

An Analysis of the Change in College of Business Ethical Codes

Kathy S. Moffiet

John R. O'Malley Jr.

J. Harrison McCraw

Outline

- Why?
- Societal Behavior Standards
- AACSB Standards-Criterion
- Research Characteristics
- Methodology
- Results
- Conclusion

Why Study Ethical Behavior

- Archer Daniels Midland - price-fixing
- Cendant - creative earnings
- Sears - disregards for bankruptcy laws and creditor rights
- Enron
- Worldcom
- Arthur Anderson
- Etc.

Supplier of Business Leaders

- US higher education supplies most business leaders
- Ethical culture of businesses can be influenced by those they hire
- Market-based economy based on trust
- Students receive only 1/2 semester course devoted to ethics - prior to 2003

Societal Behavioral Standards

- Neoclassical economic model
 - ◆ Rational behavior
- Individual as moral agent
 - ◆ Individual is responsible for their actions
- Occupational self regulations
 - ◆ Often done to avoid society (laws) to regulate behavior

AACSB Standards-Criterion

- Expectation of ethical behavior
- Implementation
 - ◆ 2004 - business schools must establish ethical expectations for behavior
- 4 Ethical Themes
 - ◆ Responsibility of business to society
 - ◆ Ethical decision making
 - ◆ Ethical leadership
 - ◆ Corporate governance

Research Characteristics

- Ethical code research
 - ◆ Gaumnitz and Lere (2002, 2004)
- Ethical Characteristics
 - ◆ 9 categories (2002)
- Classification/thematic content
 - ◆ Honesty - ethical decision-making
 - ◆ Integrity - ethical decision-making

Research Characteristics

- Focus/Themes
 - ◆ Diversity - ethical leadership
 - ◆ Respect for others - ethical decision making
 - ◆ Obey laws - Governance
 - ◆ Meet societal obligations - Responsibility to business to society
 - ◆ Accountability - ethical leadership

Purpose of Research

- COB website usage
- Research purpose
 - ◆ Website existence of policy statements with ethical connotations
 - ◆ Extent of disclosure of specified characteristics

Research Questions

- Have the sampled business schools presented a policy statement that contains the specified ethical expectation(s)?
- To what extent have sampled business schools mentioned these specified ethical expectations?

Methodology

- Sample pool
 - ◆ 91 doctoral granting COB
- Two Samples
 - ◆ 12/2004 - 1/2005
 - ◆ 3/2007 - 4/2007
- Frequency count

Results

- Policy statement existence
- Disclosure of specified ethical characteristics

COB Statements

Table 2
COB Statements With Ethical Characteristics
Frequency and Chi Square Analysis

Item	2005 Sample	% of 91 COB	2007 Sample	% of 91 COB	P-value of Change from 2004/2005
Have a Policy Statement of Any Kind	52	57%	70	77%	.005 (8.0557)*
Policy Statement Titles Implying Ethical Expectations	18	20%	37	41%	.002 (9.4062)*
Statements Containing Specified Thematic Content or Focus/Themes	23	25%	47	52%	.000 (13.3714)*
‘Ethics’ or ‘Ethical’ in Statement Title	0	0%	1	1%	.316 (1.0055)*

*Chi-square statistic is in parenthesis.

COB Specified Characteristics

COB Specified Characteristics Frequency and Chi Square Analysis

Ethical Attribute	Item	2005 Sample	% of 91 COB	2007 Sample	% of 91 COB	P-value of Change from 2004/2005
Thematic Content	Honesty	6	6.6%	17	18.7%	0.014 (6.0219)*
	Integrity	10	11.0%	35	38.5%	0.000 (18.4509)*
Focus/Themes	Diversity	9	9.9%	26	28.6%	0.001 (10.2231)*
	Respect	9	9.9%	27	29.7%	0.001 (11.2192)*
	Accountability	5	5.5%	19	20.9%	.0002 (9.4072)*
	Societal Obligations	1	1.1%	5	5.5%	.097 (2.7576)*
	Obeying Laws	0	0%	3	3.3%	.081 (3.0503)*

*Chi-square statistic is in parenthesis.

Conclusion

- 2005 sample
 - ◆ Little time to respond to 4 themes from 2004
 - ◆ Only 23 COB out 91
- 2007 sample
 - ◆ Time to respond to changes
 - ◆ 47 COB out of 91
 - ◆ Honesty - 17 mentions
 - ◆ Integrity - 35 mentions

Conclusion

- Often hard to find policy statements
- Even with a thorough search some could have been missed
- Search capability is limited/poor on many websites