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ORIENTING BUSINESS STUDENTS TO NAVIGATE THE SHOALS OF CORRUPTION IN PRACTICE

Management education as a corruption mitigation tool

Unquestionably, alleviating the severe economic consequences of corruption for society is a contemporary critical issue; though impending global crises also stem from other sources such as a neglect of ecological sustainability (Wankel & Stoner, 2008; Stoner & Wankel, 2008) and the growing economic divide of rich and poor nations (Wankel, 2008; Stoner & Wankel, 2007). Organizations and society recognize that corruption in business must be mitigated. This realization leads employers to demand that business schools meaningfully train students in ethics. However, the perception that business school curricula still do not adequately cover ethics is widespread even among leaders of business schools (Nicholson & DeMoss, 2009).

Yet it is clear that many business schools around the world are not grounding their curricula on a foundation of ethics (Krehmeyer, 2007). Rather, it has been found that fifty-six percent of MBA students reported having cheated in their classes (McCabe, Butterfield, & Treviño, 2006). Such unethical behavior when brought by graduating students into business has affects all other parts of society profoundly (Shin & Harman, 2009).

As MBA programs proliferate, the emphasis on integrating ethics education into graduate business curricula actually is diminishing. Cornelius et al (2007) suggest this is because MBA programs are reducing the number of required courses to be more competitive, and ethics happens to be one of the key casualties. Also, the

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stakeholders of business schools seem to be accept superficial inclusion of ethics in degree programs rather than plumb more deeply to assure that it is meaningfully and thoroughly included. There is an inadequate number of faculty in business schools as they exist qualified to skillfully incorporate ethical issues into their teaching. That is, many case studies have ethical implications that might not be focal in the mind of functional experts who might focus marketing or financial or economic or strategic issues to the determent of importantly bringing in ethical ones. Indeed, Cornelius et al (2007) found that business faculty include ethical dimensions of the course topics only to a meager extent in their curricula and largely do not restructure their courses to make ethical implications integral to the courses.

Business students are generally not brought to see that in their careers their might well be a connection between ethical business behavior and success for themselves and their businesses (Luthar & Karri, 2005). Maintaining the moral high ground in intensively competitive markets has been found to be mired in many difficulties when consumers and suppliers, as well as competitors, are very proactive (Grant, 2008; Hosmer & Bordelon, 2006; Henderson, 2007).

The myopia and corruption that ultimately led to the global recession sparked by ethically untenable actions in American financial institutions at the end of the first decade of the 21st century (Peters, 2009) is but one additional indicator of this need (Sauser, 2004). Unfortunately, research has confirmed that business students have a propensity to engage in unethical behavior, greed, and Machiavellianism (Tang, 2008). Many business students predicate their orientation towards acting unethically on the misguided perception that doing so is in harmony with the norms of their peers (Wilson, 2008). Therefore, changing these norms while they are still in the group situation of a business degree program might be wise. The openness to value change of business students in the post-recession moment should be seized as a time for realignment of ethical values of their cohort. The more streamlined organizational situations that graduating students might enter with lower than previous profitability levels might be in businesses more receptive to reducing their involvement in corruption (Campbell, 2007). Although not everyone believes that ethics is something trainable, it is imperative to attempt to do so (Colson, 1999).

Integrating ethical dimensions into business curricula

Organizations and societies recognize that ethically and socially responsible behavior is a crucial underpinning of good business practice. This realization is leading employers around the world to expect and demand that business schools train students in ethics and social responsibility. Research, however, is mixed on how well business schools are responding to these pressures. Nicholson & DeMoss (2009) assessed the perceptions of curriculum coordinators (e.g., department chairs, program administrators) on the level of inclusion of ethics and social responsibility in specific business programs and majors. They found that there is a perceived deficiency in the degree of integration of business ethics and social responsibility into various business disciplines. Christensen (2007) found that 84% of top MBA programs require an ethics component in their curriculum. Many of them have it as a stand-alone course or one combined with sustainability issues. Other leading business programs apply ethics and social responsibility issues across their curriculum. Ethics education is migrating from being in a course focused on related issues to being integrated across the undergraduate and graduate curricula (Cornelius, et al, 2007).

