



*Approaches and Techniques
for Teaching Business Ethics*

UNDERSTANDING HOW TO TEACH BUSINESS ETHICS BY UNDERSTANDING BUSINESS ETHICS

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One of the greatest challenges in teaching business ethics is determining the subject matter and content that needs to be taught. Obviously, there are many different frameworks and philosophies for teaching business ethics courses. This is so because there is agreement neither about what students should understand nor about the roles of values, philosophies, cultures, or critical thinking in ethical decision-making. One approach is to take an individual perspective and to focus on personal morals, character, and the individual. This approach assumes that virtues linked to the high moral ground of truthfulness, honesty, and fairness are self evident and easy to apply. This approach also assumes that organizational values and ethics training may be especially appropriate for individuals with unacceptable moral development. Another approach to teaching business ethics is to assume that organizational values and compliance systems are necessary to prevent people from engaging in unethical conduct. Because ethics programs and organizations combine values and compliance, training and constant vigilance are required.

The scandals over unethical conduct that have occurred during the last few years have taught us that certain individuals deliberately break the law or engage in inappropriate behavior. The Supreme Court and the Federal Sentencing Guidelines for Organizations hold organizations responsible for the conduct of their employees, and most firms therefore have decided to implement ethics programs to prevent misconduct and to diminish risks associated with employee wrongdoing. Even though most employees want to do the right thing, many do not know the exact nature of the law and are surprised when charged with violations they never anticipated. The legal system and the nature of civil litigation make ethical decision-making a mine field for employees lacking adequate knowledge of the potential risk of a decision.

One approach to deciding what to teach in a business ethics course is to describe the ethical decision-making process and the environment influencing it. Whereas many significant and meaningful aspects of ethics may be taught so that students are helped to live a better life, foundational concepts helping business students obtain a holistic understanding of business ethics should also be taught. Integration of business ethics throughout the curriculum does not guarantee that those teaching ethical knowledge will provide a uniform framework for understanding how ethical decision-making occurs within organizations. For example, focusing on corporate governance, specifically on Sarbanes–Oxley requirements or codes of ethics required by a trade association, may not provide an understanding of how ethics affects all business decisions. Many students have a difficult time understanding that ethics requires going beyond minimal legal requirements. Trying to find a framework that helps students see the benefits of conducting themselves according to the highest ethical standards is difficult indeed. We believe that the best opportunity for achieving this goal would be a foundational ethics course providing an

understanding of stakeholders that shape and form ethical issues and evaluations, describing the ethical decision-making process within organizations, and affirming the importance of individual moral development in these decisions. By providing background information for instructors, this paper goes beyond the content that should be taught to students enrolled in introduction to business courses.

Stakeholders Define Business Ethics Issues

Many professors teaching business ethics, business and society, or specialized ethics courses in marketing, accounting, and management use a stakeholder framework to examine agreements, collaborations, and confrontations regarding ethical dilemmas. *Stakeholders* designate the individuals or groups that can directly or indirectly affect, or be affected by, a firm's activities (Freeman, 1984). Stakeholders can be viewed as either internal or external. *Internal stakeholders* include functional departments, employees, boards of directors, and managers. *External stakeholders* include interest groups, consumers, competitors, advertising agencies, and regulators (Miller and Lewis, 1991). Students should be able to identify and to understand the relationships among all stakeholders.

Another view of stakeholders characterizes them as primary or secondary. *Primary stakeholders* are those whose continued participation is absolutely necessary for business survival; they consist of employees, customers, investors, suppliers, and shareholders who provide necessary infrastructure. *Secondary stakeholders* usually are not engaged in transactions with the business and are not essential for its survival; they include the media, trade associations, nongovernmental organizations, and other interest groups. Different pressures and priorities exist

from primary and secondary stakeholders (Waddock et al., 2002). Unhappy customers may be viewed with less urgency than negative press stories that can damage a business (Thomas et al., 2004). Highly visible secondary stakeholders such as an interest group or the media may at times be viewed with greater concern than employees or customers. Remote stakeholders at the fringe of operations can exert pressure by calling into question the firms' legitimacy or right to exist (Hart and Sharma, 2004). The three crucial elements in assessing stakeholder influence are the power, legitimacy, and urgency of their issues (Mitchell et al., 1997).

Power has been defined as "the ability to exercise one's will over others" (Schaefer, 2002). *Legitimacy* relates to socially accepted and expected structures that help define whose concerns or claims really count, and *urgency* captures the dynamics of the time-sensitive nature of stakeholder interactions (Mitchell et al., 1997). Power and legitimacy may be independent, but urgency sets the stage for a dynamic interaction focusing on addressing and resolving ethical issues.

Shared Ethical Values and Norms

Major stakeholders may have different needs, and a fine-grained approach may be required to ascertain differences even within major stakeholder groups, such as customers, employees, suppliers, and investors (Harrison and Freeman, 1999). On the other hand, a certain number of individual stakeholders usually share similar ethical values and norms (Maignan and Ferrell, 2004). Some choose to join formal communities dedicated to better defining and to advocating these ethical values and norms.

Stakeholder Issues in Business

Stakeholder ethical values and norms apply to a variety of business issues, including sales practices, consumer rights, environmental protection, product safety, and appropriate information disclosure (Maignan and Ferrell, 2004). Noticeably, stakeholder values and norms concern issues that both do and do not affect stakeholders' own welfare. For example, consumers may worry not only about product safety, but also about child labor, an issue that affects them indirectly. Stakeholder issues are the concerns that stakeholders embrace about organizational activities and their residual effects.

Stakeholder Pressures

As illustrated in Figure 1, various stakeholder communities are likely to exercise pressures on the organization and on each other to promote their own ethical values and norms. Figure 1 further illustrates that, despite disparities across communities, stakeholders conform to broad and abstract norms defining acceptable behavior in society. Noticeably, each business has its own values and norms, which depict desirable behaviors based on corporate culture and operations. These organizational values and norms overlap with those of certain stakeholder groups, and especially with those of primary stakeholders, who are in the best position to exercise influence over the organization.

A Framework for Understanding Organizational Ethical Decision-Making

In teaching business ethics, it is necessary to understand how people make business ethics decisions. In other words, within the context of an organization, there is an ethical component to

