



***EQUAL***

***WHITE PAPER ON BUSINESS ETHICS***

The European Quality Link (EQUAL) is an international association of quality assessment and accreditation agencies in the field of business and management education. EQUAL operates for the benefit of member business schools, students, end users and society at large. As part of this activity, from time to time EQUAL publishes agreed position papers on aspects of management education. This paper concerns ethics in business schools – both what is taught about ethics and what ethical behaviour within business schools themselves should be.

This paper is not intended to lead to a strict code of behaviour that any particular authority should require business schools to adopt; rather it is intended instead to be a document that business schools will want to use to inform their own debates about ethics. It is addressed to all members of the Business School community – students, teachers, researchers, managers and external clients and stakeholders.

**DEFINITION:**

Business Ethics is the study of what constitutes good and bad behaviour in the conduct of a business.

This should operate at two levels:

the corporate level – what should an organisation do when faced with conflicting ethical priorities;

and the individual level - how should an individual behave and act when working in an organisation

## BACKGROUND & RATIONALE

There are many examples of good ethical behaviour in the world including in business and business schools. Unfortunately, over the last few decades there have been many examples of what many regard as unethical behaviour in all aspects of life including the corporate world and business schools. These include the large corporate scandals, such as Enron, WorldCom and Parmalat and the more recent sub-prime mortgage phenomenon that led to the financial crisis of 2008. In business schools plagiarism, by both staff and students has occurred, as has other behaviours of dubious ethical character. As a result, questions have been raised about the extent to which business schools prepare students to meet the ethical challenges that they will face in the workplace. And questions have also been asked about how business schools and their staff face the ethical issues posed by their teaching, research, enterprise and administrative work.

Society holds ethical behaviour to be important, and therefore expects its business schools to teach about ethics and to behave ethically themselves. But it is not the case that it is always clear what the good, or ethical action is in any particular situation. Indeed people have been asking themselves what is good and what is bad behaviour for thousands of years; that is, what is the source of ethics. Many of the leading philosophers have produced theories of ethics. Some of these argue that ethics comes from a higher authority. Others argue that given the diversity of human society, and therefore the presence of competing authorities there must be ways of constructing ethical theories which are universal, and that everybody can and should accept whatever their religious position. But this project has not been entirely successful, many would argue. However, despite the fact that "the good" is not always obvious, there are ethical principles that most people in society are prepared to accept as being desirable for the effective workings of society at both the corporate and individual levels outlined above.

Part 1 of this paper concerns the teaching of ethics in business schools. Part 2 explores ethical behaviour by individuals who participate in the activities of business schools, and the corporate actions of business schools themselves. It raises the key situations that business schools face and suggests acceptable codes of behaviour in these areas. Section A of this Part of the paper discusses the expectations of schools, staff and students of each other, following the student journey from pre-registration to alumni status. Section B goes in to the assessment of student work and the ethical expectations of both students and staff. In Section C knowledge transfer, consultancy and the research activities

of both students and staff are discussed; and finally, in Section D the behaviour of the business school as a business itself is considered including: governance, codes of ethical practice, marketing, public relations, and human resource management are covered.

## **PART 1: TEACHING AND LEARNING OF BUSINESS ETHICS**

It has long been recognised that it is desirable for business ethics to be taught in business schools. In the US, where business education in its modern form originated, concern about the ethics of business has existed for a long time, but in the last 30 years it has been increasingly recognised as an important part of International business school curricula.

But while there is general agreement that business ethics should be in the syllabus, there is less agreement on precisely what should be taught, and what might be the most appropriate learning approaches. There have been debates on whether it should be a core course in business school programmes or simply an option for those interested. There have also been debates on whether it should be in a separate course or an integral part of the learning in all those subjects where ethics in business life is important – and that is most of them. And there is also much discussion of teaching and learning methods – in particular the extent of exposure to ethical dilemma as well as formal teaching on the source of ethical principles.

Some guides to the teaching of business ethics have focused on several main areas of discussion: corporate social responsibility; ethics in manager and leader behaviour and decision-making; and corporate governance. Other authors have gone further to include as core areas of business ethics, human resource management, marketing, accounting and finance. The last of these have received particular attention following the financial crisis of 2008. Finally, many argue that in order to construct and reflect on their own approach to business ethics students should learn what the main approaches to general ethical principles are and how to apply them in practical situations. This paper will not attempt to summarise this material. Rather it acknowledges that there is now widespread agreement that ethics is a fundamental subject for business education. For example, all the accreditation agencies who are members of EQUAL require some evidence of the teaching of ethics in general management courses.

