Ethics Training and Workplace Ethical Decisions of MBA Professionals

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Received: December 1, 2015         Accepted: January 8, 2016        Online Published:  January 21, 2016
doi:10.5539/jel.v5n1p190              URL: http://dx.doi.org/10.5539/jel.v5n1p190

Abstract

We recruited 15 MBA professionals in the St. Louis, Missouri metropolitan area to explore experiences and perceptions of classroom ethics training and ethical experiences in the workplace. Telephone interviews were conducted using open-ended questions to collect data that were uploaded to NVivo 10 for qualitative analysis. As a result of the data analysis, seven themes were recognized: (a) effective decision-making; (b) combining classroom instruction with real-world experience; (c) reasoning through an ethical issue; (d) resolution of workplace ethical issues; (e) feelings about ethics and corporate fraud; (f) fear of employer retaliation; and (g) expectations of management. One unexpected finding was that managers do not resolve ethical issues that the participants expect and that managers need more ethics training. The importance of human resources department was noted in dealing with ethical issues. A disturbing finding was the strong fear of retaliation for reporting an unethical issue. The self-assessment of the quality of ethics training in their MBA programs was mixed.

Keywords: ethics training, ethics, workplace ethical issues, MBA, corporate fraud, employer retaliation

1. Introduction

An increase in corporate ethical situations dominated the first decade of the 21st century (Cohen, Ding, Lesage, & Stolowy, 2010). In 2015, Volkswagen admitted to using software that falsified emission tests in the United States. The nitrogen oxide level actually emitted was 40 times higher than the test results indicated. The scandal involved some 11 million VW vehicles throughout the world.

Unethical business leaders exercise one set of standards for the workplace, while applying another set of standards for personal profit even though the legal system prosecutes those persons found guilty of malicious and unethical misconduct (Franks & Spalding, 2013; Pendse, 2012). According to Finkel (2012), the Association of Certified Fraud Examiners reported in 2009 that businesses in the United States lost an average of 7% of annual revenues ($994 billion) due to fraud.

Corporate ethical situations occurring with corporations such as Enron, Wal-Mart, General Motors, Bank of America, Wells Fargo, Lehman Brothers, Anderson Consulting, and MCI WorldCom distorted public trust in leadership (Finkel, 2012). The collapse of Enron and other corporations was an illustration of unethical behavior and societal distrust (Cohen et al., 2010). Ethical situations disrupt organizational culture and practice (Kish-Gephart et al., 2010). Ethical situations addressed after an organizational collapse, employee money laundering, fraud, malfunctioning products, or investment scheme creates societal distrust (Kish-Gephart et al., 2010, Weber & Wasieleski, 2013). Wrongdoing needs attention at the start before the damage is multiplied (Jennings, 2012; Lewis, Kay, Kelso, & Larson, 2010).

In 2014, General Motors was required to conduct a recall of an estimated 1.5 million vehicles because of a faulty ignition switch. The faulty ignition part had been the result of 13 deaths and 54 accidents. GM was criticized for not responding timely (Higgins & Summers, 2014). Congressional hearings brought forth on GM’s CEO to explain the reasons behind GM’s lack of attention and issuance of correction regarding the faulty switch (Ono, 2012). In June 2014, CEO Mary Barra announced the termination of 15 employees resulting from findings outlined in the corporate attorney’s report (Higgins & Sumner, 2014).

Another high profile ethical situation was JP Morgan Chase. JP Morgan Chase is an international financial services firm. In 2012, charges against JP Morgan Chase for conducting the London Whale Trading fraud were
estimated at $7 billion. Also, JP Morgan Chase received citations for misleading and charging credit card
customers for identity security protection (Ono, 2012). Customers complained about not receiving protection
services. The Unite States Securities and Exchange Commission imposed a fine for the London Whale trading
and refunded $309 million to JP Morgan credit card customers (Ono, 2012). A final high profile ethical situation
involved an Indian IT firm Satyam. In 2009, founder and Chairperson Ramalinga Raju admitted to falsifying
revenue estimated at $1.5 billion (Ono, 2012). The corporate wrongdoing that affected Satyam was criticized for
resembling that of Enron. Raju was guilty. Raju was released because the Central Bureau of Investigation did not
file the case in time.