One approach is to integrate business ethics only into the core functional courses rather than all courses in a program. This has the advantage of limiting the number of faculty instructors who need to be mentored in teaching ethical issues (Baetz & Sharp, 2004). Of course, there is a literature on ethical issues associated with each of the functional areas taught in business schools. For example, there is a large literature on ethical issues associated with managing information technology. This suggests that it might be best to provide training in incorporating ethical dimensions into teaching by department, rather than have a one-size-fits-all school-wide instructional training program (Taylor, Moynihan, Mcwilliam, & Gresty, 2004).

Role models and authority figures

Students at undergraduate and graduate levels need to emulate the positive, constructive behavior seen in their role models and authority figures. In order to do so, they need to observe faculty members consistently engaging in trustworthy behavior. It is counterproductive to see faculty members employing unethical behavior, such as: not keeping their posted office hours, being arbitrary and subjective in grading assignments, slighting their teaching responsibility in favor of private consulting, gossiping to gain political advantage, openly discussing students' performance and records, plagiarizing the work of their students, skipping meetings, or adding colleagues as coauthors despite that person's possible lack of a corresponding contribution to the endeavor (McKay, Kidwell, & Kling, 2007).

In similar manner, authority figures and captains of industry must serve as models of appropriate business behavior. Simple, compelling directives often serve as guidelines that both employees and students of business need. For example, management's proclamation of a list of "do's and don'ts" might be largely ignored by organizational members. There are, however, powerful psychological tendencies associated with the directives of authority figures (Milgram, 1974) rooted in Freudian and

Jungian byways of the mind. Students should understand that, rather than companies *per se* being guilty or not guilty of unethical conduct, the specific managers and others who carry out the conduct in the name of the organization are the ones who will be held culpable (Field, 2006). An entire industry need not suffer at the hand of unscrupulous members.

Value of an ethical corporate culture

People working in organizations find themselves in corporate cultures. These are micro-cultures of industries, localities, and national economies, and those in turn are components of the global business culture. Thus, thinking that one can succeed in changing an organization's culture given its ongoing dynamic interaction with other cultural forces on occasion must be tempered. In most cases, being ethical is perceived by customers, governments, suppliers, potential job recruits, and communities as quite a valuable and important characteristic (Waddock & Graves, 1997). Therefore, the creation of an ethical corporate culture that is reflected as such in transactions with stakeholders is important and valuable (Baker, Hunt, & Andrews, 2006). Indeed, rather than acting oblivious to the wider values and norms of their work contexts, people in organizations are cued by the values and expectations of the people there (Bandura, 1977). Many have reported on the development of ethical corporate cultures. Modalities for engendering such a situation include role modeling and the explicit development and communication of corporate policies regarding the rewards and punishments that might be expected by those who are ethical or unethical in an organization.

Dialogue, role play, games, action learning, and site visits to promote value change

Since a corporate culture is largely a reflection of the shared values of the members of an organization, changing the values of those entering into organizations is one way to spark organizational culture change in the future. One technique used to foster value change is the creation of a Socratic dialogue within a supportive learning environment. Such a dialogue can foster the identification and testing of the assumptions and beliefs of learners and also illustrates inadequacies in superficial thinking about ethical problems. Students can learn how to create an "internal checklist" that allows them to examine their beliefs and enables them to better prepare to evaluate arguments about the acceptability of certain corrupt practices. Such a technique might occur in a classroom setting using structured role play. Morrell

(2004) provides teaching agendas with suggestions on how to employ Socratic dialogues in teaching business ethics and examining language structures and practices (Sims, 2004). Students might be sensitized to the social unacceptability of corporate crime in classroom discussions with their peers. It should be made apparent that it is socially unacceptable to be involved in any form of corporate crime (Sliter, 2007). Another approach, also employing role play, would be grounded in game theory. Millennial students often come with extensive experience in role-playing games, such as *Dungeons & Dragons*, *Legend of Zelda*, *Final Fantasy*, and *World of Warcraft*, which would provide a ready enthusiastic core cadre for games structured around such ethical issues as the "Prisoner's Dilemma" (Gibson, 2003).

Also, it is possible to have a more improvised role play leveraging experiences of instructors and students through a reflexive critical action learning (Hartog, 2004). Beyond classroom role playing, learners can work in real-world projects where deeper levels of concern can be developed, such as service learning projects (Nielsen, 2001; Vega, 2007; McCarthy, Tucker, & Dean, 2002). Approaches to clarifying the on-occasion horrendous negative consequences associated with unethical business behavior have included required visits by MBA students to prisons, where they interviewed white-collar criminals (Merritt, 2004). Business schools should undertake practical projects whereby students work with companies in helping them to develop ethical approaches to business (Wankel & DeFillippi, 2005).

