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Discussion (Pensata)

The role of business school professors in addressing today's ethical crisis in business

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Abstract

Objective: This discussion paper examines the evolving role of business school professors in addressing the persistent ethical crisis in contemporary business. Building on earlier contributions by Degen (2014, 2018), the study seeks to reassess the responsibility of management education in light of recurring corporate scandals, the rise of ESG practices, digital transformation, and increasing societal distrust in corporate leadership. **Methodology:** The paper adopts a qualitative and interpretive approach, grounded in an extensive critical review of academic literature, institutional reports, and illustrative case studies from Brazil, the United States, and Europe. Rather than empirical testing, the study advances a reflective and analytical argument typical of discussion papers, integrating multiple ethical frameworks such as stakeholder theory, virtue ethics, justice-based approaches, and digital ethics. **Relevance:** The topic is highly relevant to entrepreneurship and management studies, as ethical failures undermine trust, legitimacy, and long-term value creation within entrepreneurial ecosystems and established corporations alike. The paper responds to growing concerns that business schools continue to reproduce ideologies centered on shareholder primacy, instrumental rationality, and performative ESG, inadequately preparing future leaders for complex ethical challenges. **Contribution:** The paper contributes by reframing business school professors as central institutional actors in ethical reform, rather than peripheral instructors of standalone ethics courses. It offers a structured set of pedagogical and institutional recommendations aimed at embedding ethical reasoning, moral imagination, and stakeholder-oriented decision-making across management education, thereby advancing debates on responsible entrepreneurship and sustainable governance.

Keywords: Business ethics; management education; entrepreneurship; stakeholder governance; ESG; leadership.

O papel dos professores de escolas de negócios no enfrentamento da atual crise ética nos negócios

Resumo

Objetivo: Este artigo para discussão analisa o papel contemporâneo dos professores de escolas de negócios no enfrentamento da persistente crise ética nos negócios. A partir das contribuições anteriores de Degen (2014, 2018), o estudo reavalia a responsabilidade da educação gerencial diante de escândalos corporativos recorrentes, da expansão das práticas de ESG, da transformação digital e da crescente desconfiança social em relação à liderança empresarial. **Metodologia:** Adota-se uma abordagem qualitativa e interpretativa, baseada em uma revisão crítica da literatura acadêmica, relatórios institucionais e estudos de caso ilustrativos do Brasil, dos Estados Unidos e da Europa. Como artigo de discussão, o trabalho privilegia a análise conceitual e reflexiva, articulando diferentes correntes éticas, como a teoria dos stakeholders, a ética das virtudes, a justiça distributiva e a ética digital. **Relevância:** O tema é altamente relevante para os estudos em empreendedorismo e gestão, uma vez que falhas éticas comprometem a confiança, a legitimidade e a criação de valor de longo prazo em ecossistemas empreendedores e organizações consolidadas. O artigo dialoga com críticas crescentes à formação gerencial orientada exclusivamente pela primazia do acionista e por abordagens simbólicas de ESG. **Contribuição:** A principal contribuição reside em reposicionar os professores de administração como agentes institucionais centrais da reforma ética, e não apenas como transmissores de conteúdos técnicos. O estudo propõe recomendações pedagógicas e institucionais para integrar o raciocínio ético, a imaginação moral e a lógica orientada aos stakeholders de forma transversal na educação em gestão.

Palavras-chave: Ética empresarial; educação em gestão; empreendedorismo; governança por stakeholders; ESG; liderança.

INTRODUCTION

The twenty-first century has been marked by recurrent corporate scandals, ecological disasters, and systemic abuses of technology that collectively erode public confidence in the legitimacy of business. These episodes reveal how organizational leaders, despite being educated in institutions ostensibly committed to producing ethical managers, continue to perpetuate practices that undermine societal trust.

