Fulfilling Our Obligation

Perspectives on Teaching Business Ethics

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FOREWORD

Well before the courts began handing down sentences to the miscreants of Enron, WorldCom, and other now-notorious companies, many observers were wondering aloud if the nation's business schools should share a measure of blame for the crisis that had caused a staggering loss of public confidence in corporate America.

The Wall Street Journal, remarking on the skill with which some executives misled investors, could not help but ask, "How did they learn to think that way?" Other headlines reading "Oxymoron 101" (*Forbes*), "When It Comes to Ethics, B-Schools Get an F" (*The Washington Post*), and "Ethics Lacking in Business School Curriculum . . ." (*The New York Times*) were more direct. Even three years after news of the major accounting scandals broke, *The Economist* featured a critical review of business schools beneath the banner "Bad for Business?"

Some suggested that business schools might be part of the problem. The Aspen Institute conducted a survey at a dozen top-tier universities and found that roughly half of MBA students believed that MBA programs—including the way ethics is taught—might have contributed to the corporate scandals. One in five students reported they he or she had not received any ethics training whatsoever in the business curriculum (Aspen Institution 2003).

Perhaps the strongest indictment came from the late Sumantra Ghoshal of the London Business School, who argued in his last journal article that business faculty "need to own up to our own role in creating Enrons. Our theories and ideas have done much to strengthen the management practices that we are all now so loudly condemning" (2005). In other words, the need

is not simply to teach more ethics, but to teach less of other things, including theories that shrink the rich complexity of business life to a dehumanized, purely quantitative science.

Many business deans have joined those seeking change; but even these leaders admit that change will be difficult. To encourage an exchange of ideas and best practices, The Southern Institute for Business and Professional Ethics convened deans and other leaders from 12 universities for a series of gatherings known as the Southeast Consortium on Business Ethics Education. In their final meeting, the deans heard three business leaders, all of whom run multibillion-dollar companies, deliver an unequivocal message: employers need more workers evidencing ethical judgment and leadership skills, but neither quality is paid sufficient attention in today's business curriculum.

New Ways of Thinking about Ethics Education

The volume you are holding represents an important step forward in addressing these and other concerns. Editors Sheb L. True, Linda Ferrell, and O. C. Ferrell have assembled a collection of timely essays offering practical, experience-based insights to those seeking a more prominent place for ethics in business education. The authors of these essays address a diversity of topics yet are unanimous in calling for change (even if they occasionally disagree on the best means of accomplishing it). Following are some of the important themes this volume addresses.

The Purposes of Ethics Education

George Washington University's Amitai Etzioni has written, "Many business school professors choose to steer clear of teaching morality, pointing out with some justification, that while it is relatively clear what economics dictate and even what the law dictates, what is 'ethical' is far from obvious. What appears ethical to one person is not to another, they say, and what is ethical under some conditions is not under others" (2002). This statement underscores a principal reason for which ethics often occupies an uncertain position in the business curriculum. The idea of "teaching morality" is off-putting to some and abhorrent to others. "The sleazeball population is far less malleable than is assumed" declared Dan Seligman in a *Forbes* article (2002). And in the words of one CEO I met recently, "You can't teach ethics to a grownup. If they haven't got it by then, it's too late."

The idea that ethics instruction is about reshaping the moral character of "sleazeballs" is a common misperception. In response to such thinking, Thomas I. White points out that the "character education" model is neither appropriate nor productive for ethics education in business schools. He advocates, rather, a "more cognitive and philosophical approach that is more consistent with the general character of the modern university and the technical expertise of business school faculty." He explains how it is possible, through such an approach, to cultivate capacities for ethical reasoning that are especially likely to lead to ethical business decisions.

Eugene Heath makes a similar case, acknowledging that business ethics instruction might well improve the character of individuals and even society, but concluding that this should not be its main objective. "As a pedagogical enterprise, business ethics should not seek to make students into better persons; rather, its purpose is to assist them in thinking carefully about moral matters

relating to commerce."   The result, he suggests, can be enhanced moral perception, greater competence in "sifting" ideas, and more deliberative reasoning about principles and practices.