Critics blame U.S. business schools for not doing enough to deter unethical behavior (Brinkmann, Sims, &
Nelson, 2011; Franks & Spalding, 2013). Heller and Heller (2011) noted the lack of business programs for
ensuring adequate ethical training for business graduates. Schlegelmilch and Thomas (2011) along with others
(e.g., Brink & Smith, 2012; Cavanagh, 2009; Frank & Spalding, 2013; Heller & Heller, 2011) believed that
MBA programs have lost the effectiveness of delivering ethical awareness to compliment the changing business
landscape and mindset of the business professional. Business schools can help shape students’ ethical foundation,
resulting in ethically correct business professionals (Caruso, Collins, Schragle-Law, & Thorpe, 2012). With the
increase in corporate unethical behavior, we conducted a qualitative study to explore training and experiences of
a sample of MBA professionals in the St. Louis, Missouri area regarding ethical issues, both personally and
those situations observed, and how those issues were resolved in the workplace.

2. Method

We recruited 15 MBA professionals in the St. Louis County Metropolitan Area through snowball sampling. The
first potential participants were known professional associates who were contacted by email with an invitation to
volunteer and a request to suggest other MBA professionals that reside within the St. Louis County Metropolitan
area who might be interested in participating in the study. Employment of the snowball sample method via word
of mouth continued until data saturation occurred. The St. Louis County Metropolitan area has 12 accredited
business programs that offer evening, professional, and international MBA degrees.

All of the participants were graduates of one of the MBA programs in the St. Louis area. Of the 15 participants,
seven were female (47%) and eight were male (53%). Of the eight male participants, four were Black, three were
White, and one was Asian. Of the seven females, two were Black, four were White, and one was Asian. Number
of years of professional experience ranged from eight to 26 with an average of eight years. Participants of this
study were employed in varying professions. Six (40%) of the 15 participants were in management positions and
nine (60%) were non-management. In general, the MBA graduates were diverse in age, experience, race, and
employment in both governmental and private sectors of the business community in the St. Louis area.

3. Data Collection

Data collection employed the use of telephone interviews with open-ended questions to capture the essence of
participants’ perceptions and lived experience of workplace ethical issues. We conducted the interviews in the
evening so that the participants could unwind after work and attend to home matters. The data collection process
was done during a 5-week period and each interview lasted approximately 30 minutes. The interviews were
audio-recorded using a Google Play Android application called Another Call Recorder (ACR). After each
participant completed the interview process, interview responses were analyzed immediately to capture any new
data. Although the projected number of participants was 20 MBA professionals in the St. Louis County
Metropolitan area, the actual number of participants needed to accomplish data saturation was 15. Therefore,
interviews were discontinued at this point.

4. Data Analysis

Data analysis involved qualitative coding to interpret participant responses to open-ended interview questions.
The data analysis involved the generic steps of organization and categorization of data, coding, and interpretation.
Data were analyzed using pattern matching and thematic analysis to capture the details and meaning.
Documentation of participant feedback and audio-recorded interviews were uploaded for data analysis using
NVivo 10 software. Audio feedback was changed to handwritten transcripts at the data analysis stage.
Handwritten transcripts were coded and sorted. The specific code was representative of a particular subject and
derived from frequent subjects pertaining to participant feedback. A catalog of nodes was reviewed to discover a
trend relating to participant feedback and questions asked. As a result of the data analysis, seven themes were
recognized: (a) effective decision-making; (b) combining classroom instruction with real-world experience; (c)
reasoning through an ethical issue; (d) resolution of workplace ethical issues; (e) feelings about ethics and
corporate fraud; (f) fear of employer retaliation; and (g) expectations of management. Figure 1 displays the codes organized by prime themes that surfaced via data analysis.

