THE IMPORTANCE OF SELF-EFFICACY IN ETHICAL EDUCATION FOR BUSINESS UNDERGRADUATES

By

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ABSTRACT

Events over the past decade or so have resulted in new efforts to expand ethics education in business schools throughout the United States. While the debate rages on concerning the viability of teaching ethics and the potentiality for making a difference in the ethical decision making thought process, the need to influence ethical decision making in the business community cannot be underestimated. Self-efficacy is one area that has proven to influence both academic achievement and ethical decision making. This article reviews selected scholarship on self-efficacy in regards to the learning process and in relation to ethics. While results indicate a significant link between self-efficacy and academic achievement as well as a significant link between self-efficacy and ethical behavior, further empirical study is needed to build on the body of available research.

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INTRODUCTION

Over the past decade, we have rediscovered the importance of developing and maintaining ethical reasoning skills in business. This rediscovered interest in ethics came as a result of a number of highly publicized ethical failings in the business community. Perhaps the poster child of unethical behavior in business was Enron, a former one hundred billion dollar energy trading company, which went bankrupt in December of 2001. Enron created a culture of unethical behavior from the energy traders who manipulated energy markets (to the detriment of consumers and municipalities) to the higher levels of management who signed off on fraudulent financial statements.

It is interesting to note that Enron was not without a corporate code of ethics. In fact, the Enron code of ethics was sixty-four pages long and was based on several Boy Scout values. However, while some corporate codes of ethics provide for enforcement and are effective at helping build an ethical culture within the company, this code of ethics was apparently only for show. As demonstrated in a segment of the CBS evening news, the culture at Enron was one of manipulation, fraud, greed and arrogance. In the news segment, Enron energy traders were shown moving energy out of markets and causing power plants to go down so that they could capitalize on resulting higher energy prices.

Although the collapse of Enron was not directly due to the arrogance and manipulation of the energy traders, those actions were symbolic of the unethical corporate culture rampant at the company. In fact, the failure of Enron was directly due to fraudulent financial statements reflecting a certain level of performance that was simply not accurate. When the fraud came to light, investors bailed and the stock price dropped from over eighty dollars a share to ten cents a share. Eventually Enron could not pay its debt to its shareholders and was forced to file for bankruptcy.

The Sarbanes-Oxley Act of 2002, also known as the Corporate and Auditing Accountability and Responsibility Act, was enacted in response to the scandals of Enron, Worldcom, Tyco and others. The Act addresses eleven important elements of corporate ethical behavior including Corporate Responsibility, Independent Auditing, Enhanced Financial Disclosures, among others. The long term effect of Sarbanes-Oxley has been widely debated, with support from those who feel that the Act helps rebuild investor confidence in publicly traded companies and opposition from those who see the Act as an unnecessary interference into corporate management. Whatever the view on Sarbanes-Oxley, it cannot be denied that a business without an ethical foundation is a business that will ultimately fail due to mistrust and suspicion. The importance of developing ethical business leaders cannot be underestimated for the future of American business.

TEACHING ETHICS TO BUSINESS SCHOOL STUDENTS

With this newly re-discovered interest in developing ethical business leaders, most college undergraduate business programs have expanded their offerings in business ethics and/or have incorporated ethics into their academic program. When it comes to teaching ethics to business school students there are two major questions to be answered concerning the appropriateness of ethical training and instruction. One, can “ethics,” or moral reasoning, be taught in the first place? Two, what is the most effective means by which ethics is taught?
The ancient Greek philosopher Socrates was perhaps the first academic to believe that ethics could be taught. Most Greeks in the fifth century B.C.E. would argue that doing the right thing involved simply following requirements directed by the gods and goddesses. Socrates, however, would eagerly debate this hypothesis in the public square emphasizing the importance of critical thinking over superstition in matters of ethics and morality. The citizens of Athens enjoyed witnessing Socrates debate other intellectuals and they learned something from the process. This form of educated debate became known as the Socratic method of instruction. When issues are discussed or debated, a hypothesis that leads to contradictions can be eliminated and a better hypothesis can take its place. Socratic instruction is used in American law schools today to stimulate the student’s ability to think and argue logically. It is this form of instruction that works well in helping students develop ethical/moral reasoning skills.