The collapse of **Enron (2001)** and the **2008 global financial crisis** revealed the dangers of unchecked greed and the moral hazards of financial innovation. More recent scandals - such as **Volkswagen's Dieselgate emissions manipulation, Cambridge Analytica's misuse of Facebook data**, the **Americanas S.A. accounting fraud (2023)**, the **Vale/Brumadinho dam disaster (2019)**, and the **collapse of FTX in 2022** - demonstrate that ethical lapses remain pervasive across industries and geographies (Treviño & Nelson, 2021; Kaptein, 2023).

Despite widespread recognition of business ethics as a curricular component, there remains a profound disjuncture between the values taught in business schools and the decisions made in corporate boardrooms (Donaldson & Walsh, 2015). The dissonance between the "hidden curriculum" that glorifies profit maximization and the nominal instruction on ethical responsibility underscores the need for systemic reform in management education (Khurana, 2007).

As Degen (2014) originally argued, professors of business programs bear a unique responsibility not only to teach technical skills but also to cultivate ethical reflexes and moral imagination in future leaders. Their role is not limited to "teaching ethics" in isolation, but to integrating ethical reasoning across disciplines, challenging destructive ideologies such as shareholder primacy, and modeling integrity in academic and professional conduct.

This article builds upon Degen's foundational thesis by:

1. Expanding the theoretical underpinnings of business ethics in management education, drawing from stakeholder theory, virtue ethics, Rawlsian justice, and the ethics of care.
2. Examining how contemporary phenomena - including ESG reporting, artificial intelligence, digital surveillance, and global supply chains - reshape the ethical landscape of business.
3. Providing detailed case studies of corporate failures in Brazil, the United States, and Europe, as well as examples of positive leadership.
4. Recommending systemic reforms in curricula, governance, incentive structures, and institutional design.

METHODOLOGY

This paper adopts a **qualitative, interpretive approach** rooted in a **critical literature review** and **case-based analysis**. The method is appropriate given the aim to synthesize theory, empirical evidence, and pedagogical implications.

Sources include:

- Peer-reviewed journals on business ethics, management, and organizational behavior.
- Reports from NGOs, policy think tanks, and international organizations (e.g., UN Global Compact, Oxfam, GSIA, IBGC).
- Case studies from corporate scandals between 2000–2024 in diverse industries (finance, tech, retail, extractives).

The analytical lens combines **theoretical pluralism** - drawing on utilitarianism, deontology, virtue ethics, and stakeholder capitalism - with a **critical evaluation of neoliberal managerial ideologies** that dominate the curricula of business schools. The objective is to provide professors with both conceptual tools and practical recommendations for embedding ethics into business education.

THE EVOLUTION OF UNETHICAL BEHAVIOR IN BUSINESS

ESG: between symbolism and substance

Environmental, Social, and Governance (ESG) metrics have become mainstream in investment practices, representing over $35 trillion globally by 2023 (Global Sustainable Investment Alliance, 2022). However, a growing body of research demonstrates that ESG scores often diverge significantly from actual ethical performance (Berg, Kölbel, & Rigobon, 2022). This phenomenon reflects a broader crisis of **symbolic compliance**, where corporations adopt ethical language while perpetuating harmful practices.

Case: **Petrobras**. Despite commitments to governance reforms and sustainability initiatives, Petrobras was implicated in Brazil's Operation Car Wash corruption scandal. The revelation of systemic bribery and collusion with political elites highlighted the gap between formal ESG reporting and actual governance integrity (Medeiros & Alves, 2021).

Case: **ExxonMobil**. Accused of overstating its climate commitments while simultaneously investing heavily in fossil fuel expansion (Center for Climate Integrity, 2021).

Case: **Fashion Industry**. Brands such as H&M and Zara have launched "sustainable collections" while continuing to rely on exploitative labor conditions in Bangladesh and Cambodia, a form of greenwashing that exploits consumer trust (Turker & Altuntas, 2023).

The **commodification of ethics** transforms morality into a reputational strategy rather than a guiding principle. Professors must prepare students to critically evaluate ESG claims and to distinguish between authentic responsibility and symbolic compliance.

Stakeholder capitalism: Reform or rhetoric?

