

# Pacific Standard

## ECONOMICS

### DO ETHICS HAVE A PLACE IN BUSINESS SCHOOLS?

Research tends to show that business school tanks ethical and moral standards. But a generational shift is offering new hope.

RICK PAULAS · JUN 6, 2017

The one time I cheated in college, I didn't have to. It was for a Macroeconomics 101 final, and the only reason I did it—an intricate scheme I recounted back in 2013—was because an exploitable flaw in the system presented itself. And because my classmates were also doing it.

Perhaps it's telling I cheated in the only economics course I took in college; in 2017, there's a mountain of literature trying to figure out why business students have, well, different moral compasses than everyone else.

In 1996, a study of 537 senior business majors and 158 veteran businesspeople showed "a significant gap" between what subjects believed was the ethical response to a given situation and how they believed businesspeople would respond. A 2006 study of 32 graduate schools in the United States and Canada showed that 56 percent of graduate business students said they had cheated on an exam in the past year, compared to 47 percent in non-business programs. A 2008 analysis of the personalities of business and non-business majors contended business majors are linked with "a marked increase in levels of narcissism and decreased levels of empathy."

The research consensus seems to align with the stereotype that's been presented in everything from Oliver Stone's *Wall Street* to Merrill Lynch's recent bust for misusing customer cash: The business major is where morality (and adherence to ethical standards) goes to die.

Why do researchers seem to be so interested in the moral workings of business students? Business students are popular subjects for cheating studies, so it's unclear that they're always cheaters, according to Charles Bélanger, a Laurentian University business professor who studied eight Canadian business students' perceptions of morality's role in their schools' curricula. "But business students are trained, to some degree, for how to make deals, how to deal with negotiating, so on and so forth, that they are probably more open to scandals," Bélanger says.

In fact, it's some of these scandals (the Savings and Loan crisis of the 1980s and '90s, the Enron and Arthur Andersen scandal of the 2000s, and the housing market collapse of 2008) that are often cited in articles as reasons why the ethics and morals of business students must be studied in the first place. As Robert Gates, president of Texas A&M University, said in a 2002 speech following the Enron scandal, "The university community cannot avert its eyes and proclaim that this is not our problem, that there is nothing we can do, or that these behaviors are an aberration of the norm."

## **"IF WE WANT BUSINESSES TO MAXIMIZE PROFITS FOR SHAREHOLDERS, IT IS INCOMPATIBLE WITH ETHICS, BECAUSE ETHICS CALLS YOU TO MAKE SACRIFICES FOR THE COMMON GOOD."**

But according to [Amitai Etzioni](#), a professor of sociology at George Washington University who taught ethics at the Harvard Business School from 1987 to 1989, ethics and the way the business world currently operates may simply be incompatible. "It's not a question of what to teach, it's a question of what kind of economy or managers we want," Etzioni tells me. "If we want businesses to maximize profits for shareholders, it is incompatible with ethics, because ethics calls you to make sacrifices for the common good."

As Etzioni tells it, getting Harvard Business School to teach ethics in the '80s was nearly impossible. After the university received a [\\$20 million grant](#) to incorporate ethics into its curriculum in 1987, Etzioni was brought in to consult on how. But after a year of brainstorming, the ethics course was met with heavy resistance from all angles—financial analysts, economists, and marketers—Etzioni says. "They said, 'We teach people how to put small toys into large boxes so they seem bigger. We put hot colors onto boxes to produce impulsive buying. If you want us to teach ethical behavior, we're out of business.'"

But some evidence suggests that a change in businesspeople's top concerns—allowing them to be concerned about ethical decisions *and* bottom lines—is coming from an unlikely source: The students themselves. Last year, the United Nations initiative [Principles for Responsible Management Education](#) conducted a [global survey](#) of nearly 1,700 business students from 40 countries. Among the findings were that this new batch of students were, compared to previous classes, more willing to sacrifice a portion of their theoretical future salary if their employer exhibited aspects of corporate social responsibility. In addition, 75 percent of students agreed companies should do more for society and the environment, and have a social responsibility beyond making profits.

"There is this shift happening," says Macquarie Graduate School of Management associate professor [Debbie Haski-Leventhal](#), the study's lead author. "Saying that the only goal of a business is to maximize profit is very 1970s. More businesses understand this cannot be the only goal if you want to engage employees, create brand loyalty, have consumers love what you do."

If anything, says Haski-Leventhal, it's not business students themselves who are creating profit-driven office cultures. More contemporary graduate students are more likely to prioritize a job's meaning along with its salary. A 2016 [global survey by LinkedIn](#) found that 74 percent of Millennials want a job where they feel like their work matters. [A 2015 Heartland Monitor poll](#) found that more Millennials care about making a difference in society than making money. "They exemplify a remarkable set of values we haven't seen before," she says.

Now, it seems, it's up to the business schools to catch up to their students with new lesson plans—instead of the old ones that led to the creation of pop-culture villains like Gordon Gekko and [Charles Montgomery Burns](#).

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