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Today's Ethical Issues: A Perspective from Accounting, Finance, Management, and Marketing

Ann E. Tenbrunsel

The collection of papers in this issue represents the efforts of eight business school academics who took me up on a challenge. These faculty members were asked to discuss the ethical implications of their research field. The challenge lay in that they were not, and are not, ethicists *per se*. Rather, they were identified as engaging in interesting scholarly work which, in addition to having import value for their own field, also was important for those interested in the ethical dimensions of business. Their ideas were first presented at the *Ethical Dimensions in Business: Reflections from the Academic Community*, which was held on November 17th and 18th at the University of Notre Dame. Following the conference, these ideas were refined and put down on paper. This set of articles is the result of that effort.

This is the third time this conference has been held. Across the years, there has been significant diversity in the areas within the business arena that have been addressed and even the topics addressed within the same area. However, there has been a common thread, a constant, amidst all of this diversity. That constant is the new ideas that have been sparked and the identification of fruitful research areas.

Ann E. Tenbrunsel (Ph.D. Northwestern University) is a professor in the Mendoza College of Business at The University of Notre Dame and is the Arthur F. and Mary J. O'Neil co-director of the Institute for Ethical Business Worldwide. Her research interests focus on decision making and negotiations with a particular emphasis in ethics. She is the co-editor of three books on these topics and has published her research in a variety of journals, including Administrative Science Quarterly, Academy of Management Review, Academy of Management Journal, Organizational Behavior and Human Decision Processes, Journal of Applied Psychology, and Journal of Personality and Social Psychology.

In Roger Martin's, "Through the ethics looking glass: Another view of auditors and ethics," the examination of ethics from an accounting perspective is given a new face. The many discussions on ethics in the accounting field have examined the various reasons as to why accountants might behave unethically, including their ethical values, their relationship with the organization they audit, and the incentive structure that motivates their behavior. Martin identifies a different yet equally important perspective to consider, namely the responsibility of the auditor to recognize the ethical dilemmas their clients may face and detect whether the client has behaved unethically. Thus, in addition to the pressure to behave ethically, the auditor must also serve as an ethical detective. Such a perspective offers new and crucial avenues for future work, including understanding which factors impact detection of unethical behavior, the impact that trust has on such detection, and the most effective way of training auditors to recognize unethical behavior.

A review of the current ethics learning environment for accounting professionals is provided by Kevin Misciewicz in his essay entitled, "The normative impact of CPS firms, professional organizations and state boards on accounting ethics education." The problems associated with that learning curve are identified, including the inconsistencies in approaches to teaching, particularly those at the state level. Perhaps the biggest problem, though, is identified in the discussion of future research avenues. Most disturbing, and hence most deserving of attention, is the call to understand the lower-than-average moral reasoning ability of the accounting profession.

Todd Houge and Jay Wellman, in "The use and abuse of mutual fund expenses," investigate the ethical implications of expenses associated with mutual funds. Such expenses, which have been shown to go unnoticed by investors, serve to reduce the wealth of investors. Their research implies that mutual fund companies use buyer sophistication (or lack thereof) to determine the expenses associated with a particular fund. Load funds, traditionally purchased by less-sophisticated buyers, are charged higher expenses than no-load funds that are generally associated with more sophisticated buyers. The end result, they argue, is that the wealth of the less sophisticated buyer will be reduced in comparison to their more sophisticated counterpart. In addition to proposing one mechanism for the widening gap between the rich and the poor, their research raises interesting cognitive questions related to "noticeability" (i.e., what influences whether an investor notices the expenses?) as well as normative concerns over using information on another's shortcomings (i.e., lack of awareness of expenses) to produce profit for oneself.

