conferences can also be arranged for academics and professionals sharing ideas and development on business ethics.

6. Limitations and Future Research

The study was conducted with limited participants and in local context. Future research can be conducted in different sections of the populations, and survey questionnaire can

be used to catch more respondents. Similar research can also be conducted in business entities in order to collect information for getting insights in in-house training.

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