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Teaching Business Ethics at a Distance

William I. Sauser, Jr.

Abstract

Without question “business ethics” is one of the hot topics of the day. Over the past months we have seen business after business charged with improper practices that violate commonly-accepted ethical norms. This has led to a loss of confidence in corporate management, and has had severe economic consequences. From many quarters business educators have heard the call to put more emphasis on ethical practices in their business courses and curricula. This paper describes an innovative method used to teach business ethics to Executive MBA students using distance education methodology. Now in its second year of inclusion within the curriculum at Auburn University, this course has proven to be thought-provoking and challenging to professional-level students. Following a general introduction to the course, this paper provides a description of the contents of each of the five modules currently available on computer diskettes (CDs). The course is currently being adapted for use also in not-for-credit continuing professional development contexts.

Introduction

Enron ... Arthur Anderson ... Tyco ...
ImClone ... Martha Stewart ... WorldCom ...
Global Crossing ... Merrill Lynch ... Rite-Aid...

Qwest ... Adelphia ... Kmart ... HealthSouth ...
the list of formerly respected businesses (and
business leaders) being charged with breaches
of ethical conduct seems to be growing by the
day. This is having adverse effects on our
economic well-being, on investor confidence, and
on the perceived desirability of pursuing business
as a respectable calling for earning one’s living in
today’s world.

Commenting on this current ethical crisis
in business leadership, Professor Eileen Kelly
(2002, p. 4) of Ithaca College makes these
sobering observations:

“Recently a new
business scandal seems to
surface each day. The current
volatility of the market reflects
the apprehension, the sense of
betrayal, and the lack of
confidence that investors have in
many large corporations and
their managements. Massive
accounting frauds and
continuing restatements call into
question the accuracy of
financial statements of
numerous public corporations
and the corresponding veracity
of stated revenues and profits.
Even companies with sterling
reputations are now often
suspect.

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A basic sense of trust and fair play is an essential cornerstone of any economic system, especially a free-market system. In the absence of such trust, chaos reigns. Clearly the ethical bankruptcy of some corporate leaders has caused considerable disruption in the markets. Fortunately, the fundamental soundness of our financial system has withstood the onslaught. The current wave of business scandals involves not only outright criminal activity, but also a grayer area in which companies met the letter of the law, while they breached the ethical expectations of many stakeholders.”

While I agree with Professor Kelly’s belief that our system is fundamentally sound, I cannot help but point out the severe economic consequences some stakeholders have faced as a result of these unethical actions. For example, Associated Press business writer Marcy Gordon (2002), reporting on a speech by Securities and Exchange Commissioner Paul Atkins, noted, “The string of accounting failures at big companies in the last year has cost U. S. households nearly \$60,000 on average as some \$5 trillion in market value was lost.”

Gordon also cited a month-old (at the time of this writing) report issued by the “No More Enrons” coalition (partially funded by consumer groups and labor unions) which claimed that “the corporate scandals have cost Americans more than \$200 billion in lost investment savings, pension losses and tax revenue.” These losses are staggering, to say the least!

Accounting failures are not the only ethical concerns facing modern business organizations. On its website, The Southern

Institute for Business and Professional Ethics lists an array of issues (in addition to unprecedented accounting scandals involving major U. S. corporations) which put ethical pressures on business enterprises. These include:

- The globalization of business
- Work force diversification
- Employment practices and policies
- Civil litigation and government regulation
- Concerns about environmental stewardship

What are the implications of these issues for those of us in academia charged with preparing the business leaders of tomorrow? The Southern Institute for Business and Professional Ethics concludes, “Despite such powerful trends [as those listed above], few managers have been adequately equipped by traditional education to recognize, evaluate, and act upon the ethical dimension of their work.”

Columnist Malcolm Cutchins (2002), himself an emeritus professor of engineering at Auburn University, sums up the problem concisely: “We have seen the effect of not teaching good ethics in business schools. If we continue to neglect the teaching of good principles on a broad scale, we all reap the bad consequences.”

