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. Teaching Ethics in Financial Education Is a need for the development of the Financial Industry Along with the rapid development of the financial industry, the number of financial institutions, financial products innovation, but also some bad phenomena appeared at the same time, for example, some of the ethical and moral low-quality workers for illegal manipulation, the phenomenon such as fraud and false advertising, mice storehouse in the securities market, etc. Ethics is an essential component of financial management education, as financial professionals are often entrusted with managing large sums of money and making important financial decisions that can have significant consequences. This paper discusses the importance of teaching ethics in financial management education and outlines some key strategies for doing so.

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

# Introduction

Ethics refers to the principles and values that guide the behaviour of individuals or groups with regard to what is right and wrong. 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 adisconnect between instructors’ own approaches to teaching ethics and what the business world thinks or, more important, hopes are happening in our classrooms. College professors are teaching using techniques, whereas the business world seems to hope ethics education is changing students ‘core values and making students virtuous.[1]

# 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. By ensuring that students have a foundation in ethical theory and by applying that theory to particular financial decision-making scenarios, Level Two Integration builds on Level One. The largest investment of departmental resources is needed for Level Three Integration. It entails developing a course with a focus on financial ethics.

Prakasha et al. (2012) 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.

Xiaoyu Liu et al. (2018) emphasised on It should continue to promote investment financial ethics education, introduce the concept of socially responsible investing, and help people realise that doing so contributes to the most efficient allocation and use of financial resources, fosters the development of an enterprise's strong sense of social responsibility, and fosters an environment conducive to fair and competitive competition.

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 for financial management education as well as the ideal duration of financial management education to become competent in the industries.

Shaharuddin and jamil et al. (2022) discussing on A teaching approach used in ethics education, especially in the field of accounting. The white paper also highlights the challenges associated with educational approaches. Given the impact of ethics education on the ethical behaviour of students, it is important to ensure the quality of ethics courses offered at universities. One of the criteria that determines quality is pedagogical considerations. Before setting the teaching method, it is important to set the course objectives. The goal of the Ethics course is to develop moral awareness and moral sensitivity in students.

# Ethics in Financial Management

Traditionally, finance has taken a pretty simplistic view of human behaviour. Agents were personal wealth maximizing opportunists. Hence the heavy promotion of performance-based incentive schemes as a means of aligning this self-interest of agents with that of principals. More recently, however, behavioural finance has questioned this notion of rationality as opportunistic wealth maximization. Researchers have found that human behaviour, even in financial contexts, is actually far more complex and suggestible than traditional agency theory would imply.[2]

Financial education for sustainability is a very new concept. However, there are early attempts to connect financial education with sustainable financing. On other hand, Japan has a centralized platform for financial education and formalized ethics classes at schools although relatively minimum scale of the financial literacy among the citizens needs to be overcome.[3]

Economic theory presumes that, subject to external constraints, individuals choose a series of behaviours that maximize through time a personal objective function. Rules come into existence in situations where people fear that gaps in other individuals’ ethical standards might allow them to behave in ways that would jeopardize the goals of a rule-making community to which they belong. To constrain the choices that targeted parties make, rules must be backed up by supervision. Supervision entails surveillance and enforcement. [5]

# Way of teaching ethics in education

Discussions of ethics appears as a problem for education. With considerable decision-making concerning what is taught, how and by whom it is taught, and how student learning is assessed, ethics is embedded and embodied in educational leadership. Contemporary global challenges such as climate change, inequities, social cohesion, race, gender, class, and many others are embedded and embodied in education. The ethical challenge of educational leadership is therefore how to recognise and value the diversity of purpose of education without implementing a single vision and maintaining the balance between the problems and possibilities of education to create a sense of hope for future.[2]

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. [6]

# Integration Phases in Financial Management Education

Management institutes differs considerably in terms of size, academic goal, and resource availability, it begins from the premise that the decision has been made to integrate ethics into the finance curriculum. Three Phases of integration are discussed.

***Integration Phase One***

This phase requires the minimum commitment necessary to achieve some meaningful integration. Students are merely made aware of the fact that finance involves assumptions about human behaviour and that this behaviour is both complex and suggestible.

***Integration Phase Two***

This phase requires an intermediate resource commitment. Students are assigned with cases and readings on ethical problems in finance. Class time is devoted to discussion of these cases and readings in terms of applying ethics theory to the practice of finance.