Figure 1. Codes organized by prime themes

5. Results

5.1 Theme 1: Effective Decision-Making

Of the 15 study participants, 12 (80%) stated that their MBA ethics training involved assessing ethical issues as a group and helped in applying effective decision-making in the workplace. These participants expressed that throughout their MBA programs, group work was encouraged. The participants explained that working in groups to assess the textbook ethical cases fostered thinking, decision-making, and problem solving toward a solution. Only three participants (20%) stated that their experience with group work did not foster collaboration nor assist in making a decision regarding ethics. The participants expressed that particular group members lacked educated judgment when assessing textbook ethical cases.

The following comments were made with regard to applying a form of ethical-decision making to aid in assessing workplace ethical issues.

Before I make a work-related decision, I tend to look at the matter in a systematic approach. I take my time and figure out who, what, when, where, and why of the matter if I do not have the adequate resources to assist in resolving the issue. I prefer to rely on my own system for decision-making. I find myself seeking guidance from my human resources department. I like to talk with my human resources reps to make sure I am not overstepping any bounds or doing something outside of company policy do not want to get confused with the bias of my own morals, while maintaining the right ethical perspective on behalf of my employer.

Literature on effective decision-making indicated that MBA business programs must be held accountable for sufficient instruction regarding students ethical decision-making (Power & Lundsten, 2005; Elm & Radian, 2012). Brinkmann et al. (2011) and Gruber and Schlegelmilch (2013) proclaimed that business students are able to understand the complex issues of ethics after completion of a business program and real-world work experience. Sharland, Feidler, and Menon (2013) maintained that the Association to Advance Collegiate Schools of Business (AACSB) standards contain four topics required for ethics instruction: (a) obligation to society and business, (b) ethical business law, (c) ethical leadership, and (d) ethical decision-making. Franks and Spalding (2013) asserted that gaps found within the AACSB standards showed that ethics instruction could be scattered in an unstructured manner across the business curriculum. The disorganization of ethics curriculum could cause an ineffective deliverance of the importance of ethical decision-making (Elm & Radin, 2012).
5.2 Theme 2: Classroom Instruction vs. Real-World Experience

Twelve (80%) participants believed that their classroom ethics instruction prepared them to face workplace ethical issues. The remaining three (20%) participants claimed that the ethics instruction was mediocre. When asked about their MBA ethics training, the following statements were made by the participants.

The group work helped me see how others interpret a scenario. As I saw how others viewed cases, I was able to sharpen my investigative skills to think about the key players involved. The ethics training covered topics about sexual harassment, bribery, fraud, recent cases involving Enron, Tyco, General Motors, ethical leadership, ethical decision-making, and organizations obligation to society. I would say my graduate training was sufficient. With the unethical behavior going on at work, my grad school training helped me to know what to look for and handle workplace issues. My MBA program was effective in preparing me to be ethically fit.

Brinkmann et al. (2011) contended that business programs must collectively attempt to reinstate ethics to the corporate landscape coupled with improving the perception of professionals through a comprehensive ethics curriculum. According to Sentell (2013), class exercises promote engagement of business students and assists in developing alternative views of an ethical issue. Ethics case studies can engage business students understanding of how to recognize an ethical issue, apply varying perspectives of the issue, and develop protocol to monitor individual ethical behavior (Sentell, 2013; Singer, 2013).