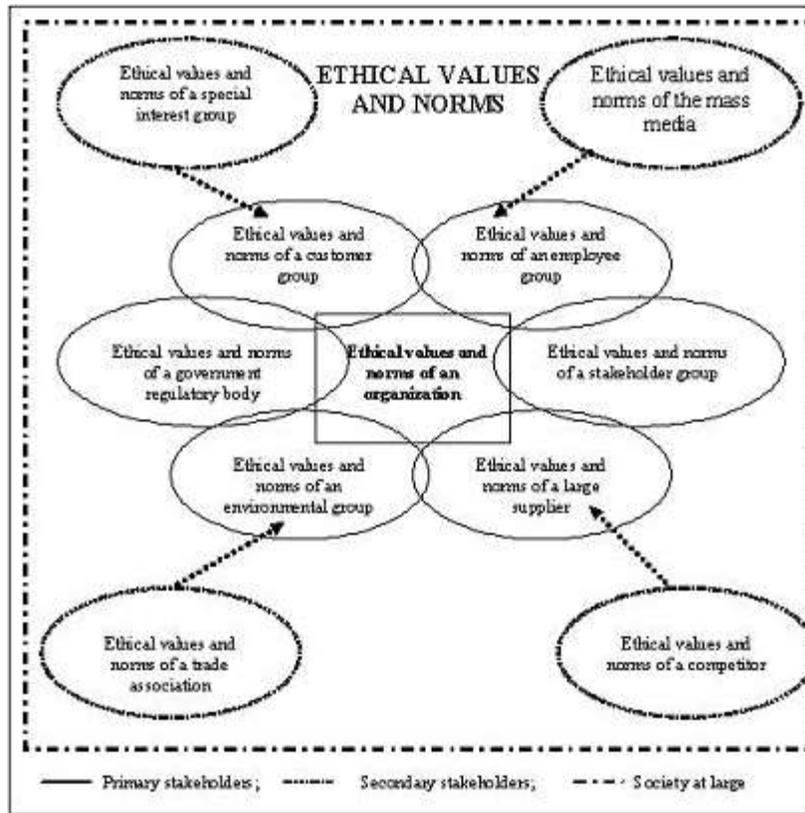


Figure 1 : Interactions among organizational and stakeholder ethical values and norms (Adapted from Isabelle Maigan, OC Ferrell, and Linda Ferrell, “A Stakeholder Model for Implementing Social Responsibility,” Working Paper, Colorado State University, 2005).

business decisions, and this decision may be influenced by the organization, the specific situation, or the pressure exerted by coworkers. Figure 2 illustrates a model of ethical decision-making in an organizational environment. External stakeholder interests, concerns, or dilemmas help trigger ethical issue intensity.

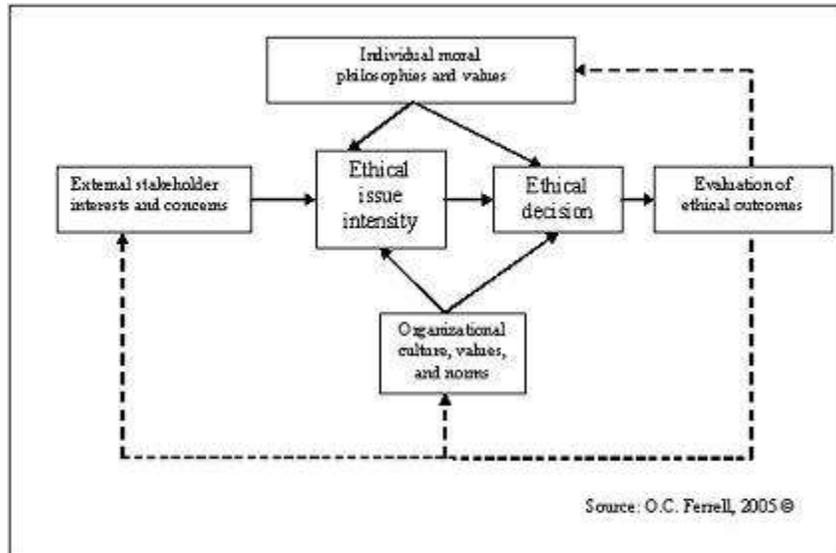


FIGURE 2: Framework for understanding organizational ethical decision making.

Organizational culture (internal stakeholders) and individual moral philosophies and values influence recognition of ethical issues and business ethics decisions. The decisions or outcomes are evaluated by both internal and external stakeholders. Although it is impossible to describe precisely how or why an individual or a work group may make a specific decision, we can generalize about average or typical behavior patterns within organizations.

First, as discussed previously, organizations can identify the importance of stakeholders and stakeholder issues and can gather information to respond to significant individuals, groups, and communities. Next, managers can identify the importance or relevance of a perceived issue—i.e., its intensity (Jones, 1991). Intensity is likely to differ over time and among individuals and is

influenced by organizational culture, values, and norms; the special characteristics of the situation; and the personal pressures weighing on the decision. Personal moral development and philosophy, organizational culture, and coworkers determine why different people perceive issues with different levels of intensity (Robin, Reidenbach, and Forrest, 1996).

Perhaps one of the greatest challenges facing the study of business ethics involves the roles of individuals and their values. Although most of us might prefer to place the primary responsibility for decisions with individuals, years of research point to the primacy of organizational factors in determining ethical decisions at work (Ferrell, 2005). Individual factors obviously are important, however, in the evaluation and the resolution of ethical issues; thus, familiarity with principal theoretical frameworks from the field of moral philosophy is helpful in determining ethical decision-making in business (Murphy et. al, 2005). Two significant factors in business ethics are an individual's personal moral philosophy and stage of moral development. Through socialization, individuals develop their own ethical pattern of behavior, including strategies for judging right or wrong. Socialization occurs from family, friends, formal education, religion, and philosophical frameworks.

Although individuals must make ethical choices, it also is true that they often make these decisions in committees and group meetings and through discussion with colleagues. Ethical decisions in the workplace are guided by the culture of the organization and by the influence of coworkers, superiors, subordinates, and others.

The ethical climate of an organization is a significant element of organizational culture. Whereas a firm's overall culture establishes ideals guiding a wide range of behaviors for members of the organization, its ethical climate focuses on issues of right and wrong. The ethical climate is

the organization's character or conscience. Contributing to an organization's ethical climate are codes of conduct and ethics policies; top management's actions on ethical issues; the values, moral development, and philosophies of coworkers; and the opportunity for misconduct. In fact, the ethical climate actually determines whether certain dilemmas are perceived as having an intensity level requiring a decision.

Organizations can manage their cultures and ethical climates by trying to hire employees whose values match their own. Some firms even measure potential employees' values during the hiring process and strive to choose individuals who "fit" within the ethical climate. A poor "fit" can have very expensive ramifications for both organizations and employees. Beyond the potential for misconduct, a poor employee-organization ethical fit usually results in low job satisfaction, decreased performance, and increased turnover (Sims and Kroeck, 1994).

Together, organizational culture and the influence of co-workers may foster conditions limiting or permitting misconduct. When ethical conduct is rewarded with financial gain, recognition, or promotion, unethical conduct may be encouraged. Likewise, a company policy that does not specify punishment of employees who violate a rule (e.g., not to accept large gifts from a client) provides an opportunity for unethical behavior. Essentially, a lack of policy allows and encourages individuals to engage in potentially unethical behavior without fear of consequences. Thus, organizational policies, processes, and other factors may contribute to the opportunity to act unethically.

Opportunity usually relates to employees' immediate job context—where they work, with whom they work, and what the nature of their work is. Each work situation contains motivational "carrots and sticks" that superiors can use to influence employee behavior. Pay raises, bonuses,

and public recognition are carrots, or positive reinforcement; reprimands, pay penalties, demotions, and even firings are sticks, or negative reinforcement. For example, a salesperson that is recognized publicly and given a large bonus for making a valuable sale obtained through unethical tactics probably will be motivated to use unethical sales tactics in the future even if such behavior goes against the worker's personal value system. Research has demonstrated a general tendency to discipline top sales performers more leniently than poor sales performers for engaging in identical forms of unethical selling behavior (Bellizzi and Hasty, 2003). Neither a company policy stating that the behavior in question was unacceptable nor a repeated pattern of unethical behavior offsets the general tendency to favor top sales performers. A superior sales record seems to induce more lenient forms of discipline despite managerial actions specifically instituted to produce more equal forms of discipline. Based on their research, Bellizzi and Hasty concluded that top sales performers have the opportunity to be more unethical than poor sales performers.

This framework helps students put ethical decision-making in a business context. Once students begin to understand that good ethics is linked to organizational performance, they see why it is necessary to have organizational ethics and compliance programs. They also begin to recognize the personal costs, including reputation damage, of misconduct.