Socrates was perhaps the first to theorize that ethical reasoning, as part of the critical thinking process, was something that could be learned, but he was certainly not the last. Psychologist James Rest, following up on research originally produced by Lawrence Kohlberg in his 1958 dissertation which laid out the stages of moral development, also expressed the value of ethical education and training. James Rest conducted his own research in moral and ethical development, and developed the Defining Issues Test which uses a Likert-type scale to provide quantitative rankings to five moral dilemmas.

The original Defining Issues Test consists of six ethical questions designed to stimulate ethical reasoning. For example, should a man steal a drug from an inventor in town to save his wife who is dying and needs the drug? With each question participants are given twelve issue statements that are applicable to the situation and then asked to rate those issue statements in terms of importance. The data is used to identify the particular schema the participants use to make moral decisions.

Through his research Rest also identified four key psychological components that need to be developed in order for a person to become morally and ethically mature. The four required components are moral sensitivity, moral judgment, moral motivation and moral character. Rest believed that moral education should be involved in each one of these components. Rest supported a partnership between psychologists and ethics instructors in order to help students improve understanding and proficiency in these four areas, and most especially in the areas of moral sensitivity and critical thinking. An improvement in sensitivity/awareness and critical thinking should lead to an improvement in ethical behavior. While many scholars have debated whether or not ethical education actually does lead to ethical behavior, psychologists such as James Rest and Lawrence Kohlberg as well as ancient philosophers such as Socrates, certainly emphasized the impact ethical awareness and understanding can have on behavior. Educating business school students in ethical decision-making is an important aspect of their overall educational experience, and is just as meaningful to future business success as management, finance, accounting and marketing courses. However, one question remains: what are factors that can make ethics education more successful in impacting the future decisions of business school students? If business schools really want to equip students for ethical leadership, educators have to understand the important dynamics that can affect the learning process. In this paper, the importance of self-efficacy is linked to a student’s understanding of ethical sensitivity and their personal motivation to make ethical decisions. Just as self-efficacy has been shown to have a strong connection to academic performance self-efficacy also bears a strong positive relationship to ethical motivation and decision making.
THE IMPORTANCE OF SELF Efficacy IN LEARNING

There have been a limited number of academic research studies specifically examining the importance of self-efficacy in the learning process, although such research has steadily been increasing. Self-efficacy refers to an individual’s judgment of their own capability to achieve a certain performance benchmark. Related to the social learning theory and self-regulated learning theory, self-efficacy reflects an internal conviction that the student has the ability to reach a desired outcome if they engage in certain behavior. For example, high self-efficacy individuals describe those individuals who believe that they have meaningful control over their lives and have confidence that they can meet certain goals through their own efforts.

In 2007, Kitsantas and Zimmerman studied the impact of homework, and also the student’s attitude concerning homework, on grades among a group of college students using self-efficacy as one of their mediated variables. A total of 223 college students from a major state university, enrolled in six sections of an introductory educational psychology, participated in the study. The study was a qualitative study in nature which included survey instruments such as: personal data questionnaire, homework survey, quality of homework scale, self-efficacy for learning form, perceived responsibility for learning scale. The scales were administered during a regular class at the beginning of the fall semester and the students’ grades were obtained from school records at the end of the semester. Results of the study indicated that the quality of students’ homework is significantly related to their development of better study habits. Overall, the results also revealed significant mediational roles for self-efficacy for learning. As the authors state: “Assigning and encouraging college students to complete their homework can improve their self-efficacy beliefs about learning, which in turn leads students to take more responsibility for their academic outcomes.”

In sum, the Kitsantas-Zimmerman study found that high self-efficacy beliefs led to higher quality in the student homework which led to higher grades. They found further that self-efficacy for learning was a better predictor for academic success than perceived responsibility, one of their other mediated variables, recording that “the findings of the present study indicate that there are important psychological benefits of homework on college students’ development, as independent learners with better study skills and greater self-efficacy beliefs and responsibility toward learning.”