Twelve participants indicated that their graduate ethics training was saturated with group exercises, assessment of scenarios, and collective perspectives. Franks and Spalding (2013) asserted that combining cases, group work, and scenarios make a difference in business student’s ability to make ethical decisions. Brinkmann et al. (2011) contended that class exercises enhances business students understanding, recognition, and reasoning of ethical issues whereas other researchers have doubted whether ethics instruction is effective in developing students’ ethical framework. The main concern with ethics instruction is how business students will apply training to workplace issues (Mande, 2012; Sullivan, 2010). Based on the responses the participants provided on graduate ethics training, twelve (80%) participants asserted that they incorporate classroom training and corporate ethical standards when handling workplace issues. The twelve participants believed that they were prepared to recognize and discern important factors regarding a workplace ethical issue.

5.3 Theme 3: Reasoning through an Ethical Issue

Of the 15 participants, all expressed that they reason through an ethical situation before making a decision. All of the participants said that they (a) determine if the issue is actually an ethical concern; (b) figure out who are involved and who will be affected; (c) inform a manager of an ethical issue; (d) identify available options; (e) consider organizational guidelines regarding ethics; and (f) decide if the chosen resolution is harmless. All of the participants stated they rely on their personal ethical framework to help with reasoning, but find difficulty in applying personal ethics, graduate training, and abiding by organizational ethical protocol. All participants stated that whatever decision they made involved using ethical reasoning, how that decision would affect stakeholders, and impact on the organization.

When asked about perceptions and experiences that arise concerning how ethical reasoning is used to evaluate an ethical issue, several participants provided the following comments:

Yes, I definitely have to take the time to reason through a situation before I can decide on the matter. Trying to stay in line with your corporate code of ethics and personal ethics can be difficult. I think if most people took the time to take a step back, figure out what, who, and when before jumping to conclusions, some situations may be handled better and not get blown out of proportion. It is difficult trying to please your employer, follow their code of ethics, and stand on what you personally believe to be ethical too.

Paul and Elder (2009) said that individuals should learn to recognize and analyze the purpose behind ethical reasoning if they are to establish effective ethical decision-making. Twelve (80%) participants believed that they were able to recognize and properly assess the basis for ethical reasoning. Paul and Elder (2009) espoused that individuals can evaluate an ethical situation by asking the right questions, scrutinizing the situation, determining the applicable solution (ethical), and applying any alternative options. The responses from the twelve participants indicated they were capable of dissecting a workplace issue by evaluating right or wrong of the issue, persons to be affected by the issue and end result, reasoning of which option follows organizational ethics protocol, and if the chosen option will minimize harm.
5.4 Theme 4: Resolution of Workplace Ethical Issues

All participants noted feelings of frustration with resolution of workplace ethical issues. All fifteen participants affirmed that organizations allow workplace ethical issues to go on and refuse to reprimand the individuals who are responsible. All participants expressed that they were frustrated with the issues they faced because of their managers’ inability to resolve the issue. All participants agreed that employers need to provide annual ethics training for managers to ensure matters are properly resolved. The following comments are reflective on their experiences in resolving ethical issues at work.

The issue was not resolved as I expected. A male co-worker always commented how nice I looked that made me uncomfortable. I told my manager and she said the guy means no harm, it’s normal. I think there needs to be more professional development offered to managers about ethical issues at work. My manager at that time was sort of blind to the issues and ignored them. I believe my manager did not want to ruffle any feathers with investigating my problem. I think he was afraid to take the issue further in fear of possibly getting demoted or being a whistleblower. Since I had no managerial support for my ethical issue, I decided to resign from that company a year later. I quickly realized that once I told my manager about the situation, he listened to me of course. However, I just got the instinct that my informing him of the matter went no further.

Workplace ethical issues interrupt organizational culture and practice (Kish-Gephart et al., 2010). Ethical issues addressed after organizational misconduct creates societal distrust (Kish-Gephart et al., 2010, Weber & Wasieleski, 2013). Jennings (2010) advocated that wrongdoing needs attention at the start before the damage is multiplied. Jordan et al. (2013) said leadership must encompass traits of trust, fairness, ethical awareness, and negotiating skills to assess and resolve workplace ethical issues. Trevino (2010) insisted that the employee-manager relationship is tarnished when a leader lacks ethical awareness to assist in evaluating the issue. Hanson (2008) explained that employees become disengaged and frustrated in the work environment when ethical issues are unresolved.