Rewards and motivating ethical behavior

The incentive-compensation system of organizations is well-known for motivating behavior. Indeed, rewards and punishments motivate all creatures (Skinner, 1972). Often, though, managers are perplexed that behaviors they find dismaying are burgeoning despite reward regimens. That is, they reward one behavior while expecting the repetition of another ethical standard (Kerr, 1975). For example, they might reward an increase in sales while hoping for an increase in ethical treatment of customers. Examples of how adherence to high ethical standards and expectations resulted in bountiful career successes should be included in management education. It should be pointed out that the more subtle benefits of whistle-blowing are often the personal satisfaction of being someone of high integrity who has made a positive difference in the world.

Raised legal sanctions are leading to more strong corporate compliance and ethics programs

The annual cost of business crime in the United States is about a trillion dollars (ACFE, 2008). The costs of security and litigation are also huge. The level of criminal activity affecting business might not be starkly apparent to most people. Companies of all sizes are targeted for such crimes as money laundering, intellectual property theft, and embezzlement. The reality is that the United States Chamber of Commerce reported business ventures of less than $5 million in sales will be 35 times more likely to become victims of business crime than more prominent larger firms (Bressler & Bressler, 2007).

Employee fraud is a threat that companies should not ignore. In the U.S., the Association of Certified Fraud Examiners (2006) estimated that $652 billion was lost to employee fraud in 2006. And according to the American Management Association more than 20 percent of all business failures in the U.S. are the direct result of employee theft (Barnes, 2006). One can assume that to a great extent ethical behavior in business is fostered by the publicity given to vigorous investigations of and draconian measures taken against business malfeasance (George & Lacey, 2006).

One of the most notable attempts to create a widespread international anti-bribery legal structure is the OECD's "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions," which makes it mandatory for signatory nations to take action against firms found to have bribed public officials of a foreign country (Celentani, Ganuza, & Peydro, 2004). The legal approach of making individuals in companies rather than just the companies themselves liable has proven to be effective in many cases. The argument of German military people at Nuremburg that they were "just following orders" is not considered a defense in present-day corporate contexts (Schönherr, 2005; Field, 2006).

In the United States, the passage of the Sarbanes-Oxley Act of 2002 was aimed at curbing what was seen at the time as extreme corporate malfeasance. In conjunction with that, the associated federal sentencing guidelines were amended. The United States Department of Justice (DOJ) modified its prosecution policies putting forth the *Principles of Federal Prosecution of Business Organizations* (also known as the Thompson Memorandum), which was later revised as the McNulty Memorandum. The combination of these efforts were meant to combat conflicts of interest, foster independence in decision-making by businesses, and showcase the need for businesses to implement strong compliance and ethics programs. These efforts have been judged to be incredibly successful and have had a powerful impact on corporate governance and compliance. In the four years following the passage of the Sarbanes-Oxley Act, more than 200 chief executive officers, company presidents, and chief financial officers had charges brought against them by federal prosecutors. More than 1,100 convictions or guilty pleas were entered in white-collar criminal cases (Imperato, 2008).

How business fraud is committed and how it is detected

Wells (2001) gives the example of defrauding a company by creating ghost employees on the payroll, falsifying wages, and commission schemes. Business students should be aware of forensic accounting and what software and tools can be utilized to uncover fraud (Jackson, 2004). Students should be made aware that Sarbanes-Oxley legislation includes provisions that provide employees with additional whistleblowers protection, and they should be encouraged to speak out when they witness behavior that would elicit further fraud investigations (Yormark, 2004). Students should be made aware that managers need not do forensic investigation themselves but rather they can outsource to audit firms or investigative agencies investigations of fraud (Wells, 2003). Students should be taught, however, the importance of not mishandling or forgetting to maintain evidence that they might inadvertently come upon. There are also certain behavioral cues that can signal that someone is more likely to commit business fraud. The best identifying factor of someone committing fraud is if they live outside their means. This is a fairly common-sense way of identifying someone involved in a fraud scheme. After all, if someone is driving a car that is worth ten times their annual salary, chances are they have found a new source of income, which could possibly be fraud. There are other cues that are also fairly obvious; for example, someone with an addiction problem is much more likely than someone without one to commit some kind of fraud. An employee with extensive financial problems will be more prone to fraud than one living within their means (ACFE, 2008). Other examples are not as obvious, such as refusing to take vacations or going through a divorce. Nevertheless, they are factors that increase the odds of someone committing fraud.