The Kitsantas study supports the proposition that self-efficacy is closely related to motivation. When students feel a certain autonomy and control for their own success, the motivation they develop to succeed at certain tasks is increased. In their article entitled The Psychology of Academic Achievement, Phillip Winne and John Nesbit conduct a literature review to examine psychological influences behind the learning process and discuss the important connection of metacognition and self-regulated learning. In discussing the motivation factor, the authors state that: “motivation is conceptualized as a factor that influences learning.”

The specific motivational elements they address in the article include achievement goals, interests, and epistematic beliefs. While self-efficacy is not specifically addressed as one of the motivational elements, self-efficacy is suggested with the discussion of epistematic beliefs. Epistematic beliefs “describe views a learner holds about features that distinguish information from knowledge, how knowledge originates, and whether and how knowledge changes.”

In another study examining academic motivation, Van Ettan, Pressley and Maclnernay used an ethnographic interview process to study factors impacting motivation among college seniors. While this study was limited in scope, consisting of ninety-one seniors in a selective...
admissions college in the Northeastern United States, the results revealed some salient perspectives about motivation. Students, through the self-reporting interview process, reported that there were many variables that can and do affect their academic motivation. The students suggested that their personal goals of graduating and earning good grades became their primary target goals during their senior year.

Pertinent to the discussion of self-efficacy and learning is one important underlying factor that a student’s personal thoughts regarding autonomy greatly impact their desire to perform well in the classroom. “The seniors in this study reported that their thinking was very important in determining academic motivation. This category comprises five different beliefs or thinking process. The first category was student belief about control. The seniors in this study contended that they were more motivated when they believed that they had control or choices in their academic work.”

They continued this line of discussion to address the impact of effort and academic strategy on performance. This study of college seniors further reveals the connection between self-efficacy and academic performance. In the students self-reporting, they reflected a belief in the strong connection between effort and academic performance as well as the importance of an adequate and efficient study strategy. As the authors report: “Although the seniors recognized that ability can affect academic performance, they believed that with effort and efficient strategies, most college students can do well.” The internal viewpoint that most college students are in control of their own academic destiny cannot be underestimated in the link between self-efficacy and academic performance. While, the researchers feely admit that this is one area that is in need of further study, there is solid affirmation regarding that strong connection.

Given the limited scope of these two empirical studies and the research limitations addressed in the Winne-Nesbit article, additional studies with different student demographics would enhance the evidenced link between self-efficacy and motivation as well as the link between motivation and academic success. Notwithstanding this research void, the studies do reveal the importance of a student’s own perception concerning their role in the learning process. A student’s belief that they can achieve success if they put forth the effort, greatly impacts their reception of knowledge and resulting academic achievement.

**The Importance of Self-Efficacy in Ethical Behavior**

Although there has been an ever-evolving interest in studying the link between self-efficacy and academic achievement, there have been a very limited number of studies examining the connection between self-efficacy and ethical behavior. Albert Bandura, in a groundbreaking work on self-efficacy written in 1977, described four component of self-efficacy: past performance, vicarious experience and social observation, communicative persuasion, and psychological state. These four components greatly impact the learning process, and that link has been studied over the past thirty to forty years, but little research has been conducted to demonstrate a link between self-efficacy and ethical behavior.

One research study from Griffith University in Australia conducted by James Ogilvie and Anna Stewart, used a scenario-based questionnaire to study the impact of situational factors and individual differences on ethical behavior. Participants for the study were undergraduate university students non-randomly recruited across all academic disciples and year levels. While
964 questionnaires were returned, only 536 were included in the study (first semester students and students who did not complete the questionnaire in its entirety were excluded).

The study was designed to analyze the relationship between student self-efficacy and academic misconduct while also discussing the rational choice model of perceptual deterrence theory. According to the authors, “the primary aim of the present study was to improve knowledge concerning how individual differences and situational factors interact to influence engagement in misconduct, using individual-level constructs directly relevant to explaining academic behavior (i.e., academic self-efficacy to explain plagiarism).”

