Teaching Ethics in Financial Management Education

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# Abstract

Teaching ethics refers to the process of educating individuals about ethical principles, values, and behaviors. The growth of the financial sector requires the teaching of ethics in the field of finance. Along with the financial sector's swift expansion, the growth of financial institutions, and the advancement of financial services, some negative phenomenon also emerged at the identical time. For instance, some morally and ethically deficient workers engaged in illegal deception, the occurrence of scams and fraudulent marketing, the presence of mice in the stock market, etc. Ethics is an essential component of financial management education, as financial professionals are frequently tasked with overseeing huge quantities of funds while making important economic choices that could have profound effects. This paper discusses the significance of teaching ethics in financial management tutoring and outlines some key strategies for doing so.

**Keywords:** Ethics, Teaching Ethics, Financial Management, Financial Management Education

# Introduction

In terms of what is considered right and wrong, ethics describes the ideals and beliefs that inform people's behaviours. It involves making choices about how to act and behaving in a manner that is consistent with those values and principles. Ethics is a multifaceted concept that includes moral values and principles, as well as social and cultural norms and expectations. Some key elements of ethics include honesty, integrity, fairness, respect for others, and responsibility. Financial and economic behaviours accompany the ethical concerns in the realm of finance, and there can be no financial ethics without financial practise financial action lacking in ethical principles. The inner culture and allure of money are powerfully reflected in financial ethics.

# Teaching Ethics

Teaching ethics refers to the process of educating individuals about ethical principles, values, and behaviours. This can involve introducing students to key concepts and theories in ethics, encouraging critical thinking and reflection on ethical issues, and helping students to develop their own personal code of ethics. There is a gap between the methods teachers use to teaching ethics versus what the corporate sector believes or, more importantly, intends to happen in our classrooms. College professors use strategies to teach, while the corporate sector appears to expect that ethics education changes students' underlying values and makes them ethical (Adunlin and Pan, 2022).

# Methodology

The study is mainly based on the secondary research and the results obtained by various researchers on Teaching Ethics in Financial Management Education. We have tried to study the initiatives taken at a global level and their influence. Keeping in view the constantly changing educational scenario, the world needs ethics to make further developments in a sustainable way.

# Review of Literature

Dobson et al. (2008) begins this article from the idea that ethics ought to be included in the financial education curriculum. There are three potential degrees of integration, each needing a growing number of departmental resources. Students are only made aware of the normative nature of the behavioural presumptions underlying finance teaching at level One Integration. Level Two Integration expands upon Level One by ensuring certain that learners possess an understanding in the theory of ethics and by extending the concepts to specific financial choice-making situations. The largest investment of departmental resources is needed for Level Three Integration. It entails developing a course with a focus on financial ethics.

Page and Spira (2005) stated that there will soon be a day when everyone will have high-tech contemporary equipment, a western lifestyle, and materialistic attitudes, yet they will all be willing to die for any indication of values in the family and society as a whole. Instead, let's work together right away to plant the seeds of morality and ethics, or we'll go through life with our eyes closed.

Kaneko et al. (2021) stated that a long-term mindset is required for the development of sustainable finance, allowing individuals to make financial decisions with the benefit of future generations and those outside of their own communities in mind. Ethics can be important in this regard. It has to be updated to include financial education. A brand-new idea is "financial education for sustainability.

Adunlin and Panel et al. (2022) Concluded that Future research should define the optimal teaching methods a suitable budget for managing financial learning, in addition to the length of time that it should last to become competent in the industries.

Shaharuddin and Jamil et al. (2022) describing a method of instruction used in the study of ethics, particularly in the realm of accounting. The issues related to instructional strategies are also highlighted in the white paper. It is crucial to guarantee the calibre of courses in ethics provided at colleges given the influence of moral instruction on students' ethical behaviours. Pedagogical factors are one of the variables that determine quality. Setting the course objectives is crucial before choosing the teaching approach. The objective of the course on ethics is to increase students' moral sensitivity and consciousness.