Who commits business fraud?

Many students in business programs are naïve as to who is perpetrating fraud and corruption in business and government. They should be sensitized to the fact that it is well established that business fraud is germane to modern business. Ideally, they should be instructed in methods of detecting fraud and corruption such as forensic accounting. In addition to methods of detecting fraud after it has happened, there are also ways of profiling before the fact who will be the most likely to commit fraud. There are numerous cases of both men and women perpetrating acts of fraud, but this is one situation where there is not equality between the genders. Men greatly outnumber women in committing acts of fraud. A possible explanation for this phenomenon has to do with the disparity of men to women with senior and executive positions. Those with more senior positions in organizations have an easier time overriding or side-stepping the internal monitors that detect fraud, and thus are facilitated in their schemes. In the U.S., cases of fraud are, by and large, committed by individuals working alone. When more than one person is involved, the sum taken tends to be much larger, sometimes multiples of a solo fraudster (ACFE, 2008). In the U.S., those who commit business fraud also tend to be middle-aged. The frequency of acts of fraud among those between the ages of 41 to 50 greatly exceeds the incidences of fraud committed by people of any other age bracket (ACFE, 2008). The reasons for this fact are uncertain. A likely cause could be that people of that age bracket occupy positions of high authority in the company, and so they have more opportunities to engage in fraud.

Business students should be instructed that besides age, sex, and gender there are other factors that affect the probability of committing business fraud, such as occupation. An employee's profession has great bearing on whether he or she is likely to commit business fraud. For example, an accountant is more likely to defraud an organization than any other type of employee (ACFE, 2008). This is most likely due to the easy access accountants have to both an organization's funds and its financial statements. The access to the financial statements allows accountants to cover their tracks after committing fraud.

Although, as we emphasize elsewhere in this report, ideally executives should be paradigms of integrity setting the values of the corporate culture where they ought to be, the reality that students must grapple with is that executives and members of upper level management are also likely candidates to commit acts of fraud. Like accountants, they have access to their organization's funds and financial statements. They also wield great amounts of power and authority (ACFE, 2008). For this reason, they are more likely to get involved in schemes of corruption than other professions.

Education is another factor in the likelihood of an employee becoming involved in schemes of fraud. Where one might think that the more highly educated someone is the less likely they are to commit fraud, quite the opposite proves to be true, at least for the amount stolen in the schemes. People with an undergraduate education tend to steal more than twice as much as perpetrators with a high school education. A person with a graduate level education is likely to steal more than twice as much degree in a fraud scheme as someone with undergraduate (ACFE, 2008). This makes it all the more compelling for ethics to be an important element of business education.

What students should know about fraud?

We are moving from a business epoch in which corporate crime was not regarded by society to be as serious as other kinds. The expensive accounting scandals of unprecedented proportions brought people to this realization. People now see more of a connection between the diminution of their personal assets and the illegal manipulation of information and funds by corporate criminals. In the United States, significant accounting frauds included Enron, WorldCom, Bernard Madoff, and Tyco. The media coverage of these scandals showed law enforcement to be insufficient or at times bumbling. Having students examine cases involving such scandals with a focus on who did it and who the victims were can be highly useful to clarify the ethical issues and importance of these situations (Sliter, 2007).

A June 2009 *Harvard Business Review* article (Kramer, 2009) emphasized that one of the difficulties that business students and practitioners should be alerted to is not to be overly trusting but rather to be critical when provided with information in negotiations and other business transactions.

Zgheib (2005) investigated the extent of three principles of ethics—utility, justice, morality—in ethical decision making by managers in addition to their personal attitudes towards them. In a study at the American University of Beirut, morality was found to be the overriding ethical characteristic used, particularly by graduate business students. Students should be sensitized to the fact that, in today's legal climate, they have personal risk when investigations into corrupt acts are underway in their companies (Business Credit). Even when a manager is not under oath, such as Martha Stewart in talking to federal investigators into securities violations, it is possible in the United States to still be guilty of a felony (obstruction of justice) because misleading investigators impedes the government's clarification of other crimes. Additionally, students should be made aware of the deterrent value of supporting prosecution of those found to be guilty of fraud cases in their businesses, since Larimer (2006) reports that only 30% of fraud cases in small businesses and not-for-profit organizations will be prosecuted.