The scenario-based questionnaire, given through an online survey website, incorporated four scenarios randomly distributed, and designed to manipulate both the certainty of detection and the severity of sanctions. The four scenarios utilized the concepts of certainty and severity put together in four different combinations including: high certainty and high severity, high certainty and low severity, low certainty and high severity, and low certainty and low severity. The independent variables consisted of academic self-efficacy (measured with the Academic Self-Efficacy Scale), perceived sanction, perceived benefit, perceived shame, prior behavior and demographic information, while the dependent variable reflected the student’s self-report concerning the probability of personal participation in plagiarism. This intent to engage in plagiarism was measured on a 0 to 10 point scale.

The results of the study revealed an inverse relationship between academic self-efficacy and plagiarism, and provided evidence that academic self-efficacy actually moderated the effects of deterrence perceptions on intentions to engage in plagiarism. In the words of the researchers, “low academic self-efficacy was found to be a significant predictor of higher probabilities of engaging in plagiarism, even in the presence of situational-level deterrence perceptions. This finding lends further support to the utility of self-efficacy as a predictor of student misconduct in university settings.” In addition, deterrence perceptions basically had no effect on plagiarism intentions among low academic self-efficacy students but significant effects on moderate to high academic self-efficacy students. The results highlight the significance of the interaction between situational and individual characteristics on decisions to engage in unethical behavior.

In another study examining the link between self-efficacy and ethical behavior, Jonathan Nelson, Laura Wheeler Poms, and Paige Wolf, all from George Mason University, conducted survey based research using a large class of organizational behavior students. A total 564 students participated in the research by completing a pre-class and post-class survey addressing diversity and ethics, self-efficacy and attitudes. The ultimate goal of the study was to assess techniques and methods for developing self-efficacy in regards to ethics for undergraduate management students.

For the purpose of the study, Nelson, Poms and Wolf specifically targeted efficacy beliefs related to ethics and diversity. The researchers presented two learning modules on ethics and diversity to a class of undergraduate management students and included a critical thinking writing assignment requiring students “to propose and evaluate a program that appropriately managed ethics or diversity.” Two modules were designed and instructed, as part of a comprehensive course in management, touching on the specific issues of (1) ethics and (2) diversity. As part of the instructional method, examples were shown, via video, to demonstrate appropriate handling of ethics and diversity issues. The two primary hypotheses were as follows: “Self-efficacy for dealing with ethics management will increase over the course of the class and that self-efficacy for dealing with diversity management will increase.” Similarly,
the researchers also hypothesized that the completion of the writing assignment would lead to greater self-efficacy in managing ethics and that completion of the writing assignment on the topic of diversity would lead to greater self-efficacy for managing diversity. The results of the study supported both of the primary hypotheses as well as the secondary hypotheses. The authors record that: “Students’ self-efficacy for ethics management improved between the beginning and end of the course. Likewise, students’ self-efficacy for managing diversity improved between the beginning and end of the course.” Results also indicated that completion of the critical thinking writing assignment, whether in ethics or in diversity, led to higher posttest scores in the respective areas.

The authors do recognize several limitations with the study. There was a lack of a strict control group, students were not randomly assigned to either ethics or diversity coursework, and the research did not allow for actual observance within a workplace. Despite these limitations, the authors “found considerable support that ethics and diversity management efficacy beliefs could be developed through course content and a focused writing assignment.” The study provides specific evidence that self-efficacy in ethics and diversity bears a significant impact on ethical behavior and/or interest in diversity initiatives.

In 2012, Mark Bing, H. Kristl Davison, Scott J. Vitell, Anthony P. Ammeter, Bart L. Garner, and Milorad M. Novicevic, all from the University of Mississippi, conducted a study of 104 business undergraduates in a sophomore-level management information systems course to examine the interactive impact of situational presentations and self-perceived cognitive ability on cheating. Throughout the semester, students, as individuals, were required to complete online homework exercises in Microsoft Word, Excel, Access and Powerpoint. The online homework assignments included an embedded code that would be analyzed at the end of the study to reveal any instances of cheating.