Echoing this sentiment, in a recent letter to the Assembly for Advancement of Collegiate Schools of Business (AACSB), the Ethics Resource Center Fellows made the following recommendation and observations:

The Ethics Resource
Center (ERC) Fellows wish to

express their strong view that business ethics be made an essential part of the curriculum of schools of business. The business scandals of the past two years have not only brought significant harm, both directly and indirectly to millions of people, but have also made abundantly clear the importance of ethical behavior in business. Failure to recognize this fact has greatly harmed the reputation of American business both at home and abroad. And though few would ever say that business in the fashion that brought down Enron, WorldCom, and Arthur Anderson is acceptable, for far too long a wide-ranging neglect of business ethics has been condoned in schools of business. Unfortunately, there can be no doubt that the recent scandals and a disregard for ethics are connected.

How is a responsible college of business to respond to these points?

Two years ago the faculty of the Executive MBA program at Auburn University made the decision to introduce a one-semester-hour course in business ethics into our curriculum. The course is offered every Fall Semester to all students entering our AACSB-accredited Executive MBA and Physicians Executive MBA programs. These programs are taught through a combination of intensive one-week residencies each semester plus courses offered at a distance using computer diskettes (CDs) and internet discussion groups and message boards.

I volunteered to organize and teach this course during its initial offering. This paper

reports the pedagogical methods I used, the contents of the five course modules, and the reactions of the students who participated in the course during its first two annual offerings. I hope this information will be of use to other business faculty members facing similar assignments. At the time this paper was prepared we were in the process of adapting the course for use also in our not-for-credit distance education programs for continuing professional development.

The Business Ethics Course

The Business Ethics course is a one-semester-hour graduate level course designed for students enrolled in the Executive MBA and Physicians Executive MBA programs of study offered by the College of Business at Auburn University. These mature students are highly intelligent, experienced professionals in their chosen fields. Thus the course was designed at a high level to challenge their intellect, gain from their shared experiences, and stretch their powers of critical thinking, self-understanding, and personal reflection. The students were told that the essay questions I assigned had no predetermined "right answers." The students were challenged to present and defend their own viewpoints with regard to each issue addressed.

The course is self-paced and packaged as a set of five CD-ROM diskettes. This set of CDs, along with the textbook, was provided to the students. They were encouraged to begin their work right away, but were given the full semester (plus, in a few cases, extra time as allowed by Auburn University's Graduate School) to complete all required assignments. This flexibility is essential for active business leaders and medical practitioners who must balance their educational goals with the demands of their professional career and family life.

Each of the five modules consists of a full-action video lecture (roughly 45 minutes in

length), a 20-minute interview with a business leader discussing ethical issues in his or her field of expertise, assigned readings, and a written assignment. Each student posts all written assignments on a computerized "bulletin board" such that all the students in the class can read and learn from each others' comments. (This technique is used to simulate a high-level classroom discussion.) The course is supported by commercially-licensed "EMBA Net" software, which allows for individual and class-wide e-mail communications among students and faculty, computer bulletin boards, discussion groups, and file-sharing of cases, handouts, and other materials.

The CDs were produced by Auburn University Educational Television in their studios. The use of three cameras, as well as "blue screen" special effects, allowed the producer/director to create an optimal mix of "talking head," "professor at the lectern," graphical displays (prepared using Microsoft PowerPoint software), and "step into the picture" shots that allowed me to appear in front of any graphical display I was discussing at the time. The interviews were also professionally produced in our ETV studios with cameras focused on me and the interviewee plus a full shot of the two of us seated in a comfortable interview setting.

The course has four stated objectives. As a result of participation in this class, students are expected:

1. To become familiar with issues and terminology related to business ethics.
2. To consider the viewpoints of various experts in areas of business ethics.
3. To begin to formulate a personal code of ethics.

4. To promote ethical behavior in business.

Students prepare and post assigned written essays for each module. Essays are graded "satisfactory" or "unsatisfactory," and each satisfactory essay earns the student one point (except for the final essay, which is worth three points). Fifteen points must be accumulated to earn an "A" in the course; 14 to earn a "B," 12 or 13 a "C," 10 or 11 a "D," and fewer than 10 an "F." Students are told about their essays in the syllabus, "It is not necessary that the written response conform to the textbook author's or professor's opinion in order for it to be graded satisfactory. What matters is that the response expresses the student's (informed) opinion with respect to the question asked."