Students should also understand that corruption can be sponsored by organized crime gangs or syndicates. In some countries, there are referred to as "mafia" in a generic sense. Businessmen in Russia in the 1990s concluded that organized crime controlled nearly everything, and that 90% of the police were corrupt. Although many businessmen gave in to hiring mafia to protect them, others realized that crime groups had no interest in coming out of the scrutiny of law enforcement (Serio, 2008). Students must be mentored on how to enhance corporate resiliency in the face of body blows from corrupt groups and individuals. Curricula should discuss reducing risk management surprises by better fraud and corruption risk assessment techniques, the importance of instituting continuous controls monitoring and transaction monitoring in organizations, preparing in advance for fraud and corruption investigations and remediation, having the oversight of the organization determine the roles of various parties in fraud and corruption risk management activities. The relationships among boards of directors, audit committees, senior managers, and staff in the process of fraud risk management should be clarified. Fraud and corruption are highly problematic in organizations, as they can quite readily set off a chain of events resulting in grave financial and reputational losses (Bishop & Hydoski, 2009).

Students should readjust their mindsets and behavioral habits by following seven basic rules: (1) Know yourself—Students and classes should work under the guidance of faculty on interpreting the clues they receive in doing business as to the trustworthiness of the source(s) of information. In the second decade of the 21st century, it is appropriate and normal to create extensive social connections across platforms such as LinkedIn and Facebook. Rather than avoiding connections, which are generally needed to be a 21st century businessperson, it is best to learn indicators in the information provided in social networking platforms that someone is worthy of trust, such as recommendations. (2) Start small—Engendering trust among employees for the company should be developed by letting them take home equipment when they need to without a lot of red tape; universities might role model this for students with their equipment. That would send a strong message that the university trusted students and would display how, in their later careers, they might display trust to their employees. (3) Have an escape plan—Students should be taught to include escape clauses to disengage from collaborations that are unethical. (4) Send strong signals—Students should be disabused of the notion that everyone will find their trustworthiness obvious; rather they have to send out signals that they are trustworthy and will not tolerate that trustworthiness being abused. They should deter potential predators who are on the lookout for potential victims who might be sending weak and inconsistent cues. If their trust is misused, they should retaliate strongly and quickly as a signal. (5) Recognize the other person's dilemma—Students should understand that others might be anxious about trusting them, and must be sensitized to the need to reassure others to the extent to which they can trust the students. (6) Look at roles as well as people—Students should look at the positions and the structures in companies those positions are nested in, but at the same time realize that even in largely ethical companies, people might not follow the larger corporate culture. Even leaders or persons of power must be trusted on the basis of history of sustained personal contact. Sometimes this contact might involve relatively impersonal interactions, but that is not a problem. Indeed, personal relations can sometimes interfere with coming to understand appropriate levels of trust. (7) Remain vigilant and always question—As former President Reagan was wont to say, "Trust, but verify!" That is, even when you are dealing with someone you trust, it is best to follow due diligence in being appropriately vigilant.

The value of case studies

Case studies are a good supplemental vehicle for enabling students to develop the critical apparatus requisite for grappling with corruption-related pitfalls. Specifically, cases can facilitate the development of deductive, inductive, and critical reasoning skills (Falkenberg & Woiceshyn, 2008).

