

# Daily Practice<sup>1</sup>: Ethics In Leadership

Chauncey M. DePree, Jr., University of Southern Mississippi, USA  
Rebecca K. Jude, Jude & Jude, PLLC, USA

## ABSTRACT

*The classic question, “Should business schools teach ethics?” is not often asked anymore given the drip, drip, drip of business corruption reported in the news. Even skeptics allow that business ethics education could not hurt and might improve the ethics of business leaders. Furthermore, universities, colleges, and business accrediting agencies prominently represent their ethics for all to see in standards, codes, handbooks, and advertisements. They seem to promote ethical conduct at their institutions. But how do faculty and administrators actually behave? And if not ethically, what are the educational lessons new professionals take to the workplace?*

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## INTRODUCTION

The Association to Advance Collegiate Schools of Business (AACSB) is an accrediting organization that over the years influences hundreds of business colleges and millions of students. Consider its ethics advice: “[B]usiness school deans need to think of themselves as ethical leaders who communicate regularly about ethics, values; who model ethical conduct; and who hold community members—faculty, staff, and students—accountable for their actions.” (AACSB) Of course, deans cannot create an ethical education environment alone. Faculty and students help deans fulfill their role as ethical leaders. Moreover, deans, faculty, and students should not think only in terms of exercising their ethics when the really important decisions are at hand. Ethical leadership and ethical behavior are critical to everyday commonplace decisions and activities, maybe more than when wrestling with important decisions. After all, the daily practice of ethics promotes an ethical culture and prepares students for important decisions while they are students and later as business leaders.

## COMMONPLACE DECISIONS

Cheating on tests and plagiarism are commonplace student decisions that injure the ethical culture of a school and may signal future misconduct as professionals. “Various studies suggest that we may be at the precipice of a culture of academic malfeasance, where a large number of students engage in various forms of cheating.” (Burke, Polimeni, and Slavin) Regardless of whether Burke et al overstate the facts, student misconduct is the most frequently discussed injuries to a school’s ethical culture. Rarely discussed is that deans and faculty can just as easily injure a college even if they claim to act for the best interests of students.

Deans and faculty are ever vigilant seeking educational opportunities for their students. A commonplace opportunity is to effect agreements with news organizations to provide students with current business information. A few years ago, a dean led his school, call it College of Commerce (College), to require its students to purchase the Business Periodical. A good idea at first blush. And, the dean was hardly alone. Many schools, and tens of thousands of students, participate in the Business Periodical program<sup>2</sup> or similar news products.

### “Helping Students Heighten Their Moral Reasoning Abilities”

On the first day of class, Professor at College followed the routine of reviewing a course syllabus. When she reached the statement describing the College’s participation in the Business Periodical program, students began grumbling. Curious, Professor asked, “What’s up?”

A student responded with her own question: “Why are we paying for something that we don’t use in class?” Others either chimed in with similar sentiments or vigorously nodded agreement. Since that was the second semester of participation in the news program, students had strong opinions and none of them seemed positive.

Given the unanimous dissatisfaction of costs without perceived educational benefits, it occurred to Professor that her students might be interested in assessing the decision—a relevant topic for the management accounting class. Professor knew a few details and thought a cost-benefit study was an opportunity to encourage them to support their beliefs with evidence instead of merely complaining about a perceived injustice.

Professor’s assumptions were that students would learn the reasons for requiring them to purchase the Business Periodical, that the benefits outweighed the costs, and that the faculty and administration did the right thing. These thoughts converged with a notion she had read in *Ethics Education in Business Schools* published by College’s accrediting agency, the AACSB:

*A particularly useful exercise in helping students heighten their moral reasoning abilities is to ask students to reflect on ethical decisions from their own experience and to analyze them using multiple perspectives. Throughout this exercise, it is especially critical for students to be fully engaged in these processes so that they aren’t simply mastering facts or theories...*

**...to be fully engaged...**

As a starting point for her students’ cost-benefit study, Professor assigned questions that, among other things, required a search of public information about the Business Periodical. It is one of the most respected sources of news and she wanted to make sure they understood its reputation. Students were also free to direct the investigation by asking, and seeking answers to, questions of interest to them. This was not an assignment with a well-defined beginning and end or predetermined answer, but was free flowing just as a professional might have questions about an issue of interest and seek facts and evidence. As it turned out, the case study took longer than Professor anticipated. Nevertheless, at the outset, since colleagues were involved in the decision to require all students to buy the Business Periodical, she advised the faculty and administrators about the cost-benefit study and asked for their suggestions.