The 2019 *Business Roundtable* declaration, in which 181 CEOs pledged to redefine the purpose of a corporation to serve all stakeholders, was initially hailed as a paradigm shift from Friedman's (1970) shareholder primacy doctrine. Yet empirical evidence suggests that most companies have made few substantive changes to governance or compensation structures (Bebchuk & Tallarita, 2020).

Case: **Americanas S.A.** The Brazilian retailer's 2023 collapse revealed accounting irregularities of over R$20 billion. Despite its adherence to governance best practices on paper, the failure revealed profound weaknesses in auditing, oversight, and transparency.

Case: **Meta (Facebook)**. Despite public commitments to stakeholder values such as privacy and inclusivity, Meta has been fined for antitrust violations and data misuse, illustrating the limits of voluntary stakeholder capitalism.

Case: **Danone**. A rare counterexample, where the company adopted *Entreprise à Mission* legal status in France, making stakeholder well-being a legally binding responsibility (Kaptein, 2023).

Stakeholder capitalism risks degenerating into rhetoric unless accompanied by enforceable governance mechanisms. Business schools must emphasize the institutional reforms necessary to align stakeholder commitments with concrete accountability.

Technology and the erosion of digital ethics

The rapid expansion of artificial intelligence, surveillance capitalism, and algorithmic management has introduced new ethical concerns that challenge traditional frameworks.

Case: **Uber and DoorDash**. Algorithmic wage manipulation illustrates how technology can be used to exploit workers while framing it as flexibility and autonomy (Rosenblat, 2018).

Case: **Amazon's AI Recruiting Tool**. The system was found to discriminate against female candidates, leading to its termination (Dastin, 2018).

Case: **Clearview AI**. The company's use of facial recognition scraped from social media has raised profound concerns about privacy, consent, and racial bias (Buolamwini & Gebru, 2018).

These examples illustrate the emergence of **digital ethics** as a central frontier of business education. Professors must equip students to analyze not only profitability but also the moral implications of algorithmic decision-making, surveillance, and data commodification.

The COVID-19 pandemic as ethical stress test

The COVID-19 pandemic served as a stress test of corporate values. Responses varied dramatically:

Positive examples: Companies like Patagonia and Salesforce protected workers, supported communities, and reinforced commitments to sustainability even during downturn (Harvard Business Review, 2021).

Negative examples: Other firms engaged in mass layoffs despite profitability, raised prices of essential goods, or delayed protective measures for frontline workers, demonstrating the fragility of ethical conduct when not embedded in institutional structures.

Conclusion of Section 1: Unethical behavior has evolved not so much through new forms of malfeasance, but through new rationalizations and disguises. Professors must therefore train students not only in ethical fundamentals but also in detecting performative ethics.

THE FIVE HALF-TRUTHS OF BUSINESS IDEOLOGY

Mintzberg, Simons, and Basu (2002) identified enduring "half-truths" that appear rational but distort ethical decision-making. These myths remain embedded in contemporary management practice and are reinforced in business schools curricula.

Economic man and hyperindividualism

The Rational Economic Man Model (REMM), developed by Jensen and Meckling (1994), depicts individuals as utility maximizers motivated solely by self-interest. This framework has shaped generations of MBAs to view greed as rational and even virtuous.

In practice, this ideology manifests in:

- **The gig economy**, where platforms commodify labor while masking precarity under the rhetoric of autonomy (Zwick, 2018).
- **Influencer capitalism**, where self-promotion and personal branding displace communal or collective responsibility.
- **Class-based tolerance of unethical behavior**, as studies show that higher social classes demonstrate greater acceptance of greed (Piff et al., 2012).

Shareholder value supremacy

Despite rhetoric around stakeholder capitalism, shareholder value remains the dominant corporate objective.

Case: **Amazon**. Criticized for grueling warehouse conditions and aggressive anti-union measures, even as it repurchased billions in stock (Bhattarai, 2022).