Reviewing such case studies enables learners to consider pivotal moments when key individuals face decisions that carried their firms across thresholds of ethical decomposition. Learners can get the opportunity to stand in the shoes of Ken Leigh and other key players in these scandalous corruption scenarios as they ponder how to handle their own developing scandals. In studying the cases of corporate scandals, they can reconsider the tactics adopted by those who did not resist and develop alternatives for resisting (Sims & Felton, 2006). In Enron, was Sherron Watkins right to take her concerns to Leigh, or should she have taken her case elsewhere? Studying cases makes it clear to students that ethics in the real business world comes enveloped in practical considerations that unfortunately can make going along with corruption seem smart. Cases provide future business leaders with practice in maintaining their ethical bearings in the face of complexities and actions of varying political viability (Arbogast, 2007). It will become clear to students studying cases of corporate corruption that internal managerial and financial integrity—that is, corporate ethics—is not mere window dressing but essential for business success. In actual situations ambitious managers at all levels are confronted with great incentives to deviate and evade controls. What they must do is be proactive with counterstrategies reflecting "trust, but verify." One useful case study of a young focused salesman with determination and common sense who fought for integrity in business is "Adventurous Business in Costa Rica or Persistence Pays" (Mueller, 2006). Students interested in learning more about the accounting frauds and resulting scandals associated with companies including Enron, Tyco, Parmalat, Worldcom, and others may find the following case studies interesting: (Healy & Krishna, 2008) (Shein, Haines, Horstmann, Kaulfuss, Koester, Koo & Landin, 2008) (Gilson & Villalonga, 2007) (Woo & Lau, 2007) (Hawkins, 2005) (Kaplan & Kiron, 2004), and (Pillmore, 2003).

Corruption is a topic that transcends a framing based on the American experience. Business corruption in the global marketplace is an increasing menace to organizations (Olsen, forthcoming). There are a number of models grounded in American perspectives (e.g. Liedtka, 1992; Mallinger, 1997; Piper, Gentile, & Parks, 1993). Others attempt to transcend that with a broader global perspective accounting for ethical situations not encountered in the United States (e.g. White & Taft, 2004; McCann, Lam, & Chiu, 2001; Nkomo, 2003; Gichure, 2006; Curry & Thach, 2007; Al Bawaba, 2006). Ideally, instructors might attempt to connect with learners in particular cultures by using a pedagogical vehicle attuned to favored media in that culture. For example, in Japan a creative approach might employ anime films or manga comic books to provide quasi-case narratives involving issues of corruption (Gerde & Foster, 2008). Corruption is a major issue for managers working in emerging markets. Corruption happens in complicated and multidimensional ways, further complicating managerial and business risk in a global business environment (Ginocchi, 2008). In developing countries, the World Bank provides much financing. If it finds corruption, it intervenes or withdraws its commitment, sometimes even blacklisting the country. Case studies of countries' battles to control corruption in both the public and private sectors are provided in "Corruption in International Business" (Eicher, 2008). One assumption is that business ethics in practice differs widely across nations due to cultural and religious differences. The key religious principle across all religions is the "golden rule"; however, the extent of corruption seems to vary widely among Catholic countries, for example, perhaps suggesting that religion does not mitigate it (Ruhe & Lee, 2008).

Transitional economies such as Poland may experience more substantial impacts during global financial debacles. Therefore managers there might be assumed to have greater pressures to attain performance goals through untoward actions than their counterparts in more deeply rooted economic systems (Christie & Geis, 1970). The implication is that business ethics norm inculcation is something that might wisely be incorporated throughout business school curricula in such nations.

The place of morality in school and in the business world

While behavioral models, case studies, critical analysis, and skill sets such as Socratic thinking can illuminate the issues of corruption, the question arises: Can ethics and morality be taught in school? Morality in business ultimately involves a personal choice. Therefore, no amount of teaching will ensure that all students of business ethics in a university setting will ultimately behave ethically. Educational experiences that highlight the moral ambiguities and uncertainties occurring in actual and, to a certain degree, corrupt business and government systems can help by providing frameworks and skills for them to clarify and resolve moral dilemmas (Falkenberg & Woiceshyn, 2008). The requisite skills might include a clarified understanding of their core personal values, an ability to more accurately make sense of changing environments, an analytic grasp of both short- and long-term consequences of actions, and a practical facility in applying moral principles and values (Sims & Felton, 2006).

The issue is not whether a business professor can stand in front of a group of students and talk about ethics, but rather whether the teaching of business ethics can be deployed in such a way that it is an effective bulwark against the corrupt snares in actual business and government contexts (Falkenberg & Woiceshyn, 2008; Felton & Sims, 2005). The notion should not be that some students are unteachable as far as their ethical orientation or lack thereof, but rather that some instructors in some business schools fail their students in not teaching business ethics in a transformative way (Koehn, 2005).