**“... from their own experience ...”**

One of the first items students identified was a public relations report posted on the College’s webpage. The public relations report claimed that “[s]tudents have been extremely receptive,” and “[i]t [the Business Periodical] has proven to be really successful.” Her students said that they didn’t know who the author talked to, but it wasn’t them and it wasn’t anyone they knew. However, Professor was surprised when their dissatisfaction focused on the origin of the College’s participation in the Business Periodical program. According to the public relations report, the dean, who was visiting another school, observed a kiosk filled with Business Periodicals and reported, “Now that’s what a business school should look like.” Students appeared united by a peer’s comment: “We’re paying good money for the [Business Periodical] we don’t read so the dean can brag about *looking* like a business school?”

Emotions were running high, so Professor reminded them that they needed to “use multiple perspectives” to analyze the decision, rather than focusing on their feelings. She instructed them to provide reasons and evidence that could be subjected to verification, public review, and opportunities for rebuttal by the decision-makers. Furthermore, during the ongoing cost-benefit case study, Professor assigned relevant reports from the Business Periodical to compliment topics covered in their textbook and included them in class discussions and on exams.

**“Now that’s what a business school should look like.”**

Soon after the dean observed the kiosk at another school, he formed a committee with instructions to contact representatives of the Business Periodical. An email from the committee chairman updating the faculty, which Professor provided to the students, recounted that the committee members compared the Business Periodical at \$19 per semester to alternatives that were “quite a bit more expensive.” Few details were given but students learned of

an alternative program offered by the same news organization, a voluntary subscription that cost \$29.95 per semester. The chairman also neglected in his update that students could read the Business Periodical at the library, which was less than a block from the College. At the end of the chairman's tedious email, students noticed a condition: free annual subscriptions are given to each faculty member, if the College requires all business majors to buy the \$19 option of the Business Periodical.

Students deduced a variety of conclusions from the facts they had discovered. A few students observed that the committee's focus was on unit cost and seemed to give only a partial picture—an individual student, per semester cost—much like a vendor marketing a monthly payment for consumer debt without revealing total payout. So, they searched the school's website and identified the number of business College students. They then had sufficient information to calculate the total student cost of approximately \$58,000 per year. Additionally, a list of faculty found on the College's website, and the retail subscription price found in a Business Periodical advertisement, allowed students to calculate total annual faculty cost savings of approximately \$14,000.

**...verification, public review, and opportunities for rebuttal by decision-makers.**

In an effort to develop as many perspectives as possible, Professor and her students invited the dean and committee members to discuss their decision. A list of questions was included in the invitation. Professor expected the dean to accept the invitation as an educational opportunity to advocate the merits of reading the Business Periodical. Students were optimistic when they sent the invitation to attend any class at the dean's and committee's convenience. They had become knowledgeable and looked forward to putting their thoughts, evidence, and reasoning to a test.

A month passed without a word from the dean, but the students extended a second invitation. He was often out of town and may have needed more time to schedule a visit. Another month passed and it became evident that silence was the dean's response.

Students were disappointed. They wanted an opportunity to discuss the Business Periodical. Moreover, an announced increase in tuition added to their interest in costs. As time passed, though, students began to wonder aloud, "What is he hiding?"

**The Business Periodical Case Reports**

The semester was coming to an end, so students wrote their case reports without hearing views from the decision-makers. When Professor read their reports, she was pleased that they acknowledged the benefits of reading the Business Periodical. But they also observed that other periodicals offered current business news to students at discount prices. Furthermore, students were not shy about criticizing the dean. They concluded based on evidence and documentation available to them that "[g]etting free Business Periodicals was in the dean's and faculty's interests because it saved them money." They not only viewed the \$14,000 per year in Business Periodicals as a kickback to the dean and faculty but also a conflict of interest for requiring all of them to pay \$58,000. Furthermore, students resented that no disclosure of the deal had been made to them and no Q&A was forthcoming from the dean and committee.

Regardless of the failure to answer their questions, students believed that the dean and committee should revisit their decision. An exemplary college they discovered in a search of the internet had used donations to pay the Business Periodical for all its students, faculty, and administrators. Students had included that idea in their written communications to the dean and his committee. Alternatively, if the dean was to continue the Business Periodical program, it seemed obvious to them that the dean and faculty should also pay \$19 per semester for their copies of the newspaper. The student's preference, if a donor could not be found, was that their \$58,000 per year could be better spent because the library had multiple copies to be read for free.