Case: **Wells Fargo**. Employees were pressured to create fake accounts to meet sales targets, demonstrating how shareholder-driven incentives can cascade into unethical practices.

Unless executive compensation and governance structures are aligned with multi-stakeholder outcomes, shareholder value will remain the overriding imperative.

Heroic leadership myth

The myth of the heroic CEO - charismatic, visionary, and all-powerful - remains entrenched in corporate culture.

Case: **Elon Musk**. His unilateral decisions at Twitter (X) have highlighted the risks of concentrated power in charismatic leadership.

Case: **Mark Zuckerberg**. Meta's dual-class share structure grants Zuckerberg disproportionate control, limiting board accountability (Gordon, 2023).

Research consistently demonstrates that long-term performance depends more on systems, culture, and collective intelligence than on individual brilliance (Collins, 2001; Rosenzweig, 2007). Business schools must challenge the cult of personality and instead promote distributed, accountable leadership.

Lean and mean organizations

Efficiency dogma has become a managerial orthodoxy, often used to justify workforce reductions and precarious employment.

Case: **Tech Industry Layoffs (2023)**. Google, Meta, and Amazon cut tens of thousands of jobs despite record profits, citing "efficiency" and "strategic refocusing" (TechCrunch, 2023).

Case: **Vale (Brumadinho, 2019)**. Cost-cutting pressures contributed to safety neglect, culminating in a dam collapse that killed 270 people.

Such practices erode trust, weaken innovation, and undermine organizational resilience (Aityan & Gupta, 2012).

The rising tide lifts all boats

The belief that economic growth automatically benefits all stakeholders remains a central tenet of neoliberal ideology. Yet evidence shows increasing inequality:

U.S.: The bottom 50% of households saw negligible income growth over two decades, while billionaire wealth soared (Saez & Zucman, 2020).

Global: Billionaires gained over $5 trillion in wealth during the pandemic, while millions fell into poverty (Oxfam, 2022).

This "trickle-down" narrative functions as a moral cover for policies that exacerbate inequality. Professors must reframe economic education to emphasize distributive justice, equity, and sustainability.

Conclusion of Section 2: These five half-truths remain pervasive and dangerous. Business professors must deconstruct them, offering students critical tools to recognize flawed ideologies and imagine alternative, ethical models of corporate value creation.

NEW ETHICAL DILEMMAS IN THE DIGITAL AND ESG ERA

The modern corporate environment is not only shaped by traditional economic models and managerial ideologies but also by emergent ethical dilemmas arising from exponential technological development, globalized supply chains, and sociopolitical transformations. These dilemmas are more complex and systemic than those faced in earlier decades, requiring business schools to prepare leaders for contexts where ethical decisions are deeply intertwined with digital infrastructures, ecological limits, and geopolitical tensions.

Artificial intelligence, algorithmic bias, and moral delegation

Artificial intelligence (AI) systems increasingly influence decisions in recruitment, lending, law enforcement, healthcare, and marketing. While automation promises efficiency and scale, it introduces unprecedented risks, particularly when decisions are delegated to opaque algorithms.

- **Amazon's AI Recruiting Tool**. Discontinued after it was found to discriminate against women by downgrading resumes containing the word "women's" (Dastin, 2018).
- **COMPAS Algorithm in U.S. Criminal Justice**. Studies revealed racial bias in risk assessment tools, disproportionately labeling Black defendants as high-risk (Angwin et al., 2016).
- **Facial Recognition Errors**. Buolamwini and Gebru (2018) demonstrated that commercial facial recognition systems misclassified darker-skinned and female faces at far higher rates than lighter-skinned male faces.

These examples underscore the fallacy of treating AI as "neutral." Algorithms reflect the biases of their data and designers, and reliance on them risks what Floridi (2019) calls **moral outsourcing**, where human agents abdicate responsibility to machines.

For business schools, the pedagogical challenge lies in teaching students that **delegation to AI does not absolve organizations of accountability**. Future managers must learn to question datasets, audit algorithms, and anticipate social consequences.