O. C. and Linda Ferrell also contend that a strong "business case" can be made if the purpose of teaching ethics is understood properly. "By focusing on the concerns and issues of today's challenging business environment, one can demonstrate that studying business ethics provides vital knowledge that contributes to overall business success," they write. Lindsay Moore concurs with White and Heath, noting that crises in judgment and decision-making ability characterize the current crisis in ethics education. "Because decisions are contingent upon accurate perception, clear thinking, and responsible analysis," Moore observes, "Higher education is uniquely positioned to impact the ethical situation by training the minds of its students to a higher degree of competency in the faculties of good reasoning—good reasoning even when operating under the pressures of time and consequence."   Moreover, better judgment can result in "rewarding professional and personal lives and deliver significant and enduring contributions to society."

Even if we agree regarding the purposes of ethics education, the problem of assessing outcomes remains. Brian K. Burton's essay begins be pointing out that if we have a "goal of training ethical business leaders we open ourselves to the question, 'How will you know?'" Analyzing existing theories and practices, he suggests several promising methods but calls for further research into assessment-related issues in business-ethics education.

The Place of Ethics in the Curriculum

University faculty members are highly specialized in their respective disciplines—accounting, marketing, finance, and so on. Because ethics tends to be viewed as a separate discipline, and sometimes not even as a *business* discipline, certain faculty have difficulty seeing where it fits best into the curriculum. Traditionally, many universities have taught ethics in a stand-alone course, some as an elective, and others as a requirement. But a recent trend has been the "across-the-curriculum" approach, which encourages an intentional focus on ethics in the contexts of a wide range of business courses.

In its latest review of standards, the accreditation body for university business schools (Association to Advance Collegiate Schools of Business, or AACSB) considered arguments for and against a mandated course in business ethics. Dan LeClair describes the decision process and the association's rationale for not adopting such a requirement. "Ethics education should be integrated throughout the curriculum," he concludes. "Because it is inseparable from business and management, ethics should be integrated throughout the curriculum rather than centralized and isolated." Diane L. Swanson argues, however, that the AACSB's decision ignores "a crisis of legitimacy in business schools due to a longstanding habit of sidestepping ethics education." She compares business education to legal and medical educations, for whose graduates ethics courses are required, and concludes, "That similar logic is not applied to future managers who will be entrusted with society's scarce resources flies in the face of common sense and calls into question the very legitimacy of business schools, their graduates, and the accrediting agency."

Duane Windsor's essay seeks to place business ethics preparation within a "broader business-and-society education that systematically addresses legal, moral, and political dimensions

of management." He offers a plan for how such a positioning should become the "strong national benchmark promoted by AACSB." Yet he cautions that the barriers to change are high and will not be surmounted easily.

Better Methods of Teaching

Business schools have been criticized for promoting the notion that maximization of shareholder value supersedes all other corporate obligations. Mark R. Bandsuch and Robert D. Winsor propose a comparatively balanced, stakeholder-based approach that thoughtfully weighs the needs of employees, local communities, consumers, and "any other individuals or groups that have a reciprocal relationship with the business organization, whereby they are affected by the business or, conversely, can affect the business." Bandsuch and Winsor offer a teaching method that they consider more "inclusive, integrative, complete, and practical" than traditional approaches to stakeholder management. O. C. and Linda Ferrell, who also value a stakeholder framework, add that this may best be introduced to students through a foundation course that integrates "the personal, organizational and societal components of ethical decision-making." Through such an approach, students can be helped to see the practical application of ethics to their own roles in the workplace.

Richard J. McGowan tackles the age-old question of who should teach ethics, suggesting that "the cognitive aspects of ethics are typically underestimated by those outside of the discipline." He contends that recent psychological research confirms that "the philosophic perspective is the most adequate perspective, at least in terms of human activity, for instruction in ethics." At the same time, he recognizes the tension often felt between liberal arts and business

and encourages philosophers to take care not to alienate business students by evidencing hostility towards their subject.

This view is shared by Richard J. Klonoski, who not only argues for the strengths of a philosophical approach to business-ethics education, but also demonstrates how such an approach can be used to analyze a practical, real-world case. Using the issue of child labor as a pedagogical template, he takes us step by step through the development of a case and identifies philosophical questions and resources regarding it, as well as related issues that might be raised in a classroom discussion. Klonoski provides a practical tool that may be immediately useful to some readers.