Conclusion

The approach to teaching business ethics that we suggest is based on a foundational course helping students integrate the personal, organizational, and societal components of ethical decision-making. This approach gives the professor the opportunity to emphasize specific ethical issues such as corporate governance, discrimination, accounting fraud, or consumer deception.

Using a stakeholder and an organizational decision making framework helps the student link societal, organizational, and individual interests. Other approaches to business ethics, such as a philosophy or a religion course, can also be very helpful. These approaches might assist students in developing their own values and cognitive skills in decision making. Critical thinking is an important element of ethical decision-making.

Business ethics in organizations requires values-based leadership from top management, that is, purposeful actions including planning and implementation of standards of appropriate conduct, as well as openness and continuous efforts to improve the organization's ethical performance. Although personal values are important in ethical decision-making, they are only one of the components guiding the decisions, actions, and policies of organizations. The burden of ethical behavior lies with an organization's values and traditions, not simply with the individuals making decisions and/or carrying them out. A firm's ability to plan and to implement ethical business standards depends in part on its ability to structure resources and activities to achieve ethical objectives effectively and efficiently.

By focusing on the issues and on organizational environments, students begin to understand the roles and responsibilities they may face when advancing in the workplace. The goal is to enhance students' awareness and decision-making skills so that they can make business ethics decisions contributing to responsible business conduct. Today's challenging business environment demands that students understand how business ethics provides vital knowledge contributing to overall business success.

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CHARACTER DEVELOPMENT AND BUSINESS ETHICS EDUCATION

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Premise

The recent wave of corporate scandals has given rise to important questions regarding the appropriate place of ethics in the curricula of the nation's business schools. Moreover, the decision of the Association to Advance Collegiate Schools of Business (AACSB) to strengthen the ethics requirement in its accreditation standards has silenced much of the discussion about whether ethics education belongs in a business school. The question now has become what form education will take.

The AACSB's standards are rather precise. They call for students to become competent in "ethical understanding and reasoning abilities" and to be aware of "ethical . . . responsibilities in organizations and society." The 2004 Report of the AACSB's Ethics Education Taskforce occasionally suggests that business schools ultimately might be expected to take on a broader goal, however—that is, to produce "moral persons."¹ And critics of contemporary business regularly

¹"Business schools should help students to see the criticality of ethical leadership to effective and successful management. . . . To be considered ethical leaders, executives must be both 'moral persons' and 'moral managers.'" *Ethics Education in Business Schools*, Report of the Ethics Education Task Force to AACSB International's Board of Directors, (St. Louis, MO, 2004), p. 11.

call for business schools to take the lead in ensuring that the next generation of business leaders be honest. Accordingly, there is a growing possibility that “character education” will be seen as a fitting component of business education.

In response to this prospect, I argue that an approach based on “character education” is an inappropriate model for ethics education in business schools and should be rejected in favor of a cognitive and philosophical approach more consistent with the general character of the modern university and the expertise of business school faculty. I believe that improved abilities in “ethical reasoning” probably are more likely to lead to more-ethical business decisions in the future than a program of character education will.²

Weaknesses of a Character-Based Approach

My claims are grounded in a belief that “character education” suffers from a variety of specific weaknesses—some practical, some theoretical.

Weakness 1: Character Education and the Complex Nature of Moral Virtue

The ultimate basis of a “character education” approach to ethics probably is Aristotle’s description of moral virtue in the *Nicomachean Ethics*. This moral orientation has resurfaced in the last few decades as “virtue ethics”—or, in popular “applied” versions of the orientation, as programs stressing “character education,” “character development,” or “core values.”

²Because of the limitations of such a short essay, this piece should be considered more a series of assertions than a complete argument in support of the claims I make.

There is much to be said for Aristotle's realistic, practical, and multidimensional account of moral virtue. Aristotle sees moral virtue as a *techné* (a skill equivalent to playing a musical instrument) rooted in *hexis* (a habit or disposition to think and act in a certain way). To Aristotle, moral virtue involves not only performing the right actions, but performing them *in a particular way*—in the same way that the truly good person does. That is, we must know what is right, we must choose the right deed for its own sake, and we must do so “from a firm and unshakable disposition” (i–vi). Moral virtue—and, by implication, moral education—is, therefore, a rich combination of intellectual, emotional, and physical factors.

If we start with this view of the nature of moral virtue, however, moral education should consist of putting students into a situation in which they face an ethical dilemma, seeing how they manage, helping them see how they could have done better, putting them into another situation, coaching some more, and so on. Over time, students should, with the help of an expert, learn about ethics through a combination of facing certain situations and then dissecting their actions, emotions, and reasonings connected with these dilemmas. In other words, *coaching* becomes as central to this endeavor as it is in teaching people how to play the piano, to overcome stage fright, to learn ballet, or to participate in marathons.

But if this is the nature of moral virtue, modern universities are ill equipped to run full-blown moral education programs. Academic institutions focus on the development of cognitive skills, so universities are not designed for the type of intense mentoring by ethicists that this model requires. Moreover, the problems attending assessment of the educational outcomes involved seem insurmountable. That is, it is probably either impossible or impractical to test students in such a way that universities could prove the claim that they had made students into “moral people”—and

that students had remained so in the workplace. In short, universities are not structured to do this kind of teaching. Neither are their faculty trained or inclined to.

Weakness 2: Limits of “Core Values” for Ethical Reasoning

That universities cannot handle all the dimensions of moral education does not, of course, mean that they cannot handle an important part of it. Universities *can* help students acquire the requisite intellectual skills for reasoning about ethical dilemmas. Proponents of character education typically encourage students to use a list of key virtues or “core values” as a kind of checklist when faced with an ethical dilemma.³ In essence, character education programs encourage an emotional allegiance to a set of core values, and they thus become primarily *affective*, not *cognitive* enterprises. Such lists of “core values” thus have weaknesses that limit their usefulness as tools for ethical reasoning:

- Typical lists of “core values” include both ethical values (promise-keeping) and nonethical values (citizenship and excellence).
Merging the latter with the former undermines the list as a useful tool for people trying to recognize and to manage ethical dilemmas, for it creates confusion about what the appropriate domain of “ethics” is.
- Some purportedly ethical values are questionable candidates.
“Loyalty” often appears on lists of the values espoused by character education programs. But remaining loyal to an ethically questionable cause is surely no virtue. Similar problems arise with values such as “integrity,” which character education programs often define simply as consistency between one’s principles and actions.

³A typical example of such a list of core values is that advanced by the Josephson Institute for Ethics: *Trustworthiness* (Honesty, Integrity, Reliability [Promise-Keeping], Loyalty), *Respect* (Civility, Courtesy and Decency, Dignity and Autonomy, Tolerance and Acceptance), *Responsibility* (Accountability, Pursuit of Excellence, Self-Restraint), *Fairness* (Process, Impartiality, Equity), *Caring*, and *Citizenship*.

- Lists of values frequently reflect cultural, psychological, and intellectual biases, so they are not neutral analytical tools.

Even the order in which virtues are listed reflects a position about which are more and less important. “Honesty”—in the sense of not lying, cheating or stealing—is often at the top. These certainly are positive actions, but note that they are usually listed ahead of something even more central to ethical behavior—not hurting others, which typically appears only later in the list. The message about the relations among the importance of certain values and the relative priority of moral duties may be subtle here, but a message is conveyed nonetheless and is not subject to critical analysis.