In the essay, "The mutual fund incubation and the role of the securities and exchange commission", Carl Ackerman and Tim Loughran raise ethical questions about the standard practice of reporting incubator funds. Companies managing these funds are purporated to engage in selective disclosure, reporting only successful incubator funds while concealing unsuccessful ones and purposefully selecting the most positive timeframe within which to publish the successful results. This issue identifies a host of ethical questions, highlighting selective disclousure as an acceptable of potentially unethical aspect of product marketing as well as the responsibilities of the consumer versus the organization (i.e., is it "buyer beware?"). Their discussion also raises an interesting question with regard to the role of the Securities and Exchange Commission. More specifically, does the presence of the SEC and their acceptance of this practice send a signal to fund companies that misleading reporting and deceptive behavior is an accepted way of doing business?

The ethical, social and religious implications of the economic theory of the consumer is highlighted in Mark Nixon's "Satisfaction for whom? Freedom for what? Theology and the economic theory of the consumer." In this essay, Nixon argues that the economic theory of the consumer, which contains at its core individual satisfaction as the primary objective, has become a new ideology, an ideology which is harmful to society. Ignored Nixon argues, is the communal context of human existence, a long-term perspective and the negative implications of individual ownership. Nixon's article highlights a fundamental issue in business research – namely, the subtle and often unknowing influence that core theories have on academic scholarship, business education, and in turn, society. Equally important, the article also highlights what is ignored in our theories, namely the large proportion of society who do not have the resources to engage in consumer behavior. These issues suggest that future efforts designed to critically examine our core theories and assumptions would not only be helpful but are crucial.

John Weber, in "Business Ethics Training: Insights from Learning Theory" takes a comprehensive look at inductive ethics training and in doing so, identifies key components of an ethics training initiative. Drawing on the educational psychology and learning theory literatures, Weber builds on the assumption that the ultimate goal is to move managers along the moral development curve by increasing the extent to which "other-focused" behavior is a determinant in their decision making. His paper calls for additional work that measures the effectiveness of ethics training in general and inductive learning in particular, a call that is needed in the wake of ethics training being identified as one of the solutions to current ethical misconduct. At least as important, Weber's paper highlights the debate between this type of prescribed, example-based training on the one hand and the notion of moral absolutes from normative ethics on the other.

Paul Godfrey and Nile Hatch tackle the conceptual issues associated with corporate social responsibility in their article, "Researching corporate social responsibility: An agenda for the 21st century." They aptly identify the various disciplinarian approaches to corporate social responsibility, from economics on the one end to moral philosophy on the other, and the resulting models and theories created by their juxtaposition. By examining these approaches together and recognizing the merits of each, they offer crucial issues for future research. Included among those issues are the need to uncover the link between social responsibility and firm performance (with suggestions for how to do so), identify and address destructive stakeholder demands, understand the meaning of corporate social responsibility in the international world, and balance investment between not only social projects and more strategic projects but also among social projects themselves.

Jim Davis, John, Ruhe, Monle Lee and Ujvala Urajadhy explore the connection between mission statements and the ethical orientation of students in their article ''Mission possible: Do school mission statements work?'' This exploration reveals that university mission statements that contain ethical statements lead to increased importance of character traits and a perception of increased character reinforcement. This research certainly raises the basic question of mission statement content but a potentially more intriguing area for future research is revealed by the inherent questions of causality. Do mission statements really work or are they a proxy for selection? In other words, do mission statements that focus on ethical values change individuals perceptions and beliefs regarding the importance of ethicality or do they simply reflect the type of student that is likely to attend the university? Answering these questions will be important as they will help to determine whether mission statements (and perhaps codes of conduct) are merely useful as a marketing tool or whether they have some impact on changing beliefs.

These fresh approaches to ethical dimensions in business are exciting. I have laid out the implications that these papers have raised for me as I look through my lens of the social psychology involved in ethical decisions. Doubtless, there are countless other implications when viewed through different lenses. Whatever the perspective, these ideas should invigorate and motivate new theoretical and empirical research in business ethics.

University of Notre Dame,
223 MCOB, Notre Dame,
IN, 46556-0399,
U.S.A.
E-mail: atenbrun@nd.edu