Digital surveillance, remote work, and human dignity

The shift toward remote and hybrid work accelerated the adoption of surveillance technologies, ranging from keystroke trackers to webcam monitoring.

Case: **Teleperformance in Brazil**. Employees reported being required to keep cameras on during remote work, raising concerns of privacy violations and psychological distress.

Case: **Microsoft Productivity Score**. Initially designed to measure organizational efficiency, it faced backlash for enabling individual-level surveillance (Ball, 2021).

Surveillance may temporarily increase compliance, but it corrodes trust, undermines creativity, and fosters alienation. It exemplifies a digital form of Taylorism, reviving industrial-age control logics under a high-tech guise.

Professors must teach students to balance legitimate performance metrics with respect for autonomy and dignity. The ethical trade-off between control and trust becomes central in digitally mediated work.

Greenwashing and the ethics of ESG communication

As ESG becomes central to corporate strategy, greenwashing - making misleading claims about environmental or social responsibility - has become pervasive.

- **Volkswagen Dieselgate (2015)**. The company marketed "clean diesel" while secretly installing defeat devices to cheat emissions tests.
- **Odebrecht (Brazil)**. Publicly presented itself as a champion of corporate citizenship while engaging in massive corruption schemes uncovered during Lava Jato.
- **Fashion Industry**. H&M's "Conscious Collection" was criticized for lacking transparency on actual sustainability impact (Turker & Altuntas, 2023).

Delmas and Burbano (2011) argue that greenwashing is not merely misleading marketing; it distorts capital allocation, misleads consumers, and undermines genuine sustainability efforts. Professors must train students to conduct rigorous ESG audits, differentiate substance from symbolism, and recognize reputational and regulatory risks.

Diversity, equity, and inclusion (DEI) under scrutiny

Following the global reckoning with racial injustice in 2020, corporations pledged to prioritize DEI. Yet implementation has been uneven and increasingly politicized.

Case: **U.S. Backlash**. Several U.S. states introduced measures to limit or ban DEI programs in higher education and public corporations (The New York Times, 2023).

Case: **Brazil**. While some progress has been made, women occupy less than 20% of board positions, and Black professionals remain drastically underrepresented in executive leadership (IBGC, 2023).

Case: **Goldman Sachs**. Announced it would no longer underwrite IPOs of companies without at least one diverse board member, demonstrating how financial institutions can leverage DEI commitments.

Business schools must move beyond tokenistic approaches, framing DEI as an ethical imperative rooted in justice and fairness. Students should learn that inclusion is not a reputational add-on but a strategic and moral necessity.

Global supply chains and transnational responsibility

Globalized supply chains have amplified both efficiency and ethical risk.

Case: **Cobalt Mining in the DRC**. Investigations revealed child labor in the supply chains of companies producing electric vehicle batteries.

Case: **Rana Plaza (Bangladesh, 2013)**. Collapse of a garment factory killed over 1,100 workers, exposing unsafe conditions tolerated by multinational fashion brands.

Case: **Amazon Rainforest Deforestation**. Soy and beef supply chains linked to illegal deforestation and Indigenous rights violations.

Regulation is beginning to catch up. The **EU Corporate Sustainability Due Diligence Directive (2024)** mandates human rights and environmental due diligence across supply chains. Yet implementation challenges remain, particularly in countries with weaker institutions.

Professors must encourage **systems thinking**, training students to evaluate second- and third-order consequences of global supply decisions. Ethical responsibility cannot stop at national borders.

Conclusion of Section 3: Ethical dilemmas in the digital and ESG era extend beyond clear-cut right-versus-wrong decisions. They involve systemic complexity, technological opacity, and competing stakeholder claims. Business schools must therefore equip students with critical reasoning skills, systems literacy, and moral courage to navigate these "gray zones."

THE ROLE OF BUSINESS PROFESSORS TODAY

As ethical challenges become more diffuse, complex, and embedded in global systems, the responsibility of business school professors expands accordingly. Their role transcends technical instruction; they must act as ethical architects, shaping not only what students know but also who they become as leaders.