***Integration Phase Three***

This phase requires a significant resource commitment, including modification to the curriculum and probably the employment of added help. The finance department offers a class specifically on 'Financial Ethics'. Which one of these three phases is optimal for any given finance department will depend on factors such as the size of the department, the flexibility of the existing curriculum, the physical resources available, and most critically the intellectual resources available in the form of faculty willing and able to devote time to the coverage of ethics. The three phases of integration represent three phases of departmental commitment to the integration of ethics into the area of finance management. [2]

# Financial Ethics Education Status

In the operation of China's financial industry, the role of financial ethics has not attracted enough attention. It was not until the 21st century that the domestic theorists began to recognize the importance of financial ethics. However, in the process of financial teaching, domestic colleges and universities have no financial ethics at all, and financial ethics has not been listed as a required course in the current financial undergraduate stage. They are more in accordance with the traditional way of cultivation, focusing only on the cultivation of students' professional knowledge.

For a long time, China's financial industry has been playing a market game without ethical norms, so the ethical aspects of financial markets have been in a state of chaos and disorder because the market economy system, constraint mechanism and legal system is not sound reasons, led to the good faith, fair and just these important professional ethics on financial professional’s lack of phenomenon is very serious. The traditional financial universities ignored in the process of cultivation or no financial professional ethics education and service awareness training, so that the university graduates are hard to adapt to the requirement of future financial practice department. In this environment, in the financial discipline teaching broadly into financial ethical content is need of the time, cultivation of contemporary students make it have good financial ethics consciousness also appears especially important. In the process of financial personnel training, financial institutions strengthen students' cognition of financial ethics, and strengthen the cultivation of students' financial professional ethics, which has special significance. Only people with good financial professional qualities meet the needs of commercial financial institutions for talents. This requires financial colleges and universities should adhere to the talent of education high quality, a high skill of financial, make financial personnel not only have excellent professional skills, but also has the professional ethics of consciousness and noble professional ethics moral integrity. Only with solid professional skills and high financial professional ethics can financial employees meet the needs of financial talents in the modern financial industry. [4]

# Need of Teaching Ethics in Financial Management Education

## **For Development of Finance Industry**

Teaching Ethics in Financial Education Is a need for the development of the Financial Industry Along with the rapid development of the financial industry, the number of financial institutions, financial products innovation, but also some bad phenomena appeared at the same time, for example, some of the ethical and moral low-quality workers for illegal manipulation, the phenomenon such as fraud and false advertising, mice storehouse in the securities market, etc. They might misuse their authorities by bad loans, the use of position to manipulate the customer stock, bond or unit of capital stock speculation and participate in the financial fraud, bribery more to this, the internal and external collusion.

It allows the public to lose confidence in the financial industry, to say, has a negative effect on the financial industry, just think, if a country's financial market is a fraud, it will lead to financial activity cannot go smoothly, the long since this will affect the development of a country's financial industry, therefore, as a teacher in university, should guide students to learn lessons from the financial illegal activity and lay a foundation for further work in the financial industry, the teacher should be in the financial professional education and practice combine financial and ethical fully, lets the student to maintain a healthy financial activity an important responsibility.[4]

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

The students of finance are the main force of the financial industry and the fuel of the complex machine of finance in the future. Their ethical and moral quality determines the development direction of the financial industry and economy of the country in the future. In university stage, these students are in a special growth stage of formation of the outlook on life and values, is the best period of high-quality financial talents cultivation, if we can strengthen their ethics education during this period, can achieve a certain significance through Financial undergraduate course at colleges and universities in personnel training, to strengthen the financial professional ethics education, the teacher in the interpretation of the professional knowledge at the same time, pay attention to financial ethics education to students, let moral education throughout the whole teaching activities, provides professional consciousness, make them form the right values. Form student’s financial ethics and ethics, and make them aware of the responsibilities and obligations of financial institutional bodies and financial stakeholders. [4]

A simple six-part ethical decision-making model suggested by LaRue Hosmer of Michigan Business School would be useful in ethics training.

The questions to be answered are:

What is the moral issue? Who has been harmed? In what ways?

What are the alternatives that exist?

What facts need to be known to make a reasoned decision?

What are the personal impacts on the person making the decision? [7]

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

Project oriented and at the same time added with case teaching to carry out teaching activities, helps students from several aspects to discuss, students through case content can understand financial ethics knowledge related to the financial work can not only realize the integration of teaching and practice teaching, case is the carrier of education fully combined with professional knowledge and ethics. And real cases can help students relate what they have learned to the realities of financial careers. The selection of cases provides students according to their own interest, should not only pay attention to the authenticity, and should pay attention to, at the same time, the core of knowledge in each course to highly correlated, so that the students’ knowledge and ethical education better organic link, to promote students' autonomous learning. In addition, teachers can establish a systematic financial ethics case library. If used in the case of professional knowledge learning category, to more than a course can be more courses Shared the same case, respectively from the Angle of different knowledge, multiple points of view are discussed, also can be in a special financial ethics courses focused on. Special teachers are responsible for the construction and maintenance. [4]

# 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, financial management educators can help to ensure that future financial professionals are equipped with the knowledge and skills necessary to navigate ethical dilemmas and uphold the highest standards of integrity 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 process of ethical decision making 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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