- Lists of virtues give insufficient guidance about how to manage the inevitable conflicts between these virtues in practical situations.

If there is a conflict between equity and promise keeping, for example, a list of virtues does little more than help clarify the nature of the conflict and cannot help guide people to a resolution. And when they lack a sufficiently powerful intellectual methodology to manage a conflict, they are left to fall back on personal, subjective standards and self-justifying biases.

- Because of the internal, emotional, and almost gut-level approach that the “core values” approach leaves students with, I believe that it often allows people to fail to recognize ethical issues and/or to rationalize ethically problematic behavior.

I believe that a “core values” approach fails to appreciate the full range of difficulties connected with ethical dilemmas in business. Specifically, it does not recognize the powerful combination of fear and self-interest. I have no doubt that many people at, for example, Arthur Andersen sincerely believed that what they did and what they chose not to do was perfectly consistent with the company’s values and with their own personal values. These were not people of bad character; these were not people who lacked core values; these were people who—like most Americans—lacked the intellectual tools that would have helped them protect themselves and others better.

In short, an approach to ethics grounded in character education and an affective allegiance to core values is limited intellectually and is a flawed compass for navigating difficult ethical dilemmas. It has a popular, common-sense appeal, but I think that, in the end, it is often too narrow an analytical framework.

Weakness 3: Psychological Issues Related to the University Student

In addition to providing a limited framework for ethical reasoning, character education faces two psychological issues related to the young adult. First, it can be argued that an ethics curriculum based on character education fails to reflect the psychological development occurring in typical university students, who are establishing a sense of self as independent and autonomous adults and, therefore, are separating from their parents. Building a program around “core values” runs the risk of encouraging an uncritical and unreflective acceptance of a set of values that some quasiparental authority has sanctioned. Young adults, in particular, need exactly the opposite approach to an ethics education. To make difficult ethical decisions that may displease people in authority at some future time, students need to develop an appropriately critical, if not skeptical, disposition somewhere along the way. More important, however, is the fact that an emphasis on character education and core values does not strike me as consistent with what is known about moral development. As far as I know, no fatal challenge has been mounted to Lawrence Kohlberg’s description of moral development in the human personality.⁴

Kohlberg’s theory is important in two ways here. First, I think that the typical descriptions of core values fit more with Kohlberg’s middle “conventional” stage than with a “postconventional” stage. Traditional values such as honesty are promoted by authority figures

⁴Kohlberg argued that we start with a “preconventional” conception of ethics grounded mainly in self-interest; move to a “conventional” outlook (acceptance by others and obedience to rules and legitimate authority); and ultimately advance to a “postconventional” approach characterized by an understanding and application of universal ethical principles. The first stage dominates through about age 10; most people move into the second stage in their early teens; and the transition to the third stage (if it takes place) happens during late adolescence and young adulthood. There remains some debate about details of Kohlberg’s model. But I believe that the broad strokes of his account are accepted.

and enforced by conventional social norms. Moreover, most descriptions of core values tilt in the direction of descriptions of concrete behaviors (a characteristic of “conventional” moral thinking) than in the direction of descriptions reflecting abstract principles (a characteristic of “postconventional” moral reasoning). Second, although there are a variety of ways that both Kohlberg and his critics describe the nature of the highest stages of moral reasoning, all these researchers describe a stage characterized by sophisticated intellectual traits. For people to have the best chance of progressing to postconventional thinking, they need to become intellectually independent and confident in their ability to explore the complexities of practical ethical dilemmas in a nuanced way. Since lists of core values start with socially sanctioned (and socially defined) norms, they do not encourage the kind of autonomy called for in postconventional thinking.

Recommendations

Having sketched my major reservations about character education in business schools, I conclude this essay with two brief recommendations and a final observation.

Recommendation 1: Not “Moral Person” but “Ethical Reasoning”

In view of the problems connected with a “character education” approach to business ethics education, I believe that business schools should reject as inappropriate any goal that is the equivalent of producing a “moral person.” In this regard, José Mesa’s (2003) observation that “Critics and most of [character education’s] authors seem to agree: [character education] does and must indoctrinate” is especially important. Mesa’s remark raises the question of the extent to which such an approach is appropriate to a university, which values critical reflection above

acceptance of established truths. “Ethical reasoning” seems, in the academic context, a more appropriate goal.

Recommendation 2: Basic Philosophical Approach

In searching for an intellectual framework for use in developing students’ ethical reasoning abilities, I suggest that the basic elements of a philosophical approach constitute a sufficiently powerful analytical tool. This approach also is consistent both with young adults’ needs to advance in moral development and with the general (critical) character of the modern university.

Even if we use just the two most basic ethical traditions (a teleological focus on the amount and type of good and harm that proceed from what we do and do not do, and a deontological focus on the degree to which our actions conform to the dignity and the rights of those involved), we arrive at a thorough description of an ethical dilemma. A basic philosophical approach is in some ways simpler than consulting a list of values, for there really are only two questions: What are the consequences of our actions? What are the traits of the actions themselves? Because such an approach requires relentless attention to detail, however, it gives us a more powerful analytical tool than a list of “core values.” (What are the long-term as well as the short-term consequences? What are the indirect as well as the direct consequences? What are the qualitative differences among the goods and among the harms? Where is the conflict between the rights or interests of different parties involved?) Moreover, because this approach is grounded in a theory of human good (and thereby relies, ultimately, on what various sciences have established as necessary conditions for human well-being), there is clear guidance about which issues must be

considered when dealing with a conflict of goods, harms, rights, etc. A philosophical approach is more difficult to master than an approach based on core values, but it ultimately is more powerful and more useful.

A basic philosophical approach also is consistent with the existing abilities and dispositions of business school faculty. As a cognitive, analytical methodology, a philosophical approach is closer to the technical proficiencies faculty already employ in their teaching and research than the affective approach of character education is. A philosophical approach allows faculty to integrate ethical reasoning into their courses as they deal with issues of accounting, marketing, finance, etc. and thus provides students a thorough and sophisticated understanding of the ethical dilemmas connected with the technical areas of business.

Final Observation: Ethical Reasoning and Behavior

My argument against “character education” in business schools should not be construed to suggest that ethics education in business schools is a waste of time. On the contrary, I believe that strong abilities in “ethical reasoning” probably are more likely to lead to more ethical business decisions in the future than a program of character education will. The culture in which we operate gives us many more exhortations to virtue than examples of critical analyses of ethical dilemmas. It presents us with many more appeals for allegiance to conventional virtues than it does encouragement to moral autonomy. From this perspective, we serve our students best if we equip them with the intellectual skills that will allow them to understand and to resolve the complex ethical dilemmas they’ll inevitably encounter within structures of authority. The last two decades of corporate wrongdoing give us too many examples of otherwise good and decent people who

didn't really think about what they were doing until it was too late. Carried along by peer pressure and lulled by management assurances and personal inertia, these individuals often saw nothing wrong with their actions. Rigorous training in ethical reasoning and analysis should at least protect students from this kind of moral blindness.

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 **THE URJCO MODEL
OF STAKEHOLDER MANAGEMENT**
**A Practical Approach to Teaching
and Implementing Business Ethics**

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Introduction: Business Ethics and Stakeholder Management

Ethical questions confront business managers at virtually every phase of operations. Business ethics of this sort is understood to be a method for determining the relative rightness or wrongness of those practices, policies, or decisions that are implemented by entities exchanging goods and services. Although moral philosophy provides a variety of nuances regarding the meaning of ethics, for our purposes *business ethics* is defined as the application of specific moral principles to the entities, activities, and relationships that together comprise commercial undertakings.