5.5 Theme 5: Feelings about Ethics and Corporate Fraud

All participants provided feedback regarding feelings about ethics and corporate fraud that revealed negative attitudes of corporate distrust and lack of support from management. All fifteen participants agreed that attitudes about corporate fraud could be strengthened with ongoing ethics training and understanding of federal laws in place to protect organizations and whistleblowers. The participants expressed that Enron was the best example of corporate fraud by which the name has become synonymous with unethical behavior. Comments from the participants included the following:

It [corporate fraud] burns me up how these CEOs and other executives can get away with malicious crimes. Fraud is prevalent in our organizations because it is allowed. I wished that companies would have strict requirements and ongoing training for executives regarding fraud and ethics. Fraud is an ugly monster that can rear its head if someone is brave enough to report it before any more damage is done. I think there are not enough people to blow the whistle on unethical acts.

Abdolmohammadi and Baker (2008) asserted that corporate fraud is a damaging paradigm to the business foundation. According to Finkel (2012), the Association of Certified Fraud Examiners reported in 2009 that businesses in the United States (U.S.) lost an average of 7% of annual revenues ($994 billion) due to fraud. Critics blame U.S. business schools for not doing enough to deter unethical behavior (Brinkmann et al., 2011; Franks & Spalding, 2013). Weber and Wasieleski (2013) confirmed that corporate fraud such as kickbacks, investment schemes, falsifying financial records creates societal distrust. Employees want to work in an environment that is trustworthy and mirrors an ethically inclined organizational culture (Abdolmohammadi & Baker, 2008). Ethical behavior is modeled from the top and disseminated throughout an organization. Leadership is the change agent that sets the tone for an ethical organizational culture (Mayer, Aquino, Greenbaum, & Kuenzi, 2012).

5.6 Theme 6: Fear of Employer Retaliation

The feedback concerning employer retaliation revealed that all of the participants were fearful to a certain degree about what would happen once they made an unethical situation known. All of the participants expressed that they found difficulty in deciding whether or not to report unethical behavior. All of the participants expressed that they sought assistance from an immediate manager, human resources, or ethics responsibility office. Of the
15 participants, 13 stated that even though they would bring an unethical situation to light, they still were fearful of employer retaliation. The 13 participants claimed that there is no protection for the employee with regard to reporting workplace ethical issues. The fear of retaliation is evident in the following comments:

People need their jobs and that is why people are afraid to speak up because there is no safe haven for speaking up about corporate fraud. People are scared. I feel a degree of fear of retaliation for what I may decide to blow the whistle on. Yes, I had to reconsider whether or not telling a manager about an ethical issue was the right thing to do. I still believe that some people are just scared to say something because they do not wholly trust their employer to protect them and their job security. I was afraid to inform my manager because I did not want to lose my job or considered a snitch.

Mayer, Nurmohamed, Trevino, Shapiro, and Schminke (2013) affirmed that employees have a difficult decision to make in regard to being fearful when reporting unethical situations. Peffer et al. (2015) noted that many employees prefer to ignore corporate wrongdoing in fear of employer retaliation. The 2013 National Business Ethics Survey conducted by the Ethics Resource Center, revealed that an estimated 40% of workers have faced a workplace ethical issue. Weber and Wasielewski (2013) affirmed that organizations encourage employees to report unethical workplace behavior. In contrast, the Ethics Resource Center (2014) reported that an estimated 35% of workers failed to report unethical behavior.

5.7 Theme 7: Expectations of Management

All fifteen of the participants expressed a negative attitude coupled with a lack of trust with management regarding the resolution of workplace ethical issues. All of the participants stated that they hold management accountable as a model of positive ethical behavior, fairness, and trust. Also, all fifteen participants explained that management is the agent of change to effectively listen and resolve ethical issues that affect the department and organization. The following responses illustrate the lack of trust with management.