Having studied this debate EQUAL takes the view that ethics should be a core subject in all management programmes in business schools, and that teaching methods should expose students to the ethical dilemmas they may have to face in an experiential way.

It is also important to understand that the role of teaching staff is crucial and has an impact on the attitude of students.

**EQUAL recommends the following guiding principles:**

- i. Business ethics should be a core part of all general management programmes**
- ii. The subject should be integrated with the main teaching of the core subjects**
- iii. Students should be encouraged to learn from a variety of methods e.g., texts and lectures and also from business cases and personal interactions**
- iv. Ethical issues should be discussed in most of the subject areas of the business school curriculum.**

## **PART 2 – ETHICAL BEHAVIOUR IN AND OF BUSINESS SCHOOLS**

Whilst business ethics is considered a fundamental subject for business education it must also be a serious consideration in practice, especially within the institutions and business schools where the teaching of ethics is taking place. This part of this position paper states principles of behaviour which EQUAL would like to suggest should be followed by the participants in the work of a business school.

### **A. Expectation of schools, staff and students of each other**

#### A1 Honesty in application to the school

1. Applicants to business schools, from the earliest stages in the application process, should be honest and open in all communications, declaring their correct legal and visa status – standing ready to show supporting documentation.
2. When applying for staff and faculty positions at a school applicants should be honest and open in all communications, presenting correct qualifications, and whether they are allowed to work in the country where they are seeking employment.

#### A2. Values and rules of the business school

Staff and students should abide by the common values and rules of the business school.

#### A3. Intellectual Property

Staff and students must respect the ownership of Intellectual Property.

#### A4. Responsible Conduct

1. Staff and students should act responsibly towards each other, without discrimination or prejudice
2. All financial transactions should be honest and recorded properly

#### A5. Ethical Marketing

When promoting the school or degree programmes all communications must be clear and descriptive without embellishment.

#### A6. Responsible Resource Management

School resources should be managed in a responsible and sustainable manner

#### A7. Professional Conduct from staff

Students should be treated with respect and with professional conduct at all times.

#### A8. Human Resource Management

Staff should be treated without discrimination or prejudice in all matters relating to human resource management.

#### A9. Transparency for students

The following student expectations of the School and staff should be met

1. Transparency around the applications and admissions process
2. Audited admissions processes that work to eliminate discrimination or prejudice
3. Clarity in communication regarding expectations of work – whether for individual origination or team collaboration.

#### A10. Assessment of student work

1. Student work should be fairly assessed.
2. Work that is derived from another source or individual should not be claimed as original work; plagiarism is not acceptable
3. Where collaborative team work is encouraged or integral to the learning process individual contributions could be noted for clarity.
4. Where team work is to be assessed as the majority of the individual's evaluation, Individual contributions to the team output must be noted where possible

#### A11. Ombudsman

The school should appoint a person where students, faculty and staff can report problems with any of the previous.

## **B. Ethics in knowledge transfer, consultancy and research activities for staff and students**

### B1. Authorship and respect for intellectual property

1. All substantive and identifiable contributions to work undertaken must be acknowledged; authors should be clear about and respect intellectual property.
2. Questions of authorship should be discussed among participants and achieve and consensus should be achieved on how the authorship should be described in any publication or dissemination. It should be recognised that all listed authors bear responsibility for the contents.
3. Any material drawn from the work of others should be identified and attributed appropriately to the original authors. The only exception to this general rule would apply when the original author intends to remain anonymous.

### B2. Consent from those studied in research projects

1. Consent cannot be taken as the default position and must be sought from participants in and others closely affected.
2. Participants from within or outside the business school, must understand enough about the process to be able to make an informed decision about taking part, including what their participation entails, why their participation is necessary, how data will be used, and how and to whom the findings will be reported.
3. In exceptional circumstances, the requirements for prior informed consent may be set aside if in the view of an institution's ethics committee it is neither feasible nor desirable to obtain this consent. In such situations, permission must be sought from a senior member of staff within the organisation who is responsible for the people or place being studied.
4. Consent cannot be inferred from a lack of response to a communication such as a letter or invitation to participate. Where consent has been given or implied, original commitments given must be observed. Changes to what was originally planned may be implemented once further consent has been obtained. Researchers remain responsible for the well-being of

respondents throughout the research, whatever consent has been obtained.