Although the morality of certain industry practices, as well as of general economic theories, has been evaluated for centuries, it was not until the 1970s that both academic and

business communities recognized business ethics as a legitimate and substantial field of study.¹ Despite its relative youth as a discipline, business ethics has progressed through a number of developmental stages in a rather brief period. A recent revival in professional and popular applications of moral principles to business practices has been fueled by many business scandals, and business ethics has been recharacterized as “stakeholder management.” This new designation is significant for two reasons. First, it represents the advancement of business ethics from a seemingly tangential or supplementary theory to an essential and integrated dimension of a company’s planning, policies, and actions. Second, this recharacterization expands the range of groups or entities that businesses consider in decision making, from the traditional threefold focus of customers, employees, and shareholders, to a broader focus including local communities, dependent businesses (such as retailers and suppliers), governments, media, special interest groups, the environment, and the larger public.

Stakeholder management is based upon the stakeholder theory of the modern corporation, which proposes that corporations should be operated, at least to some degree, for the benefit of all groups with an interest, or “stake,” in the company’s actions or outcomes (Donaldson and Preston, 1995). Stakeholder management integrates ethics with strategy by considering an array of stakeholder interests in its planning for, and use of, organizational resources. Restated, stakeholder management facilitates decisions regarding the relative “rightness” or “wrongness” of business actions, policies, and goals by considering a variety of stakeholder interests and the relations among them.

¹Business ethics as a concept or area of study was introduced informally in 1968 (Baumhart, 1968).

Stakeholders include employees, local communities, consumers, and any other individuals or groups that have a reciprocal relationship with the business organization. Thus, stakeholders represent a broad segment of constituents and entities with a variety of interests (or “stakes”) in the business, other than (but including) the ownership interest of stockholders (from whom the term and concept *stakeholders* is derived). Subcategories for stakeholders include external or internal, primary or secondary, social or economic, and core or strategic (Wheeler and Sillanpaa, 1997; Clarkson, 1995). Stakeholder classifications usually depend on the power, legitimacy, and urgency of stakeholder interests and relationships with the business (Mitchell, Agle, and Wood, 1997). Moreover, the classifications that stakeholders occupy depend on circumstances. For example, although the environment often is a secondary stakeholder, it becomes a primary stakeholder for firms whose products or production processes involve major ecological issues or have considerable ecological impacts. Although one objective of stakeholder management is to consider all stakeholders’ interests in organizational decision making, the interests and concerns of primary stakeholders normally are given most weight because they usually are most relevant to the decision at hand and to the organization’s overall operations and mission.

In learning and applying the general concepts of stakeholder management, students and managers usually are advised to examine ethical issues from multiple perspectives, yet often are given inadequate guidance as to how to undertake this examination. The goal of this chapter is to describe an enhanced model of stakeholder management—the *URJCO* model. (*URJCO* is an acronym for the moral principles of utility, rights, justice, care, and organization, all of which the model incorporates into the decision making process.) When applied to actual business scenarios,

the UFJCO model helps ensure a comprehensive, balanced, and practical process for analyzing and managing the interests of diverse stakeholder groups. The *URJCO* model can be taught and applied in classroom settings easily and later utilized when students encounter ethical issues in the workplace.

Limitations of Traditional Business Ethics Approaches and Advantages of the URJCO Model of Stakeholder Management

Although the evolution of stakeholder-management theory has made significant and valuable contributions to the conceptualization and practice of business ethics, its use as an effective decision making tool in corporate and educational settings can be challenging. Difficulties in implementation derive primarily from four limitations inherent in traditional approaches to stakeholder management:

- limited consideration of stakeholders (failure to consider a sufficiently comprehensive or diverse assortment of stakeholders);
- limited integration of ethical perspectives (failure to integrate fully the ethical dimension into decision making);
- limited analysis of ethical issues (failure to undergo a thorough analysis of the ethical issues and the potential impacts of decisions); and
- limited convenience and functionality (failure to provide a practical and manageable approach to decision making).

Limited Consideration of Stakeholders

Stakeholder management often fails in two very direct ways to consider stakeholders fully: it either does not value the interests of certain stakeholders properly (undervaluing the perspectives of some or overemphasizing those of others) or fails to consider certain stakeholders

out of ignorance or ill will. Even the more traditional and limited “three-legged stool” model of stakeholder management, which focuses on employees, owners, and customers, recognizes that a delicate balance exists among the interests of all parties (Post, Lawrence, and Weber, 2002). This managerial metaphor explains how an imbalance of stakeholders interests, by over- or under-emphasis of any of the three primary stakeholders, would render the business organization anywhere from inefficient to ineffectual.

In today’s complex web of business relationships, the three-legged stool has become more like a centipede that requires businesses to consider dozens of stakeholders in a comparatively organic manner. Government, media, suppliers, local communities, and special interest groups all are capable of profoundly influencing the success and survival of firms. Thus, any business that significantly affects these stakeholders should incorporate their interests diligently into its decision making process. The URJCO Model of stakeholder management, described below, facilitates and promotes an expanded process of stakeholder inclusion by broadening the range of stakeholder interests examined and by more systematically evaluating how these interests might be valued and protected.

Limited Integration of Ethical Perspectives

Many businesses that endeavor in good faith to make moral decisions often isolate their ethical reasoning from their decision making processes. Organizations first may analyze a decision financially and only afterwards consider ethical issues. Thus, intentionally or not, ethics becomes a second-class consideration. Management that is good in both ethical and financial senses integrates ethical considerations into the overall strategic process as a central component.

Reflecting the premise that “good ethics is good business” (Hosmer, 1994), such integration goes beyond mere appearance or political correctness and provides a comprehensive approach to decision making.

As with any “good” business practice, ethics needs to be integrated fully into all aspects of the business (from planning through implementation) to achieve its potential. Effective implementation of the URJCO Model of stakeholder management satisfies this mandate by making ethical analysis a constitutive element of the decision making process. And whereas certain firms view ethics, law, and economics as three distinct principles, this model of stakeholder management places the social, economic, legal, and ethical implications of business decisions side-by-side so that no action is evaluated solely on either financial or ethical grounds.

Limited Analysis of Ethical Issues

Traditional business ethics, and certain contemporary approaches to stakeholder management, remain imprecise because they fail to incorporate careful analysis of ethical and related issues. Although inexactitude may be an unavoidable weakness of business ethics, many approaches compound the problem by limiting the range of ethical principles applied to business questions. For example, many firms and business schools still emphasize utilitarianism to the exclusion or subordination of other ethical principles.² Moral and psychological research reveals that rights, justice, and care also are dominant and effective ethical standards considered in

²Many ethical models exacerbate this problem by using a cost-benefit form of utility that focuses on the short-term benefits and burdens to the business without sufficiently considering the long-term benefits and burdens to other essential stakeholders. The well-known Ford Pinto case is one of many examples of an erroneous utility calculation. Furthermore, businesses can fail to distinguish between, and incorporate fully, total utility and stakeholder utility.

decisions made by businesses and society. The failure of businesses to fully and equally include these principles diminishes the value that ethical analysis can contribute to decision making.

