

# MANAGEMENT & ENTREPRENEURSHIP

## **The perceived role of ethics and social responsibility: What factors in the management curriculum influence this perception?**

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### **Acknowledgements:**

I'd like to extend my appreciation to the Ignatian Mentoring Program for providing this opportunity to me. I would also like to express my thanks to my mentor David Burns and Debra Mooney for their tremendous support.

### **Central Idea**

The current corporate world is riddled with fraud and corporate scandals. Many times the perception of what is 'ethical' (or not) may be blurred. This project seeks to examine the factors in the management curriculum that influence the perception of students of ethical and socially responsible business practices. I have started with the hypothesis that if ethics are part of the active discourse in a course, students are likely to be more sensitive to make ethical and socially responsible (business) decisions. I conducted this research in two subsequent semesters in the MGMT 300 (Managerial Behavior) course that I teach at the undergraduate level.

### **Literature**

In the rise of corporate scandals, graduate business schools are being held responsible for developing ethical business leaders (adapted from Evans, Trevino & Weaver, 2006). From that perspective, it is assumed that a course

integrated with ethics is likely to produce conscientious students – students who may be better equipped to handle the vagaries of business decisions in a more informed manner. In the context of Jesuit and Ignatian pedagogy, this project aims to examine whether an active discourse in a course taught to the undergraduate students inspires them to make ethically sound (business) decisions by being attentive and conscious to the decisions they make and by reflecting upon the various stakeholders (shareholders, employees, customers, society at large, natural environment, etc.) their decisions have an impact upon.

### **Course information (MGMT 300 – Managerial Behavior)**

MGMT 300 (Williams College of Business Undergraduate Core Curriculum) aims to introduce Xavier undergraduate business students to the various aspects of human behavior such as organizational culture, global management, ethics, motivation, diversity, and leadership that influence the complex process of managing any organization. The concepts covered in this course are relevant and applicable to **any** organization – be it a for-profit company such as Proctor & Gamble or a non-governmental organization such as the American Red Cross or an institution such as any government agency.

In its current form, this course first began in 1990, and it currently serves approximately 450 students at XU every year. It focuses on the key question of ‘why do some organizations/managers perform better than others and what explains the failure of some organizations/managers?’ Managing in these turbulent times can be very challenging. Therefore, it is important for managers of today to possess management skills and abilities that can allow them to ensure total organizational effectiveness in an ethical and socially responsible manner. The primary objective of this course is to equip the students with the skills that are needed to be successful managers. Thus, the primary focus of this class is to enable the students to:

- Become familiar with the terminology, concepts, research and theory related to Managerial Behavior

- Understand the work processes in workplaces and the various challenges that managers face from their various stakeholders
- Acquire an enhanced ability to influence these processes in an informed manner, and
- Develop the skill-sets required for managing successfully – these include team-work (developing interpersonal relations, communicating, planning, organizing), leadership skills, and skills such as critical thinking (including ethics and strategic thinking) and problem solving.

As a part of the MGMT 300 course (core course), the final project for students is to examine, in teams, strategies for companies (such as Proctor & Gamble, Pepsi Co., Google) that they select. They act as consultants to these companies, and their role is to advise the company about a possible strategy and its implementation for making the organization more effective. As a part of this project, they collect the information about the internal environment of the company (such as corporate strategy - what business is the company in), other information about the company such as top management, technology issues, ethical issues, economic issues, etc. They also collect information about elements in the external environment of the company (such as competition, customers, suppliers, economic trends, etc.) With the information available to them, the student teams are required to suggest what strategy (or a combination of strategies) will be most appropriate for their company to sustain a competitive advantage.

## **Study**

In Fall of 2006, the focus on ethics and socially responsible business practices was much less than in Spring 2007. While we discuss ethics and social responsibility in our MGMT 300 class, the students were not necessarily expected to tie the subject matter of ethics in their projects. I administered a survey instrument across 43 students – this instrument examined students'

perception of ethics and social responsibility in the strategies they suggest to these for-profit companies. This is a reliable and a valid scale called the PRESOR (Singhapakdi et al., 1996). Since I had not specifically asked them to consider ethical implications in their final project, I anticipated that the perception of what the students consider an 'effective' organization will be more closely tied to the organization's financial bottom-line than to its ethical and socially responsible strategies/practices.

For the Spring 2007 course, I have made substantive changes to the structure of the course. Early in the semester, I discussed a chapter on ethics and social responsibility. Ethics was an important component of our class discussion in other chapters that we covered. I also tied the subject matter of ethics more closely to the final project. The students were specifically asked to consider the ethical implications of their proposed strategy. I will again run the survey instrument closer to the end of the semester across 60 students to examine their perception of ethics and social responsibility in the strategies they have suggested to these for-profit companies. I would anticipate that the perception of the students of an effective organization will be at least as closely tied to the organization's financial bottom-line as well as to its ethical and socially responsible strategies/practices.

## **Findings**

This is a longitudinal study across two different semesters – I have just finished collecting the data in May, 2007. Across semester differences will be apparent after the second round of data collection. However, a crude cursory glance at the Fall 2006 data suggests that students perceive that ethics and socially responsible business practices are important for the success of a business. This is contrary to what my anticipation of the findings was. I am curious to see what the data from the Spring 2007 semester suggests and how these two data sets compare with each other.

In case there is a substantive difference across the two data sets, I will be drawn to a hypothesis that an active discourse about ethics and socially responsible business practices has an impact on the perception of students. However, should there not be much difference across the two data sets; does that mean that an active discourse is worthless in the classrooms? Perhaps not – this finding will help me develop a hypothesis that macro-level institutional influences such as the ones at a Jesuit university (Xavier) embed the students in an ethical discourse. In that event, both the macro-level institutional forces as well as the micro-level individual courses are important to encourage the conversation of ethics. Together, both of these are likely to encourage the internalization of ethics and social responsibility.

## **Conclusion**

“...business students believe they can do a better job of serving all stakeholders – of serving society – than today’s business leaders can (The Aspen Institute, 2003). All educators have to do, the students say, is give them the tools to make that happen” (adapted from Samuelson, 2006).

This is exactly what my research project is attempting to find out – this project is, therefore, expected to drive our attention to these various factors/tools that can equip the students to make ethically sound decisions.