As of this writing the course has been offered four times: twice to EMBA classes (of roughly 25 students each) and twice to PEMBA classes of similar size. These are highly-motivated students who are aware that their peers are reading their posted essays, thus I have never received an "unsatisfactory" essay! Furthermore, all students who have completed the course to date have tackled all the assignments, thus have earned "A" grades. Some students have completed the course in as little time as one week, others have stretched their work throughout the entire semester. A handful has been given extra time to clear "incomplete" grades due to special work-related or personal circumstances. Reasonable accommodation is provided to students with disabilities.

The textbook I chose for this course is Michael Novak's *Business as a Calling: Work and the Examined Life* (1996). This is no "ordinary textbook." Instead, it is a philosophical yet practical treatise summarizing the observations of an eminent, Templeton Prize-winning author with an international reputation in the fields of philosophy, politics, and economics.

Citing extensively from the works of a myriad of other great thinkers—ranging from Andrew Carnegie to Pope John Paul II, from Milton Friedman to Aristotle, from Peter Drucker to Abraham Lincoln, from Adam Smith to Scott Peck—Novak challenges his readers to explore the “sticky issues” of business ethics.

Novak is an opinionated writer, and he makes no excuses for stating what he believes to be “the truth” based on his extensive experience (Sausser 1998). I tell my students, “There are times when Novak’s words make me want to stand up and cheer. At other times, he makes me so angry I want to throw the book across the room.” I am seeking, of course, to encourage my students to employ their critical thinking skills when reading the textbook, attending to my lectures, or reading one another’s essays.

In addition to Novak’s book, students are also assigned to read the “Business Ethics” chapter from *The Portable MBA, Third Edition* (Bruner, Eaker, Freeman, and Olmstead 1998), which I find to be an excellent introduction to the topics addressed in most MBA programs, and an article from the *SAM Advanced Management Journal* written some years ago, “The ethics of teaching business: Toward a code for business professors” (Sausser 1990). They are also given a study guide for the Novak book, which I prepared for this course. In addition, students are encouraged to post other current articles they believe may be useful to their peers with respect to the study of business ethics.

A key theme followed throughout the course is that one’s values, ethics, and character are constantly being influenced by one’s experiences in life. For this reason, I share some of my own biographical information with the students, and require them to share theirs with one another, at least to the extent with which they are comfortable. This theme is also explored in the interview segments of each module.

Course Content

Module One

The first module, “Introduction to Business Ethics,” introduces the course, explains the syllabus, course requirements, and assignments, and sets the basic tone for the modules to follow. After providing several examples of ways of looking at “business ethics”—including the humorous thought that the term itself may be an oxymoron—I tell “my own story” as a way to help students see how my own thoughts about business ethics have been shaped. I also use the Perot Systems Statement of Values as an example of how a values-based firm projects itself to the public.

My first interview is with Mr. James Pursell, Chairman of the Board of Pursell Technologies, Inc. Mr. Pursell, a successful businessman, describes his own value system and how he seeks to reflect his personal values in his business dealings. Mr. Pursell also shares insights gained from his five years of active service on the Alabama Ethics Commission.

The reading assignment consists of the introduction and first two chapters of Novak’s book. As their written assignment, students are told to respond to the following required question, plus their choice of two of four additional questions:

- What is your “story?” How does it help you identify your own calling? (Required)
- Is making money a sign of “materialism?” Is it sinful?
- Are high moral standards in business a competitive advantage over time?

- Do you agree with Novak that “most people do not get the recognition they have earned?”
- How do you react to Novak’s assertion that “commerce is what people do when they are at peace?”

- Have you ever been “put down” for studying or engaging in the practice of business?
- What is meant by the words “greed” and “capitalism?” Are they synonyms?
- Novak claims that the heart of capitalism is constituted by creative wit—“the zest is in the creating.” Do you possess a driving preference for new risks and challenges?
- What is “envy?” How can envy destroy a society? How can envy be overcome?

Module Two

The lecture portion of the second module, “Understanding Ethical Behavior,” begins with an exploration of four alternate views of ethical behavior: utilitarian, individualism, moral rights, and justice. Next such concepts as cultural relativism and ethical imperialism are discussed and contrasted. The ideal of respecting universal values is broached, with a focus on human dignity and basic rights. Finally, the ethic of “being a good citizen” is presented for examination.

The interview portion of the module consists of a discussion with Ms. Jackie DiPofi, director of the Auburn Small Business Development Center. Ms. DiPofi cites examples of ethical dilemmas faced by small business owners and operators, and describes helpful services provided by Small Business Development Centers located throughout the United States.