Through it all, students were concerned about the perception the dean chose to create. The dean's and committee's refusal to discuss the issue with them created a perception of a "cover up." A common refrain was, "This is a University—where better to ask and get answers to questions?"

**“What are they hiding?”**

The questions students provided in advance to the dean and committee members signaled what they were going to ask at a face-to-face meeting. The College’s leaders chose not to answer their questions. As Professor later discovered, the dean sent an email to the committee members stating he intended to ignore the questions and invitation. The committee followed his lead. Not only did the dean not lead the faculty to discuss the cost-benefit and ethics of the Business Periodical, he directed her department chairman to conduct an investigation to look for “a violation of [her] professional ethics” he could use to end the Business Periodical case study.

**Ethical leaders?**

“[B]usiness school deans need to think of themselves as ethical leaders . . . who model ethical conduct . . .”? (AACSB) Of course. However, the dean chose not to answer students’ questions and led his faculty to ignore them, too. If the dean believed that the Business Periodical did not implicate a conflict of interest, he missed an excellent opportunity to make the case. Furthermore, the dean left students with evidence and reasons to believe that he led the faculty to squandered students’ and their parents’ money. In the end, he and the committee taught students how not to act honestly and openly. They advanced an unethical culture with regard to a relatively minor commonplace decision. Since many schools participate in the Business Periodical program, are other deans making similar decisions?

If, as often argued, ethics is developed over one’s entire life, there is no reason to think that only students’ ethical development occurs over their careers. The same is true of deans and faculty. And deans and faculty may be in need of help in keeping an ethical focus because of their positions of power. Nevertheless, a hope, but not a panacea, is that senior faculty should be instrumental to the ethical success of a business college because they have experience and the protection of tenure to speak to power. Quite frankly, why else have tenure if faculty fails to put it to good use?<sup>3</sup>

**CONCLUSION**

Deans and faculty, as well as students, make daily choices that fashion a school’s ethical culture. They will continue to make ethical choices, the dean and faculty at College influencing thousands of students in the future, and students at businesses and CPA firms influencing thousands of co-workers, stockholders and customers. What are students apt to remember when they look at the Business Periodical, think about a conflict of interest, or suspect when they get a request for a donation or read a public relations release with the dean’s smiling face on it?

Certainly, the AACSB is right to advise that “it is especially critical for students to be fully engaged in [ethical decisions] so that they aren’t simply mastering facts or theories.” But that puts a spotlight on deans and faculty. To fully engage students is to welcome their questions and participation in real events and decisions that affect them, especially their pocketbook. Faculty and administrators’ behavior are the true ethical signals. Faculty and administrators should take every opportunity to show their students, as well as teach them, how to openly and honestly make decisions and be ethical in the process. That would fully engage all of them in the daily practice of ethics.

**AUTHOR INFORMATION**

**Dr. Chauncey M. DePree, Jr.**, is a member of the American Accounting Association, Decision Sciences Institute, and Institute of Management Accountants. He has published articles in ABACUS, Business and Professional Ethics Journal, Issues in Accounting Education, Journal of Accountancy, Journal of Accounting and Public Policy, and Strategic Finance (and Management Accounting). His education includes a DBA from the University of Kentucky (UK) in Accounting with minor in Ethics and Logic. MS from UK in Accounting. BA from the State University of New York at Albany, Philosophy.

**Ms. Rebecca K. Jude, JD**, is a member of Kentucky and Mississippi bar associations. She has published in the CPCU Journal, Business and Professional Ethics Journal, Journal of Accountancy, The Professional Lawyer, and award winning articles in Strategic Finance (and Management Accounting).

**FOOTNOTES**

<sup>1</sup> The names of individuals and organizations involved in this case have been changed, as Joe Friday of *Dragnet* would say, to protect the innocent.

<sup>2</sup> Approximately 65-70 business schools participate in the Business Periodical Program.

<sup>3</sup> Faculty timidity, even tenured faculty, is well known. See, for example, William's and Ceci's report that "[o]ur survey leads us to conclude that tenure is not living up to its original promise: It does not liberate professors to exercise the freedoms of speech, writing, and action. The muzzling effect of the current system of promotion in higher education — in which even tenured associate professors refrain from exercising academic freedom for fear of derailing their chances for promotion to full professor — must be weighed against tenure's virtues ..."

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