The stakeholder-management model presented here applies five ethical principles, or perspectives, in a coordinated and comprehensive manner and considers the various principles equally. This more comprehensive and balanced approach to stakeholder management yields a richer and more defensible outcome. For example, many business ethics texts still exclude or discount the principle of care in their ethical frameworks; this is an unfortunate approach, for stakeholder relationships (the focus of the care principle) are essential to the success of any business. Relationships become especially important when business is conducted with international partners, such as the Japanese, who prioritize relationships in the decision making process. Recognizing the importance of such relationships, this URJCO Model of stakeholder management prominently includes the principle of care. Furthermore, the model integrates the core values of business by incorporating into the decision making process a fifth dimension—the organizational ethic of the decision maker.

Limited Convenience and Functionality

The final flaw of many stakeholder-management models is their struggle to provide an accessible and manageable analytical instrument. The numerous businesses reported as guilty of ethical lapses have a scapegoat in business school's largely ineffectual instruction in ethics (e.g., McCabe, Dukerich, and Dutton, 1994; Arlow and Ulrich, 1983; Martin, 1981 and 1982). Are these crises in business ethics and in business ethics education the result of inappropriate or inadequate moral theory or merely the result of difficulties in implementation that are due to students' and

managers' lack of accessibility to the theories? Although ethical theory has given rise to some of philosophy's most highly evolved frameworks, it remains somewhat "user unfriendly" to business managers. Part of this inaccessibility may derive from its abstract or idealistic nature, and part from the potential contradictions that can result when two or more ethical standards or theories are applied to one issue. Such contradictions and impracticalities may frustrate managers, who may conclude that ethical analysis is an academic exercise rather than a productivity tool.

Efficiency is a central objective of business. Many ethics decision-making models are excessively complex, overly theoretical, poorly explained, and, most discouragingly, impractical. One of the major strengths of the URJCO Model of stakeholder management is that it provides a simple, manageable, and useable blueprint for analyzing ethical quandaries and guiding business decisions. Additionally, the model compels executives to apply multiple ethical criteria to a given problem, but does so in a way that can rapidly resolve conflicts resulting among ethical perspectives, thus resulting in an "overlapping consensus" among various moral positions, as advocated by Rawls (1993). The straightforward structure of the model facilitates explanation, articulation, communication, and justification of the decision. As a result, decision makers move beyond "I think we should do this" or "I feel we should do that" to an educated, informed, and explicable approach to business decisions.

This URJCO Model allows for multiple decision alternatives to be evaluated simultaneously or, under certain circumstances, to evolve or to germinate out of the process itself. More often than not, when a committee, executive, or student delves into an analysis of the benefits/burdens, rights/duties, their just distributions, and the relevant relationships involved in a managerial decision, a distinctive alternative emerges through efforts to balance these diverse

concerns. The stakeholder-management process reveals the major strengths and weaknesses of any action or policy while allowing for alternative most likely would not be uncovered using conventional approaches to business ethics.

The URJCO Model of Stakeholder Management

The URJCO Model of stakeholder-management uses a three-step process for determining the appropriateness of a proposed action or decision: [1] identification, [2] analysis, and [3] recommendation.

Identification

The decision maker needs to identify the policy or action to be evaluated as right or wrong, as well as possible alternatives to it. This stage also requires identification of relevant information. Lastly, stakeholders need to be identified and described.

Analysis

After the policy or action, relevant information, and stakeholders have been identified, the decision making process moves to ethical analysis, i.e., to application of the URJCO Model of stakeholder management. Analysis of issues progresses through five interrelated assessment dimensions—utility, rights, justice, care, and organization. Each dimension represents a unique and essential body of ethical principles. Potential ethical contradictions are revealed as the five steps are taken, and moral reasoning and coherency are reinforced.

Utility

The utility dimension of the stakeholder-management model focuses the decision maker upon teleological theories of ethics, which determine rightness or wrongness by evaluating an action's overall consequences. Although this approach has roots in ancient Greek philosophy, traditional utilitarianism traces its roots to Jeremy Bentham (1748–1832) and to John Stuart Mill (1806–1873), who “used the principle of utility as a practical guide and powerful instrument for social, political, economic and legal change . . . during the English reform movement” (Boatright, p. 34, 2003). The right, or correct, action is that which results in “the greatest good for the greatest number,” according to the more common and current restatement of the consequentialist theory of utility.

The objective of the utility dimension is to push the reasoning process towards a consideration of both the benefits and the burdens that will accrue to each stakeholder group if the proposed action is taken. In other words, the utility dimension focuses thinking upon all reasonably foreseeable consequences, which include micro and macro, short-term and long-term, and total and stakeholder consequences of a proposed action. The model thus adequately distinguishes between, and incorporates fully, *total utility* (which looks at the overall benefits or burdens to all stakeholders) and *stakeholder utility* (which calculates whether a greater number of individuals within the stakeholder groups are benefited or burdened), as well as act utilitarianism (with its narrow focus on a specific action at a specific time) and rule utilitarianism (with its broader, longer-term consideration of certain types of actions guided by general rules) (Velasquez, 2002).

Although classical utility focused on only one correct action—that is, on the act with the most net utility to the most people, utility under the URJCO Model of stakeholder management strives to identify the best decision among acceptable alternatives.

Rights

Rights generally are defined as guarantees or entitlements to do or not to do something or to be treated or not to be treated in a certain manner. The consumer's right to product information, the employee's right to a safe workplace, and the employer's right to loyal employees are just a few of the many recognized rights in the business world. The rights dimension of the stakeholder model is a deontological³ ethical theory that focuses on stakeholders' rights instead of consequences. The rights dimension focuses the decision maker upon the rights possessed by each stakeholder and on the corresponding duty of the decision maker to protect these rights.

Under the rights dimension, the decision maker first must identify the specific rights of stakeholders and then determine the corresponding duty that the business has to safeguard such rights. Such a determination, especially in cases of conflicting rights and obligations, usually will require the decision maker to prioritize stakeholder rights and corresponding business duties.⁴

³*Deon* is the Greek word for duty, necessity, or obligation.

⁴Prioritization occasionally proves a challenging aspect of the rights dimension within the stakeholder model. Placing rights into classifications such as legal, moral, specific, general, negative, positive, natural, human, inalienable, and basic, with their inherent valuations, may help decision makers meet this challenge. The power, legitimacy, and urgency of stakeholders' rights will combine with stakeholders' overall relationships with business to clarify the value of rights and duties. A utility analysis of the rights and duties themselves also can be undertaken. Finally, the justice dimension attempts to address this potential challenge by addressing basic or essential rights. This challenge, and the listed responses, reveals how the Five-Dimension Model is inherently integrative.

Ultimately, consideration must be given to how proposed actions or decisions might best protect these prioritized rights and satisfy their corresponding duties.

Justice

The justice dimension of the stakeholder model refers to distributive justice more than to procedural, compensatory, or retributive justice and is based primarily on the egalitarian concept of justice presented by John Rawls in his *A Theory of Justice* (1971). For Rawls, justice is fairness, and fairness exists only when certain basic rights are protected and when benefits and burdens are distributed in an equal way. Thus, in determining the rightness or wrongness of an action, the justice dimension of the stakeholder model refers back to rights and utility and integrates these into its ethical analysis.