Beyond technical rationality: Ethics as a core competency

Historically, business education has prioritized technical rationality - the application of economic and analytical tools to maximize efficiency and shareholder returns. Ethics, when included, was treated as an elective or reputational safeguard (Khurana, 2007).

Today, such compartmentalization is inadequate. Ethical reasoning must be integrated across all disciplines:

Finance: Issues of fairness in lending, responsible investment, and risk governance.

Strategy: Trade-offs between profitability and stakeholder well-being.

Operations: Labor rights, sustainability, and safety.

Technology: Data privacy, digital surveillance, and algorithmic bias.

Ethics is no longer an accessory - it is a core managerial competency.

Ethical Reasoning and Critical Thinking as Teachable Skills

Contrary to the belief that ethics is purely intuitive, ethical decision-making can be structured and taught. Paul and Elder (2008) propose a critical thinking framework that includes:

1. Clarifying dilemmas.
2. Identifying stakeholders.
3. Distinguishing legal, conventional, and moral norms.
4. Weighing competing values (e.g., efficiency vs. fairness).
5. Reaching reasoned, defensible conclusions.

Professors should use **"gray zone" cases** - such as algorithmic pricing models that disproportionately burden low-income customers - to help students practice moral reasoning under ambiguity. Such exercises develop **moral imagination** (Werhane, 1999), the ability to envision ethical alternatives.

Challenging neoliberal narratives and cultural assumptions

Many business students arrive already steeped in neoliberal cultural assumptions: markets are efficient and morally neutral, self-interest is virtuous, profit maximization is the firm's sole duty. Professors must deconstruct these assumptions and present alternative frameworks:

- Deontological Ethics (Kant): Emphasizes duties and human dignity.
- Virtue Ethics (Aristotle): Focuses on character and flourishing.
- Justice as Fairness (Rawls): Advocates equitable distribution of benefits and burdens.
- Ethics of Care (Gilligan, 1982): Highlights empathy, relationships, and context.

This plurality of perspectives helps students challenge dominant logics and expand their ethical vocabulary.

Teaching life purpose and professional identity

A root cause of unethical behavior is the instrumentalization of education - seeing degrees as credentials for status and wealth rather than tools for purposeful contribution. Professors must cultivate reflective inquiry into questions such as:

- What kind of leader do I want to become?
- What legacy do I want to leave?
- How can my success contribute to the public good?

Practical tools include moral biography exercises, personal mission statements, and courses on "designing a life" (Burnett & Evans, 2016). These encourage students to align professional aspirations with deeper values.

Modeling ethical behavior

Perhaps the most powerful pedagogical method is **leading by example**. Professors' behavior communicates as much as their syllabi. Key practices include:

- Acknowledging mistakes and uncertainties.
- Respectfully engaging with dissenting views.
- Disclosing conflicts of interest in research and consulting.
- Upholding transparency and fairness in grading.

Students exposed to professors who embody ethical humility and courage are more likely to internalize those values.

Conclusion of Section 4: Professors are no longer merely transmitters of knowledge but mentors of moral character. By embedding ethics into curricula, modeling integrity, and cultivating reflective purpose, they can help produce leaders capable of reshaping business as a force for justice and sustainability.

REVIVING MORAL IMAGINATION AND PURPOSE IN BUSINESS EDUCATION

Moral imagination: A forgotten leadership capacity

Werhane (1999) defines **moral imagination** as the capacity to envision possibilities that transcend prevailing norms, thereby allowing leaders to innovate ethically when no established rule applies. Moral imagination empowers leaders to recognize systemic injustices, empathize with marginalized stakeholders, and envision solutions beyond the constraints of conventional logic.

Yet, most business school curricula still operate within a **decision-tree paradigm**, where ethical dilemmas are reduced to cost-benefit calculations or compliance checklists. This procedural approach diminishes students' ability to grapple with genuine complexity, producing leaders who are technically competent but ethically impoverished (Christensen et al., 2021).