My manager was blind to the issues and ignored them. I expected my manager to handle the issue fairly, listening to all involved. I believe my manager did not want to ruffle any feathers with investigating my problem. I believed my ethical problem was not important for her to see my side of the issue or try to do something about it. My expectations were minimal afterwards. Managers are supposed to be the caretaker of the department and making sure team members are working to their potential, but also helping them with any issues they have, including an ethical problem. Since you have to report to your manager, you expect them to be able to handle work related issues, not blow you off.

As displayed in Figure 2, 40% of participants stressed that management was concerned with protecting the company and its image. Six participants expressed that initially they were convinced that their voices would be heard and the issue would be resolved. Six participants clarified that their expectation of management to appreciate their coming forward was frowned upon. Six participants said that management was not on their side and the ethical issue remained unresolved and it was business as usual. Participants said that they followed proper protocol and referenced the employee handbook when needed regarding compliance and ethical issues. Despite the measures they took, all participants expressed that management was at the forefront to protect management and the company.
Hanson (2008) explained that managers lack awareness and responsibility when managing unethical behavior. Mayer et al. (2012) posited that managers lack trust and fairness when modeling ethical leadership: trust and fairness. Mayer et al. (2012) pointed out that managers’ inability to resolve ethical issues creates a lack of trust from employees. Hanson (2008) asserted that managers must do a better job of sharpening ethical awareness and negotiating skills in regard to managing unethical issues.

6. Discussion

Resolving workplace ethical issues effectively can become cumbersome in an effort for MBA professionals to remain true to their personal ethical framework while intertwining the likes of real-life corporate culture. One surprising finding expressed by all 15 participants was that managers did not resolve ethical issues as they expected. As one participant said, “I would assume that my manager has had adequate training on ethical issues at work, but from my experience, my manager didn’t take care of the problem.” Ethics training, especially for managers, can minimize employee frustration with management and improve the employee-manager relationship. Managers are the agents of the company to sustain ethical behavior of all employees. Improving managers’ ability to handle workplace ethical issues can enhance professional development initiatives provided by corporate human resources departments.

All of the participants stated that the use of a personal systematic approach alone was effective in helping them settle on a reasonable choice. Participants that used a systematic approach said that they take into consideration awareness of the problem, process all facts and information available, and assessment. However, the remaining seven participants said human resources was their primary source for assisting with ethical-decision making and did not want to go against company code of ethics regarding workplace issues. Human resources can be a guiding source of the legal ramifications that may follow when professionals go against corporate ethical guidelines.

All of the participants expressed that they used their personal reasoning process when trying to understand and decide on an ethical solution. Regarding difficulty with corporate and personal ethics, all of the participants stated that they found it difficult to stay true to their personal ethical framework while staying in alignment with company code of ethics. All 15 participants stated that whatever decision they make takes into consideration, how that decision would affect stakeholders and the organization.

Twelve of the participants revealed that their prior graduate ethics training was effective and prepared them for various workplace ethical issues. All participants said that their MBA training consisted of required ethics topics as outlined by the student handbook and the accreditation that the program held. Notable comments made by the participants illustrate the strength of their MBA ethics training in the programs attended.
I remember covering topics relating to business law, business ethics, business and society, and we studied a lot of ethical cases. My graduate program was very structured and from what I recall, we covered ethics in every course. In addition, all participants stated that their graduate course work encourage a lot group work. Oh my God, we did so much group work it was ridiculous. In the end, it was worth it because it helped you see different views of ethical issues.

The business environment calls for MBA graduates who are not only competent in their area of business specialty but also how to resolve workplace ethical issues. MBA programs need to be proactive in preparing ethical-minded professionals who are able to assess ethical issues critically and make effectives decisions.

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