Students are instructed to read chapters three and four of Novak’s book, then to respond to one required essay question and their choice of two of four other questions:

- How can we best assist “the poor” to break out of the prison of poverty? Is capitalism the answer? (Required)

Module Three

The third lecture focuses on “Ethical Dilemmas in Business.” It begins with an exposition of twelve ethical dilemmas frequently encountered in business settings, then continues with discussions of (a) unethical requests that bosses often make of subordinates and (b) rationalizations often given for unethical behavior. The focus then shifts to a discussion of factors influencing ethical behavior (the person, the organization, the environment) followed by a checklist for making ethical decisions and then an “ethics double-check.” The third lecture concludes with eight suggestions for creating an organizational culture that fosters ethical business practices.

My third interviewee is Dr. Lee Evans, Dean of Pharmacy at Auburn University. The interview pinpoints a number of ethical issues currently facing professionals in the pharmaceuticals industry. This topic was chosen as one of interest to both business leaders and medical professionals.

Students are instructed to read chapters five, six, and seven of Novak's book, then to respond to one required and their choice of two of four additional questions as follows:

- Do you have a "living model" to serve as your example in the workplace? If so, how do you seek to follow that example? (Required)
- Novak, paraphrasing Pope John Paul II, declares that "the chief cause of wealth is intellectual capital"...the mind of human beings. Do you agree? What is the source of this capital? For what purpose has it been provided? How should it be used?
- Do you agree with Novak's inclusive concept of the term "business ethics?" Here is his definition:

Business ethics means a great deal more than obeying the civil law and not violating the moral law. It means imagining and creating a new sort of world based on the principles of individual creativity, community, realism, and the other virtues of enterprise. It means respecting the right of the poor to their own personal economic initiative and their own creativity. It means fashioning a culture worthy of free women and free men—to the benefit of the poor and to the greater glory of God. [6, p. 133]

- How can business persons put into action the virtue of "social justice?"
- Does your business have a credo or code of ethics? Does it operate within the code?

Module Four

The fourth module's lecture portion focuses on "Social Responsibility and Corporate Performance." After introducing these concepts, I describe how an organization would go about conducting a social responsibility audit. Four levels of corporate responsibility are then described: economic, legal, ethical, and discretionary. These four levels are then related to four social responsibility strategies: obstruction, defense, accommodation, and proaction. The topic of government regulations is then broached, and the key components of five legislative acts are mentioned (Occupational Safety and Health, Equal Employment Opportunity, Consumer Product Safety, Foreign Corrupt Practices, Americans With Disabilities).

Dr. Keenan Grenell, founder and director of the African American Entrepreneurship Summit, is my fourth guest interviewee. My discussion with Dr. Grenell focuses primarily on the ways that entrepreneurial actions create opportunities for members of racial-ethnic minorities. An ethic of economic empowerment rather than exploitation is espoused by Dr. Grenell in his advice to our EMBA and PEMBA students.

After reading the remaining three chapters of Novak's text, the students are asked to respond to two required, plus their choice of one of three other questions, in written essays:

- What are the benefits and costs for businesses which seek to operate in an ethical manner? (Required)
- What are the responsibilities of business leaders of multinational firms regarding human rights?

- What can businesses do to assist the homeless and feed the hungry? What successful programs can you cite? What can we learn from these programs?
- What do you think of Carnegie's seven "best uses" for wealth [6, pp. 196-7]? What would be your list of priorities?
- What do you believe are the five most critical ethical issues in your own field of endeavor? (Required)

Module Five

The lecture portion of the final module, "Business Ethics in Practice," begins with the provision of 11 principles for ethical human resources management. Next I give my own answer to the question, "What to do with your money?" The lecture concludes with an exposition of Novak's [6, pp. 138-151] seven internal and seven external responsibilities of ethical firms. Respectively, they are:

Seven Internal Responsibilities

1. To satisfy customers with goods and services of real value.
2. To make a reasonable return on the funds entrusted to the business corporation by its investors.
3. To create new wealth.
4. To create new jobs.
5. To defeat envy through generating upward mobility and

putting empirical ground under the conviction that hard work and talent are fairly rewarded.

6. To promote invention, ingenuity, and in general "progress in the arts and useful sciences" (Article I, Section 8, U. S. Constitution).
7. To diversify the interests of the republic.

