

# Chapter 3

## The Foundation of (Business) Ethics' Evolution

**Ben Tran**

*Alliant International University, USA*

### ABSTRACT

*Business schools are at a crossroads, and it is time to seriously rethink or redesign business education. The purpose of this chapter is to cover the foundation of (business) ethics and the meaning of business ethics. In so doing, this chapter will cover the topic of accreditation in higher educational institutions, and the teaching of business ethics courses in higher educational institutions.*

### INTRODUCTION

Business education and higher education, according to Brink and Smith (2012), is general face criticism on several fronts and are subject to increasing scrutiny. Pringle and Michel (2007, p. 202) advised that “state legislators, parents, taxpayers, and donors want universities to justify their investments by providing evidence of student learning”. This justification seems warranted given Arum and Roksa’s (2011) compelling evidence demonstrating that undergraduate students are learning little, partly, because of the lack of rigor at institutions of higher education. In addition, possessing an MBA degree and the mastery of MBA subject matter are uncorrelated with career success (Pfeffer & Fong, 2002). Business schools are at a crossroads and it is time to seriously rethink or redesign business education (Datar, Garvin, & Cullen, 2010). The *Wall Street Journal* reported that corporate recruiters are questioning the value of the undergraduate business degree and “they’re looking for candidates with a broader academic background” (Korn, 2012). The purpose of this chapter is to cover the foundation of (business) ethics and the meaning of business ethics. In so doing, this chapter will cover the topic of accreditation in higher educational institutions, and the teaching of business ethics courses in higher educational institutions.

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## **FOUNDATION OF BUSINESS EDUCATION AND ACCREDITATION IN HIGHER EDUCATION INSTITUTIONS**

In light of criticisms regarding business education in higher education institutions, it would be prudent for business schools to assure their stakeholders of quality and accountability. Accreditation is one method of holding a program or institution accountable and demonstrating that the program/institution meets at least a minimum quality threshold. The Council for Higher Education Accreditation (CHEA) defines accreditation as “a process of external quality reviewer created and used by higher education to scrutinize colleges, universities and programs for quality assurance and quality improvement” (Eaton, 2011, p. 1). Accreditation serves several roles, two of which include “assuring quality and “engendering private sector confidence” (Eaton, 2011, p. 2-3). CHEA indicates that “accreditation in the United States is about quality assurance and quality improvement. It is a process to scrutinize higher education institutions and programs” (Eaton, 2011, p. 11).

The goal of CHEA is to assure “that accrediting organizations contribute to maintaining and improving academic quality” (Eaton, 2011, p. 9). CHEA’s role is to review and scrutinize the quality and effectiveness of accreditors and *recognize* them. CHEA does not accredit institutions or programs, rather, CHEA accredits that accreditors. CHEA recognizes sixty institutional and programmatic accrediting organizations, including three [levels (gold, silver, and bronze)] that accredit business programs: the Association to Advance Collegiate Schools of Business (AACSB) International, the Accreditation Council for Business Schools and Program (ACBSP), and the International Assembly for Collegiate Business Education (IACBE). Hence, a higher educational institution receiving regional accreditation does not necessary translate to the same higher educational institution receiving one of the three levels of accreditation for its business program.

Currently, there are six regional accrediting agencies for educational institutions in the United States:

1. Middle States Association of Colleges and Schools [(Middle States Association, MSACS, or MSA) which covers educational institutions in New York, New Jersey, Pennsylvania, Delaware, Maryland, the District of Columbia, Puerto Rico, and the US Virgin Islands, as well as schools for American children in Europe, North Africa, and the Middle East),
2. New England Association of Schools and Colleges, Inc. [(NEASC) which covers educational institutions in the six New England states (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont)],
3. Higher Learning Commission (formerly part of the North Central Association of Colleges and Schools and covers educational institutions in Arkansas, Arizona, Colorado, Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, North Dakota, Nebraska, New Mexico, Ohio, Oklahoma, South Dakota, Wisconsin, West Virginia, and Wyoming),
4. Northwest Accreditation Commission (NWAC), formerly known as the Northwest Association of Accredited Schools, is for primary and secondary schools and Northwest Commission on Colleges and Universities (NWCCU) for postsecondary institutions in Alaska, Idaho, Montana, Nevada, Oregon, Utah, and Washington,
5. Southern Association of Colleges and Schools [(SACS) which covers educational institutions in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas and Virginia], and

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