# Ethics in Financial Management

Finance has typically had a rather skewed perspective on how people behave. Agents were people who sought to maximise their personal riches. As a result, performance-based incentive programmes are heavily promoted as a way to make agents' interests coincide with those of their employers. However, the idea of rationalism as spontaneous wealth maximisation has been called into doubt more recently by behavioural finance. Researchers have discovered that human behaviour is much more nuanced and apparent than conventional theory of agency seems to indicate, especially in financial settings (Dobsun, 2008).

A brand-new idea is to teach finance for conservation. However, there have been early attempts to link sustainable funding and financial literacy. However, despite having a centralised venue for financial instruction and formalised ethical lessons in schools, Japan still needs to improve its citizens' knowledge of finances (Kaneko, 2021).

According to economic theory, people pick a series of activities that, when exposed to external limitations, maximise an individual's measure over time. Rules are created when people are concerned that lapses in other people's morality may allow them to act in ways that endanger the objectives of the establishing regulations communities to whom they adhere. Rules must be supported by monitoring in order to limit the decisions that targeted parties make. Compliance and inspection are both parts of monitoring (Kane, 2008).

# Way of teaching ethics in education

Ethics debates seem to be a concern for education. Ethics is ingrained and incorporated in the leadership of education through significant decision-making regarding what is being taught, what and with who it's instructed, and how student learning is judged. Climate change, injustices, social cohesiveness, ethnicity, socioeconomic class, and a host of other relevant global concerns are ingrained in and expressed in education. Therefore, establishing an equilibrium among the educational system's issues and opportunities while avoiding executing one goal is an ethical dilemma for leaders in education. This balance is necessary to inspire optimism for the future (Dobson, 2008).

Another convenient approach in teaching ethics is group discussion. As a case study exposes students to the real ethical dilemma, group discussion permits students to share their ethics experience, make an ethical judgment and learn to accept the opinions of others. Teachers can showcase the internalization of learning when teaching ethics. This is to ensure that the target of ethics education will be achieved. One way to ensure students internalize the learning is through giving them the needed opportunity. This can be met through group discussion where students are allowed to express their feelings regarding ethical issues they have experienced (Shaharuddin and Jamil, 2022).

# Integration Phases in Financial Management Education

Assuming that a choice was ultimately chosen to incorporate ethics into the financial curriculum, management schools start from the assumption that they differ significantly in size, academic purpose, and availability of resources. There are three integration stages described.

***Integration Stage One***

The bare minimal effort is needed during this phase to establish some genuine connection. The only thing that is taught to students regarding financial is that it entails making predictions regarding complicated and possible human conduct.

***Integration Stage Two***

A preliminary dedication of resources is needed for this phase. Case studies and literature on ethical issues in finance are given to the students. Consideration of these instances and literature is the focus of class time as it relates to putting ethical theory to the practise of finance.

***Integration Stage Three***

This phase necessitates a considerable resource investment, which may include changing the curriculum and even hiring more help. A course on "Financial Ethics" is specifically offered by the finance department. The best of these three phases for a particular department of finance will be contingent on a variety of elements, including the department's size, the course's versatility, the availability of physical resources, and—most importantly—the availability of intellectual resources in the form of faculty who are ready and capable to commit their time to the discussion of ethics. The three integration phases correspond to the three stages of institutional enthusiasm for integrating ethics within the field of financial management (Dobsun, 2008).

# Financial Ethics Education Status

The importance of economic integrity has not received enough emphasis in China's financial industry. The domestic thinkers did not start to understand the significance of economic morality until the twenty-first century. However, domestic schools and universities do not teach about finance at all, and the current bachelor economic stage does not identify financial ethics as a necessary course. They adhere more to the conventional method of cultivation, emphasising only the development of learners professional expertise.