To cultivate moral imagination, professors can:

- Encourage **interdisciplinary exposure** (literature, philosophy, history, sociology).
- Use **storytelling and narratives** in case analysis to stimulate empathy and contextual understanding.
- Assign **future-back exercises**: students imagine an ideal ethical outcome and then work backward to identify the steps needed to reach it.
- Expose students to **marginalized perspectives**, particularly from the Global South, Indigenous groups, and labor movements, to broaden their moral horizons.

Through these practices, moral imagination can be revived as a core leadership competency.

Redefining success: From prestige to purpose

One of the strongest forces shaping business students' behavior is the **hidden curriculum** - the implicit messages conveyed about what constitutes success. When schools celebrate high-paying consulting and investment banking jobs as the apex of achievement, they implicitly reinforce instrumental careerism.

Professors and institutions must redefine success by elevating:

- **Social entrepreneurs** solving community problems.
- **Leaders in cooperatives and mutuals**, who model democratic governance.
- **Innovators in circular economy** and regenerative agriculture.
- **Executives championing inclusive hiring** and employee ownership.

For example:

- **Muhammad Yunus and Grameen Bank**: pioneering microfinance as a means of financial inclusion.
- **Natura (Brazil)**: recognized globally for integrating sustainability and stakeholder responsibility into its business model.
- **Mondragón (Spain)**: a cooperative federation that demonstrates scalable, inclusive enterprise.

By celebrating these paths, schools signal that **purpose-driven leadership is not marginal - it is central** to the future of business.

Counteracting cynicism and learned helplessness

Students often express skepticism about the feasibility of ethical leadership in contexts shaped by power asymmetries, political corruption, and institutional inertia. This cynicism, if unaddressed, leads to **ethical fading** (Tenbrunsel & Messick, 2004) - the gradual erosion of ethical salience in decision-making.

Professors can counteract this by:

- Presenting **role models of ethical leadership under pressure** (e.g., Paul Polman at Unilever, Rose Marcario at Patagonia).
- Encouraging **collective action** - such as forming ethics committees and supporting whistleblowing - rather than relying solely on individual virtue.
- Demonstrating **the business case for ethics**, including enhanced employee retention, brand trust, and investor confidence (Kaptein, 2023).

Students must understand that while systemic change is difficult, individuals can serve as **leverage points** within larger structures, amplifying ethical impact through persistence and coalition-building.

Meaning-making as a developmental task

Viktor Frankl (1985) argued that meaning is the central human motivation. Business education, however, often reduces career development to a **transactional calculus** of income and prestige.

Professors can help student's framework as a **site of meaning-making**, not merely survival or advancement. Meaning emerges when individuals:

1. Identify personal values.
2. Recognize unique contributions.
3. Connect their work to something larger than themselves.

Programs such as Yale School of Management's *Purposeful Leadership* and INSEAD's *Business and Society* exemplify courses that integrate existential reflection into leadership development.

Conclusion of Section 5: Reviving moral imagination and redefining success are not luxuries - they are **existential necessities**. In an age of ecological crisis, inequality, and technological disruption, leaders who lack moral compass and purpose risk accelerating systemic collapse. Professors have the opportunity, and the obligation, to cultivate this deeper dimension of leadership.

RECOMMENDATIONS FOR INSTITUTIONAL REFORM

Ethical transformation requires more than individual conscience - it demands **institutional redesign**. Business schools and corporations alike must restructure incentives, curricula, and governance to embed ethics as a core priority.

Recommendations for business schools

a) Curriculum integration, not segregation

- Ethics should be woven into finance, strategy, operations, and technology courses.
- Assessments must weigh ethical reasoning alongside quantitative analysis.
- Example: NYU Stern's "Business and Society" track integrates ethics across concentrations.

b) Faculty development and incentives

- Train professors in ethical pedagogy and case-based reasoning.
- Reward contributions to ethical leadership in tenure and promotion criteria.
- Encourage interdisciplinary research on sustainability, justice, and governance.

c) Admissions and culture reform

- Incorporate ethical dilemmas into admissions essays and interviews.
- Value prior social impact experience alongside test scores.
- Create honor codes, student-led ethics councils, and protected reporting mechanisms.

d) Partnerships with purpose-oriented organizations

- Offer field projects with NGOs, B-Corps, cooperatives, and public enterprises.
- Invite leaders known for ethical credibility - not only celebrity status - to speak on campus.