Seven External Responsibilities

1. To establish within the firm a sense of community and respect for the dignity of persons.
2. To protect the political soil of liberty.
3. To exemplify respect for law.
4. To make manifest social justice.
5. To communicate often and fully with their investors, shareholders, pensioners, customers, and employees.
6. To contribute to making its own habitat, the surrounding society, a better place.
7. To protect the moral ecology of freedom.

My final interviewee is Dr. John Jahera, Interim Dean of Business and Colonial Bank Professor of Finance at Auburn University. Dean Jahera comments on the importance of business ethics as a topic for study by business students, discusses some of the ethical issues in the area of finance, and provides key insights into the "savings and loan" debacle the USA encountered a few years ago.

As their final assignment, students are directed to study the Bruner et al. [8] and Sauser [9] readings, then respond to the following challenge: “In a ‘final essay,’ formulate (or at least begin to formulate) a statement of your own personal code of ethics. (Use whatever format or approach is most comfortable to you. I’m interested in your own thoughts expressed in your own style.)”

This final assignment has generated some outstanding essays! Some students have sought to express their own value systems and how they are made manifest at work and in other settings. Others have written formal codes, while yet others have struggled mightily with tough choices they are being forced to make at present. Several students have prepared PowerPoint presentations—complete with sophisticated graphics—to express their thoughts. Uniformly the students have taken the assignment seriously and have evidently given it a great deal of thought.

Evaluation and Summary

Has the course accomplished its objectives? Will graduates of Auburn University’s EMBA and PEMBA programs go into the world better equipped to consider the ethical implications of their business decisions? Will these students display morally higher behavior as a result of this course? Will the conduct of ethical practices in business be changed by the creation and offering of this course?

It is far too early—and far too difficult—even to begin answering these important “bottom line” questions at present. Only time will tell. I can, however, report that many of the students who have successfully completed the course have made comments to me that the course “really made them think.” Several have expressed gratitude for the opportunity to explore their own motives and values, and to seek to prepare formal statements of their personal code

of ethics. A few have even commented that the course has given them a whole new outlook on life and the pursuit of business as a noble calling. These comments have greatly encouraged me.

Of course, all is not rosy—it never is! Some of the students have expressed a dislike for Novak’s book. A handful has stated concerns about Novak’s (and perhaps my own as well) use of religious principles when discussing ethical behavior. (Novak claims to write from a “Judeo-Christian-Islamic” perspective, and I draw from a variety of faith traditions in my discussions.) One student complained that the workload for this course was “far too much” for one-semester-hour of credit.

We have also learned a few lessons along the way. For example, in its first semester of offering, there was an unavoidable delay in producing the CDs for this course, thus students did not receive them until several weeks had passed since the beginning of the semester. This created some hardship for the students, since their study and work plans were unduly disrupted. Several students were forced to take “incompletes” that first semester, and finished their assignments while also working on their Spring Semester courses. We have now corrected that problem, and all five CDs were delivered during the first week of the semester the second year the course was offered. This has led to a greater sense of satisfaction on the part of the students, and many completed their assignments well before the end of the semester.

Another important lesson we have learned is the importance of at least a few hours of “face to face” interactions with the students assembled as a class. Due to other commitments, as well as some health problems requiring hospitalization, I was unable to meet personally with the EMBA and PEMBA classes during their respective times in residence the first year the course was offered. This disappointed, even frustrated, some of the students (as it did

the professor!). Again, this problem was addressed the second year the course was offered, with much more satisfactory results.

As noted in the introduction, this course in Business Ethics was designed expressly for executive MBA students enrolled for academic credit in a distance learning program. Can it be adapted successfully for use in other settings? We are seeking a partial answer to that very question. As of this writing the course is being reformatted for inclusion in Auburn University's Continuing Professional Development offerings for engineers, surveyors, and business professionals. I hope to provide a future report on the progress of our ongoing experiments in teaching business ethics at a distance.

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The Ethics Resource Center, www.ethics.org -- These comments are taken from a letter written by the ERC Fellows to the Assembly for Advancement of Collegiate Schools of Business.

The Southern Institute for Business and Professional Ethics, www.southerninstitute.org - - These comments are taken from the description of the "Certificate in Managerial Ethics" program offered by the Institute in partnership with The University of Wales, Lampeter, UK.

NOTE

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