At the beginning of the course, the students were divided into four different groups. The control group was Group 1 and the members of this group were shown a video of the course instructor simply thanking them for taking the surveys without any statement regarding the honor code or any warning as to the repercussions for cheating. Group 2 was shown a video of the course instructor reciting the Business School’s Academic Integrity Statement (the honor code) verbatim, however the instructor did not provide a warning concerning the detection of cheating. Group 3 was shown a video of the course instructor providing a realistic course warning of how cheating is detected. In this version, however, there was no reminder of the honor code. Group 4 was shown a video of the course instructor, which provided both a recitation of the Academic Integrity Statement as well as a warning of how cheating is detected and punished.

Results of the study demonstrate a couple of revealing concepts regarding a student’s probability of cheating. One, the results indicate that an honor code alone is not enough to prevent students from cheating, and, two, students with higher perceived cognitive ability had the fewest incidents of cheating. The study revealed that nearly fifty percent of students who did not receive either an honor code reminder or realistic course warning cheated on one or more assignments while only eleven percent of the students who received both an honor code reminder and a realistic course warning cheated on the assignments. The students who received an honor code reminder only had a twenty-eight percent occurrence of cheating.

While the Bing, et. al. study did not specifically measure self-efficacy, the study did address a more general determinant of unethical behavior, self perceived cognitive ability. These findings with respect to self-perceived cognitive ability suggest other potential avenues for the
reduction of academic cheating, as well as future research directions. Students who perceive their cognitive ability to be higher cheat less, presumably because they do not feel the need to cheat in order to receive a good grade in a course. In contrast, those students who perceive their cognitive ability to be lower cheat more, again most likely because they feel they lack the ability to be successful in the course without cheating. The authors conclude that: “It is possible, therefore, that an intervention at the beginning of a course to increase students’ perceived academic ability, or perhaps their self-efficacy, might reduce cheating.”

Further empirical data regarding the link between self-efficacy and ethical behavior comes from a 2003 study of 939 adult students in executive management programs which found that self-efficacy directly influences the potentiality for internal whistleblowing. Researchers Brent McNabb and Reginald Worthley, with the University of Sydney and University of Hawaii respectively, used two survey instruments incorporating a Likert scale to measure general self-efficacy beliefs and attitudes for internal whistleblowing. Resulting data revealed a direct relationship between self-efficacy and whistleblowing however results were inconclusive in determining whether management and work experience bear a significant direct relationship to internal whistleblowing. The authors recognize that while their research effort “breaks new ground in verifying links between self-efficacy and whistleblowing, there is still a need for more understanding.”

CONCLUSION

While current research is limited in volume and in scope, the hypothesis that self-efficacy impacts ethical behavior cannot be overlooked. Just as a student’s self-efficacy impacts academic performance, a small number of empirical studies have revealed that self-efficacy plays an important role in ethical decision making for students and professionals alike. Results examined in this paper indicate a significant link between self-efficacy and academic achievement as well as a significant link between self-efficacy and ethical behavior. However, further empirical study is needed to build on the body of available research. With the continued debate over the viability of teaching ethics, understanding the impact of self efficacy can aid teachers in providing the most appropriate instruction for business school students in the areas of ethics and ethical decision making.

3 Michael Miller, Enron's Ethics Code Reads Like Fiction, Columbus Business First. April 1, 2002.
4 Roberts, supra. note 2.
5 Healy and Palepu, supra. note 1.
6 Roberts, supra. note 2.
8 Id.
9 Id.


12 Id.


14 Knox, *supra.*, note 11


17 Id.

18 Id.

19 Id.

20 Id.


24 Id.


26 Id.

27 Id.

28 Id.

29 Id.

30 Id.

31 Winne, *supra* note 22.

32 Id.


34 Id.

35 Id.

36 Id.

37 Id.

38 Id.

39 Id.


41 Id.

42 Id.