Recommendations for corporations

a) Align incentives with ethical outcomes

- Link executive bonuses to ESG performance and stakeholder engagement.
- Incorporate multi-stakeholder evaluations into performance reviews.
- Example: Danone's Entreprise à Mission legally binds the company to stakeholder well-being.

b) Reform governance structures

- Include stakeholder representatives (workers, communities, climate experts) on boards.
- Establish independent ethics committees with veto power over high-risk actions.

- Monitor human rights, environmental impact, and digital ethics in real time.

c) Strengthen ethical infrastructure

- Appoint Chief Ethics Officers with budgetary authority.
- Enforce claw backs of bonuses in cases of ethical violations.
- Provide secure, anonymous channels for whistleblowers.

d) Build an ethical culture

- Celebrate internal ethical role models.
- Organize open dialogues on moral dilemmas.
- Ensure ethics permeates branding, innovation, and HR - not just CSR (Corporate Social Responsibility) reports.

Cross-sector collaboration

Transformative impact requires joint initiatives:

- **Shared case banks** documenting ethical successes and failures.
- **Joint research centers** on ethics and emerging technologies.
- **Executive education programs** co-designed by universities and corporations.
- **Global Ethics Observatories**, akin to the UN Global Compact, to monitor and disseminate best practices.

Such collaboration bridges the gap between academia and practice, ensuring that ethics is not confined to classrooms but embedded in organizational life.

CONCLUSION

Business ethics is not in crisis due to lack of theory but due to the persistent **failure to institutionalize ethical principles** in practice. The gap between knowledge and action remains the most urgent issue in contemporary capitalism.

This paper reaffirmed and expanded Degen's (2014, 2018) call for business professors to play a central role in bridging this gap. Professors are not only transmitters of knowledge but **mentors of moral imagination, critics of flawed ideologies, and catalysts of institutional change**.

To fulfill this role, professors must:

- Infuse ethics into every subject of the curriculum.
- Model integrity in research, teaching, and governance.
- Foster reflective self-awareness and a sense of purpose.
- Challenge destructive myths like shareholder primacy and CEO worship.

Yet individual educators cannot succeed alone. **Business schools and corporations must rewire their structures** to reward ethical leadership, align incentives with stakeholder well-being, and integrate accountability into governance.

The ethical failures of recent decades - from Enron to Vale, from Dieselgate to Americanas - show the costs of systems that reward power without responsibility. Rebuilding trust in business requires leaders who understand that ethics is not idealistic - it is essential for sustainability and legitimacy.

The classroom is the first training ground, and professors are the first ethical compasses students encounter. By elevating ethics from the periphery to the core of business education, professors can help cultivate a generation of leaders committed not only to innovation and growth but also to **justice, dignity, and shared human flourishing**.

Conflict of interest statement

The authors declare that there is no conflict of interest.

Authors' statement of individual contributions

Roles	Contributions
	Degen R. J.
Conceptualization	■
Methodology	■
Software	■
Validation	■
Formal analysis	■
Investigation	■
Resources	■
Data Curation	■
Writing - Original Draf	■
Writing - Review & Editing	■
Visualization	■
Supervision	■
Project administration	■
Funding acquisition	N. A.

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Open Science: Data availability

The entire dataset supporting the results of this study was published in the article itself.

Badge	Description
OPEN DATA	Not applicable
OPEN CODE	Not applicable
OPEN MATERIALS	Not applicable
OPEN SUPPLEMENTS	https://doi.org/10.14211/regepe.esbj.e2712pr
PREREGISTERED	Not applicable

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