The first step under the justice analysis must be to determine if the most basic and essential rights of stakeholders are protected. This step is crucial for, according to Rawls' concept of distributive justice, no action is just or correct if it denies fundamental rights such as the right to enfranchisement, to personal property, to food and shelter, to speech, to privacy, to certain information, and to related liberties (Rawls, 1971). Rawlsian justice "implies that it is unjust for business institutions to invade the privacy of employees, pressure managers to vote in certain ways" or "use force, fraud or deception in contractual transactions" (Velasquez, 2002). Second, a determination must be made as to whether the distribution of benefits and burdens is just, i.e., fair and equitable. Distribution among stakeholders usually is considered fair and just when one of four circumstances occurs:

- the distribution is reasonably equal,
- the distribution is unequal, but every stakeholder is better off,
- the distribution is unequal, but the least advantaged stakeholder is better off, or
- the distribution is unequal, but a morally relevant reason such as need, effort, ability, education, production, skills, or performance justifies the inequality to some degree (Rawls, 1971).

Although criticisms of this perspective exist, justice incorporates many important and accepted ethical values, e.g., fairness, freedom, and equality, into the decision making process. The justice perspective also responds, to some degree, to the imperfections of the market system (and especially to the unequal distribution of benefits and burdens) by balancing the benefits to people for their skills, efforts, and contributions with the needs and burdens of the least advantaged or less fortunate (Velasquez, 2002). The justice dimension of this stakeholder model incorporates a simplified version of Rawls' theory of justice in creating a comparatively comprehensive and integrative model of ethical reasoning.

Care

The care dimension in the stakeholder model focuses on the type of relationships that the organization has with certain stakeholder groups. In her seminal work *In a Different Voice* (1982), Carol Gilligan argues that women tend to make moral decisions based on their relationships with others. Under the care dimension, compassion and partiality enter in, and an acknowledgement of increased responsibility to some stakeholders may be warranted due to longstanding or extraordinary relationships between them and a business, or to their high level of vulnerability. Specifically, the rightness or wrongness of an action is determined by how well an action cares for

and sustains important personal relationships rather than through the application of impersonal and impartial ethical principles to an action.

The URJCO Model of stakeholder management integrates the personal and relational aspect of care into the decision making process through a consideration of the gender diversity that is clearly present and growing in the workforce. Inclusion of the care dimension in the model underscores the belief that all businesspeople, men and women alike, factor relationships into their decision making, at least to some degree. As stated, discounting the principle of care in a company's ethical framework is potentially shortsighted insofar as stakeholder relationships are essential to the success of any business. The care dimension is thus another way in which the URJCO Model is comparatively comprehensive in its approach to ethical reasoning.

Organization

Finally, to ensure the comprehensiveness and applicability of ethical analysis, the organization dimension is included as an additional compelling category of moral principles within the stakeholder-management model. Not only does this principle contribute a distinct dimension, thereby allowing a more thorough analysis, it enables the business to employ ethical considerations that uniquely reflect its core organizational values or company charter. Alternatively, special obligations to specific stakeholders may be recognized in this dimension, as a result of ongoing pledges, assurances, or accommodations.

Frequently used principles of organizational ethics⁵ include

- the golden rule: do unto others as you would have done unto you;
- the disclosure rule: act as you would believe to be right if all your friends, family, colleagues, and general public learned of your decision;
- intuition ethic: act according to gut-feelings that are not readily explained by rational thought;
- professional ethic: act in manner that would be acceptable to professional peers;
- role-model, or exemplar, ethic: act in a way that the person you admire most would act or would advise you to act;
- religious ethic: act according to specific religious beliefs (Fort, 1996);
- covenant ethic: consider the organization a moral community, and place people above profits (Walton, 1988); and
- virtue ethic: act in a manner that will nurture important values such as honesty, loyalty, respect, diversity, and transparency and help you become a better person (Aristotle).⁶

Considering the organization dimension, decision makers can integrate the values emphasized in a firm's mission statement or code of ethics fully, through stakeholder management. When used effectively, the organization dimension of the model enables key documents to help guide an organization's ethical development.

Recommendations

Once the five analytical dimensions of stakeholder management have been applied, the decision maker must formulate an overall recommendation (including potential alternatives) by comparing the results yielded by each dimension. Based on the reasoning and outcomes of the

⁵For further explanation of organizational ethics, see T.K. Das (1985).

⁶Arguably, the principles of justice and care have a relation to virtue ethics when the goal is to become a just or caring person instead of simply determining what is just or caring under the circumstances. This is another example of the interrelatedness of the Five-Dimension Model. Moreover, the legal or economic ethic should not be used as the organizational ethic, for these two principles already are integrated into the dimensions of utility, rights, justice, or care, which likewise should not be constituted as a separate fifth principle.

URJCO analysis, a summary recommendation with suggestions and alternatives is presented. If four or all five ethical principles used in the model agree that the action or the policy is right or wrong, then the recommendation should follow the clear consensus. But if principles are more closely split at three to two, then the decision maker needs to determine which principle or principles are most persuasive or pertinent under the circumstances and act accordingly (even going with the minority two principles under certain occasions).

Generally speaking, critical rights and justice may, understandably, have more influence than utility and care (Velasquez, 2002). In difficult cases, however, to rank the rights dimension appropriately, the decision maker needs to determine the exact importance of critical rights and duties and the degree to which such rights and duties are protected or infringed on. Reexamination of the real values of benefits and burdens and of the overall number of stakeholders benefited and burdened will help guide the placement of utility. Understanding of the importance of stakeholder relationships and of how they are nourished or impaired will assist managers in prioritizing the care dimension. The organizational ethic, depending on its importance to the organization, should also be considered. Alternatives or adaptations to the original proposal may lead to a clear consensus among the five ethical principles. (A worksheet outlining this process appears in the Appendix.)

Conclusion and Summary

This chapter presents a model of ethical decision making which is both easier to implement than traditional models and, due to its comprehensiveness and balance, more effective in both business and pedagogical practice. The URJCO Model of stakeholder management

provides a structure that attempts to remedy the commonly noted limitations of traditional applications of business ethics while enhancing their benefits. Employing a straightforward yet comprehensive framework, this model impels decision makers to incorporate a variety of stakeholders and ethical perspectives into the analysis and recommendation processes. Stakeholder management guided by this model becomes a comparatively inclusive, integrative, complete, and practical approach to business ethics and can be implemented effectively by both students and managers. Instructors of business ethics also will find the enhanced model advantageous in the classroom, for the augmenting dimensions of justice, care, and organization frequently stimulate richer discussion than typically occurs with more traditional models focusing exclusively or primarily upon utility and rights.

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Appendix: URJCO Model of Stakeholder Management Worksheet

Identify	
Identify the ethical issue (the proposed action or policy to be resolved):	
Identify all relevant facts and information:	
Identify all potential stakeholders:	
Analyze	
Utility	
List and consider all <i>benefits</i> and <i>burdens</i> that will accrue to each stakeholder group as a result of this proposed action/decision:	
Calculate <i>total utility</i> and <i>stakeholder utility</i> :	
Based upon UTILITY principles, proposed action is ethically	WRONG / RIGHT
Explain:	
Rights	
List and consider all <i>rights</i> for each stakeholder group:	
List and consider the corresponding <i>duties</i> of the organization toward each of the stakeholder groups based upon those rights:	
Determine if the proposed action protects said listed rights and satisfies said duties:	
Based upon RIGHTS principles, proposed action is ethically	WRONG / RIGHT
Explain:	
Justice	
Determine if any basic or essential rights of the stakeholders (listed under the RIGHTS section) are denied by the proposed action/decision:	
Appraise for fairness the <u>distribution</u> of <i>benefits</i> and <i>burdens</i> (listed under the UTILITY section) that would result from the proposed action/decision:	
Based upon JUSTICE principles, proposed action is ethically	WRONG / RIGHT
Explain:	
Care	
Identify the most important relationships between the organization and stakeholder groups:	
Evaluate the impact of the proposed action/decision upon these relationships:	
Based upon CARE principles, proposed action is ethically	WRONG / RIGHT
Explain:	
Organizational	
Specify and explain the organizational ethic that best reflects the <i>Mission</i> and <i>Values</i> of the organization:	
Apply the selected organizational ethic to the proposed action/decision:	
Based upon organizational principles, proposed action is ethically	WRONG / RIGHT
Explain:	
Recommend	
Consensus rule	