Martha E. Hardesty extends the discussion further by proposing that schools should do a better job of "packaging the ethics element for most effective delivery within their broader product line." Recognizing that the delivery system is the faculty itself, she focuses on at least three actions instructors might take to achieve this goal: (1) communicate to students the significance of ethics by paying it close attention; (2) demonstrate to them that professionals must work hard to be "fluent" in ethics; and (3) convince their academic institutions that "research, retraining, and course or curriculum revision around ethics is credible scholarly activity."

A complementary perspective, offered by Brent A. Hathaway, suggests that we as faculty cannot educate students about ethics without "some degree of self-reflection on ethical issues in our own profession." These issues include an over-reliance on external sources of funding, a proliferation of obscure journals that few people read, and the use of unqualified graduate students as instructors.

Engagement of Business and the Academy

A *BusinessWeek* editorial called on businesses to do more to encourage ethics education: "Corporations already wield tremendous influence at some B-schools, making big donations, sending managers to non-degree classes, and sponsoring research. So how about funding a professorship in ethics? Companies should also open their doors to faculty who want to study everyday corporate ethics" (2003). Francy Stewart Milner echoes this sentiment in an essay that enjoins the business and academic sectors to begin "working together locally and nationally, sharing ideas and best practices, to educate and nurture business ethics leaders." Milner believes that such partnerships will not only strengthen education, but potentially help restore trust in business in the long term.

Of course, partnering with business is associated with some risk. Imagine, for example, the predicament of a university that found itself saddled with the Bernard Ebbers College of Business or the Enron Distinguished Chair in Finance. Debbie Thorne McAlister and Denise T. Smart discuss the importance of safeguarding institutional reputation. "The decision to name and re-brand the college," they state, "Is fundamental to this reputation."

Branding considerations notwithstanding, two practitioners offer essays on the mutual advantages of strengthening relationships with businesses. Sandford W. Rothe contends that employers have an "enormous stake" in ensuring that students study ethics. "As business people whose own hiring pipelines must be filled with honest job candidates—the question must be asked: How best do we impress upon our current and future employees the importance of ethical behavior?" The answer, Rothe believes, is in the university classroom. Practitioner Greg Owsley writes, "All good curricula will stress the need for clear ethical thinking in advertising, promotion

and other branding decisions." The best candidates for employment are those in whom he sees "an informed eagerness to challenge the institution they are about to join to become better corporate citizens because there will be both cultural and marketplace benefits."

From the point of view of employers, ethics education is important not only in business schools, but in nonbusiness disciplines as well, for today's organizations are populated by graduates of the liberal arts, engineering, law and many other fields. (Remember: WorldCom's Bernie Ebbers majored in physical education.) But for business faculties seeking to meet this growing and multifaceted challenge within their discipline, this book offers a wealth of useful insights and practical solutions.

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PREFACE

To say that business ethics is a hot topic in today's marketplace is to state the obvious. What is not so obvious is either the best means of addressing within the academy the extensive and complex issues surrounding this topic or who most appropriately can fulfill related teaching responsibilities. In response to the appeals—some might say "blame"—from industry, society, and governing bodies and, more proactively, to our own value-based interpretations of the responsibilities of teachers and workforce suppliers, many educational institutions and members of the academy have heeded the call to be catalysts for change.

This anthology offers a myriad of perspectives on teaching business ethics. The authors are business and philosophy faculty, business school deans, industry practitioners, and a representative of AACSB International. Most chapters were inspired by presentations taking place at the 2004 Teaching Business Ethics Conference, which was sponsored by AACSB International, University of Colorado, Colorado State University, and University of Wyoming.

The intent of *Fulfilling Our Obligation: Perspectives on Teaching Business Ethics* is not to offer a definitive answer demanding allegiance by all educators and academic institutions; rather, the goal is to provide a means of furthering exploratory discourse on the role of ethics in a business education. This volume is dedicated to providing faculty and administrators with direction, encouragement, and motivation as they design and deliver pedagogical methods that include ethical frameworks as a vital component of business decision-making models.

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