5. Covert research must be approached with considerable caution. Where it is planned, it must be subjected to independent ethical review and, if necessary, seek legal advice must be sought.

### B3. Protecting privacy, ensuring confidentiality and maintaining anonymity

1. Individual and collective rights to privacy in compliance with national and international law and relevant regulations must be respected. Appropriate checks must be applied when working with children and vulnerable people.
2. Administrative processes must be designed to preserve the privacy of personal data, for example in the consideration of mitigating circumstances for student assessments.
3. The importance of confidentiality and anonymity to potential participants must be considered carefully.
4. The provision of confidentiality or anonymity must be made clear and, preferably, agreed in writing prior to data collection.
5. The potential abuse of online media must be fully understood in communicating with others.

### B4. Declaring professional and personal affiliations and sources of funding and support

1. Any potential conflicts of interest relating to commercial contracts and other connections must be declared and regularly updated.
2. Any ethical issues or concerns that are felt to be important and that relate to work being undertaken must be made clear to others, such as staff, students, clients and contractors. Briefing and training to staff and students in recognizing and responding to potential ethical issues that may arise in their work must be provided.
3. All financial dealings must be conducted with probity.

## B5. Avoid misleading, misreporting, misunderstanding and unjustified deception

1. Data must be collected and used without fabrication or inappropriate manipulation.
2. The results of work must be reported honestly and transparently.
3. Where there is any significant doubt about the probity of a particular approach or action, advice must be sought from the relevant body or committee charged with overseeing ethical issues in the individual's employing organisation.

## **C. Business School corporate ethical behaviour**

### Business schools should:

1. Consider the inclusion of business ethics in the School's mission statement and apply ethical behaviour to the leadership, governance, management and administration of the organization.
2. Uphold the principles of integrity, honesty, equality, diversity and fairness at all times.
3. Identify and declare interests in any business, management and academic dealings in which they are involved.
4. Report any observed corrupt and/or illegal business dealings or practices to the relevant authorities. This may include bodies outside of the institution.
5. Conduct all administrative and managerial processes to support the educational values and objectives of the institution.
6. Reflect the truth and reality of the situation within the institution in all branding, marketing and promotional activity and materials.
7. Continue to develop the professional knowledge, skills and practices of all staff.
8. Actively champion the equality and diversity of the educational and professional community.
9. Advance higher education through the robust application of professional knowledge, skills and practice.

10. Maintain the highest standards of fair, ethical and transparent professional behaviour at all times.

### Current EQUAL Members

**AACSB International** - Association to Advance Collegiate Schools of Business

**ABS** - Association of Business Schools

**AEDE** - Asociación Española de Escuelas de Dirección de Empresa

**AMBA** - Association of MBAs

**ASFOR** - Associazione Italiana per la Formazione Manageriale

**Association of IAE's**

**Association of Business Schools – Finland**

**BMDA** - Baltic Management Development Association

**CAMBAS** - Czech Association of MBA Schools

**CEEMAN** - Central and East European Management Development Association

**CFBSD** - Canadian Federation of Business School Deans

**Chapitre des Ecoles de Management**- Conférence des Grandes Ecoles

**Civilekonomerna** - The Swedish Association of Graduates in Business Administration and Economics

**ECONA**

**EFMD** - European Foundation For Management Development

**FNEGE** - Fondation Nationale pour l'Enseignement de la Gestion des Entreprises

**FORUM** - Association of Management Education in Poland

**GMAC®** - Graduate Management Admission Council®

**RABE** - Russian Association of Business Education

**SEFE** - Finnish Association of Business School Graduates

**VSNU** - Vereniging van Samenwerkende Nederlandse Universiteiten

It should be noted that this EQUAL Guide draws upon the Ethics Guides published by the Association of Business Schools (ABS), and the Association to Advance Collegiate Schools of Business (AACSB) guide, and that the ABS and AACSB organisations are both fully aware and supportive of this.

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