An approach that helps address the need to consider corruption globally is a global online business ethics course. Painter-Morland, Fontrodona, Hoffman, & Rowe (2003) describe a tri-continental online business ethics course that they have successfully used to facilitate cross-cultural debate on ethics and corruption in an international arena. Large companies deploy online training in a dozen languages and focus on nuts-and-bolts compliance issues, emphasizing, "If you do this, you go to jail." Companies employing such techniques include Cigna Corp., Primerica Financial Services, Rohm & Haas, and Unisys (Brubaker, 2003).

Key corruption and fraud topics for students to be sensitized to in management education

It is important for students to understand how fraud is committed and detected in business contexts. Among topics to be emphasized are:

- Corruption and fraud have an enormous impact on the profitability of all businesses both large and small, and regardless of type, location, or industry. The impact that corruption has on individual businesses is quite large, with the typical American business losing 7% of its annual revenue as a result of fraud. This figure becomes much more impressive when considering the repercussions on the Unites States economy of 14.196 trillion dollars, where 7% equates to around 994 billion dollars lost to fraud in 2008 (ACFE, 2008).
- Fraud is committed largely under three different categories: asset misappropriation, corruption, and fraudulent financial statements. Among the three types of fraud, asset misappropriation constitutes around 90% of all cases (ACFE, 2008). Asset misappropriation occurs whenever a company's funds are misused or misdirected. This type of fraud is perpetrated most often by lower-level employees. Asset misappropriation can run the gamut from very simple methods, such as a cashier pretending to ring up a customer and pocketing the money from the transaction, to more elaborate schemes, such as adding people to a payroll who

do not work for that company. These are just two examples, though asset misappropriation can occur in many other different forms as well. While asset misappropriation is the most common form of business fraud, it is also the least costly of the three (ACFE, 2008).

- Corruption involves people using their influence in business dealings unethically, and often illegally, to benefit themselves or some other party. This form of business fraud, unlike asset misappropriation, usually occurs in more senior executive positions and is much more costly to the company (ACFE, 2008). Examples of corrupt business fraud schemes include taking bribes or involvement in extortion.
- The last form of fraud, financial statement fraud, is the form that occurs least often, but when it does occur it inflicts the greatest cost to the victim company. Financial statement fraud is so detrimental because it does not just involve removing money from an organization's bank account. It is a form of fraud that usually makes the company appear more profitable than it really is via reporting false numbers on their financial reports (ACFE, 2008). This kind of fraud cannot last forever as the true value of a company invariably comes out sooner or later. The lost shareholder capital from this type of fraud is completely debilitating to even the largest of companies. Two great examples of financial statement fraud can be seen in the cases of Enron and WorldCom. Both of these companies had very large amounts of investor capital, as well as large educated workforces, yet could not withstand the damage done by financial statement fraud (ACFE, 2008).
- There are myriad ways for businesses to fall victim to acts of fraud, so it is very important that they maintain methods of detecting and preventing fraud. One might think that in our modern age, in which a new technological marvel is unveiled seemingly every day, businesses with all their wealth and resources would have extremely technical and sophisticated methods of identifying fraud. Yet to this day the most common way for a business to discover fraud is by getting tipped off. Tips, however, cannot be depended on as a method of curbing business fraud. This is because tips are largely uncontrollable. Whether or not an organization is tipped off to fraud is at the discretion of the tipster. By offering rewards to whistleblowers and offering anonymous tip hotlines, businesses are able to influence tipsters, but it is still not a controlled method of detecting fraud (ACFE, 2008). Fortunately, there are several methods currently available for preventing fraud that work quite well that are not dependent on the whims of tipsters. One of the more successful of these methods is conducting surprise audits and instituting job rotations as well as mandatory vacations. Companies that have used surprise audits and job rotations report incidences of fraud up to 66% less than companies that did not use them (ACFE, 2008).
- Another one of the most common ways for a company to discover fraud is to simply happen upon it by accident (ACFE, 2008).

Conclusion

Wood, Logsdon, Lewellyn, & Davenport (2006) used the term "global business citizenship" to describe the thought processes and actions that they hope would be represented by future managers. The great challenge of vastly reducing the large-scale corruption that plagues our world actually is energizing. In places where corruption is worst, the opportunities for reducing it are all the greater. Also, the concern for addressing imminent environmental catastrophe and the green movement bolster a culture of social responsibility and business integrity among young business students and practitioners. Thus, it is ultimately an optimistic posture that indeed corruption can be mitigated by extensive ethical education of business people and, more broadly people in all professions.

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