For an extended period of time, China's financial sector has engaged in a market game devoid of ethical standards, which has left the moral components of the banking industry in a state of disorder and disarray. This is due to the marketplace economy structure, the restriction, and the legal system are not sound reasons, which has resulted in a serious absence of good faith, fairness, and justice on the part of financial professionals. Conventional economic universities do not emphasise or provide training concerning ethical behaviour and service consciousness, which makes it difficult for graduates to adjust to the needs of future financial practise departments. The formation of modern students' good financial ethics consciousness also seems to be especially crucial in current context, where education extensively in financial ethical subject is necessary for the moment. Financial institutions improve students' understanding of financial ethics and the development of their financial professional conduct during the instruction of financial employees, which is of particular importance. Commercial banking firms only hire individuals with strong financial skills (Liu, 2018).

# Need of Teaching Ethics in Financial Management Education

## **For Development of Finance Industry**

The growth of the financial sector requires the teaching of morals in the field of finance. In addition to the financial sector's rapid development, the growth of financial institutions, and the innovation of financial products, some negative phenomena also emerged at the same time. For instance, some morally and ethically deficient workers engaged in illegal manipulation, the occurrence of fraud and false advertising, the presence of mice in the market for securities, etc. They may abuse their power by making faulty loans, using their position to influence client stock, bond, or capital stock speculation, and engaging in financial fraud, bribery, and both inside and outside cooperation, among other things.

If a nation's financial market is fraudulent, financial activity will be disrupted, which will harm the growth of that nation's financial industry. As a university instructor, you should encourage students to draw lessons from the financial illegal activity and lay the groundwork for future work in that industry (Liu, 2018).

## **Formation of Value in Financial Management Students**

The financial industry's driving power and the fuel for the complicated machinery of finance in the years to come are students of finance. Their moral and ethical character will affect how the nation's economy and financial sector develop in the future. The best time to develop high-caliber financial talents is during the university stage, when these students are in a special growth stage of developing their outlook on life and values. If we can enhance their ethical education during this time, we can achieve a certain significance through financial undergraduate courses at colleges and universities in personnel training, to enhance the financial professional moral instruction, the teacher in the decoding of the teacher (Liu, 2018).

## **The measure of Strengthening Financial Ethics Education**

Project-based learning alongside the event teaching assists students from various perspectives to discuss. Students are able to comprehend financial ethics by case content and learn about understanding associated to the financial industry. Cases are the vehicle for education that is fully integrated with competent expertise and ethics. Additionally, students can apply what they have studied to the facts of financial vocations by using real-world examples. Students are given instances based on their interests, but they should also pay attention to the basic concepts in each course, which are highly associated, in addition to the genuineness of the cases. Teachers can also create an organised case library for financial ethics. When applied to the business-related education group, taking more than one course may result in taking more courses. Shared cases are examined from several points of view, depending on the understanding of the individual, and they may also be the focus of specialised financial ethics programmes. Establishing and maintaining them are the responsibility of the special educators (Liu, 2018).

# Conclusion

The teaching of ethics in financial management education is critical for the development of a responsible and trustworthy financial industry. By fostering a deep understanding of ethical principles and encouraging critical thinking and ethical decision-making, Education in financial management may make sure that future financial professionals have the information and abilities needed to resolve moral quandaries and maintain the highest standards of honesty in their professional careers. In addition, by addressing regulatory and legal frameworks and promoting a culture of ethics within the classroom, financial management educators can help to create a generation of financial professionals who are committed to acting with integrity and transparency in all of their professional endeavours. Teaching ethics in Financial Management education plays an important role. To provide the much-needed exposure of ethics as it is included in the procedure for establishing moral decisions for the financial management students and educators in the ethical operations and in life to provide experience gained for further stages. The ways implied in the teaching ethics for students connect with better learning experience. Teaching ethics is one the most important aspect in financial management education, helping fulfilling need like in formulation of value and development of industry.

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