At least four of five principles agree that proposed action is ethically	WRONG / RIGHT
Priority rule	
Dimensions result in split outcome (3–2 or 2–3); dimensions must be prioritized:	
Explain reasons for the particular prioritization of dimension chosen (Note: Since the outcome resulted in disagreement among the various ethical dimensions of the model, reasons for this prioritization, and justifications for resultant decisions will be crucial to any later examination of these decisions by outside observers or stakeholders.)	
Based upon the thoughtful prioritization of dimensions explained above, the proposed action is ethically	WRONG / RIGHT
Document This decision making process in detail: (Include any alternatives or suggestions to the policy or action that may improve its overall stakeholder management result.)	

This chapter offers a reflection on one program's evolving decisions about professional ethics education across nearly two decades. Faculty and students consistently have expressed satisfaction with the program. The chapter is not a theoretical exegesis, but a story in progress. The narrative is detailed so that the reader might better judge how representative the degree program is or how its uniqueness might suggest other alternatives for his or her institution.

The Program

The Master of Arts in Organizational Leadership (MAOL) was introduced by the College of St. Catherine in 1986, the first multidisciplinary graduate leadership degree in the United States. In its 2004–2005 centennial year, the baccalaureate program is the largest women's college in the United States, and undergraduate business administration is the college's largest department. Its two urban campuses now include coeducational associate, masters and doctoral degrees. The college is noted regionally for excellence in health care education and for a century of producing strong community leaders.

From the outset, the MAOL was dedicated to the cultivation of "ethical, effective and enduring leadership." The program nears its twentieth anniversary with the same goal, enrolling approximately 200 students in weekend courses, three terms per year. Rolling admissions and a noncohort scheduling model encourage a high level of student self-determination in course sequencing.

The MAOL originally offered a single degree-track with required coursework in communications, management, organizational behavior, economics, accounting, research methods, and leadership. A range of electives covered issues such as team development and change

management. Currently, students complete a thesis or a leadership action project, which they present to a public audience. The program offers a choice of concentrations, among them strategic management, spirituality and leadership, information services and technology, healthcare leadership, and dispute resolution. The latter is a cooperative venture with the School of Law at a nearby university, as is a joint JD/MAOL degree, or a degree in either program with a certificate from the other. Client-sited custom-certificate programs have been offered for several years, and conversion rate to full programs has been healthy. Electives have expanded significantly. As part of its general institutional accreditation, the program is under decennial review by the Higher Learning Commission of the North Central Association of Colleges and Schools.

Students are attracted to and reflect the program's multidisciplinary. From the beginning, nearly all have been working professionals. Professional experience (currently, two years) has always been a requirement for admission. Any class roster will contain careerists in health care, government, corporate, entrepreneurial, educational, and not-for-profit settings—students representing the diverse economic environment of the area. Most classes will include younger students motivated to earn credentials and more mature students seeking credentials, fulfillment, challenge, or redirection for a retirement career. In part because of the college's long-term identity, women significantly outnumber men. Religious affiliation differs, as ethnicity does. The multiple strands of learning in the curriculum, the flexibility of timing, and the ethical emphasis of the curriculum are cited consistently as important factors influencing student choice of the program.

Faculty participation in organizational leadership is voluntary. Most faculty share joint appointments with other departments on campus, including business administration,

communications, economics, education, and theology. Support from the college administration for joint appointments has been key, especially for a college whose enrollment now approaches 5,000. Faculty who share an interdisciplinary perspective, who accept ethics as an integral part of organizational functioning, and who wish to teach on the graduate level gravitate to the program. Several long-term faculty members also have taught with the college's pioneering undergraduate weekend college and are committed to innovative models of adult education. Some are veterans of the undergraduate required core courses examining personal values and social justice. Directors from the program have come from several different departments. Adjunct faculty members, from professional settings or from other academic institutions, accept the program's ideology and frequently maintain long-term roles on the teaching roster.

The Embedded Era

The MAOL was created at an institution with known expertise in adult education models and with a commitment to social justice as part of its mission statement. Program founders understood the need for grounding pedagogy in the impacts of institutional decision making on personal lives and on society. Ethics was conceptualized not as a foreordained response to a set of specific factors, i.e. not a content outcome, but as an attitude requiring specific skills to realize fully. Business skills and techniques delivered in a traditional MBA would not in themselves create ethical leaders. It was, after all, the 1980s, and for the first-time in recent history white-collar criminals had become household names. The MAOL built on institutional strengths to differentiate itself from other professional managerial programs.

In committing itself to ethics as an essential part of leadership, the MAOL adopted a permeation approach and embedded ethics across the curriculum. Acknowledging the relation between business and society in *any* subject emphasized that ethics was a fundamental decision factor, not a compartmentalized technique. Including ethics in every course also reinforced the commitment to interdisciplinary stakeholder analysis and problem solving.

Students have entered the program in either “ethics and leadership” or “strategic communication” (formerly “communication and ethical issues”). The former involves a range of leadership assessment instruments, especially Kouzes and Posner’s Leadership Practices Inventory [LPI] (2001). Kouzes and Posner’s research (1993, 2003) remains a cornerstone for leadership coursework. Students identify ethical issues within their own professions and create leadership credos, which must include statements on ethics. The communications course requires multiple communication projects designed for disparate audiences and concerning a specific issue, which students must frame as an ethical dilemma. Both courses emphasize a stakeholder model of management and ethical decision-making. The same focus on ethical issues, and consciousness of the ethical dimension, carries through nearly all courses, from international economics to diversity management. Material from “ethics and leadership” is revisited in the final “leadership seminar,” with a return to the credo and more overt development of an ethics model.

Students report strong satisfaction with increasing their awareness of ethical issues and their consciousness of personal ethical grounding. One survey of program graduates by this author showed that most respondents had encountered issues in their careers that they personally classified as ethical. They indicated that before their enrollment in the program, they had been somewhat more likely to have left a particular setting than to have participated in what they

regarded as unethical conduct. After their degree, they were more likely to stay within the organization and endeavor to influence institutional culture by using skills acquired from the MAOL.

For well over a decade, both students and faculty reported satisfaction with this model. The program in the late 1990s displayed a number of features that contribute to a successful embedding program (Lisman, 1996). The MAOL operationalized an institutional philosophy emphasizing interdisciplinary learning and social justice. Academic administration was congenial to the curriculum, and campus library resources complemented program goals. The campus-sponsored continuing-education programs and speaker series addressed a holistic professional lifestyle. Program and college mutually reinforced brand image.

The curriculum was delivered by a faculty group small enough to meet regularly and collegially and was open to critical discussion of individual courses and projects. Faculty generally were familiar with the entire curriculum and with common cases, themes, and terminology. In classes of fewer than two dozen people, with age spreads of a quarter of a century, instructors employed highly interactive teaching styles and become adept at fostering “students teaching students.” Students often clustered into “mini-cohorts” that chose the same classes and became peer coaching teams. Small and large discussion groups, individual and team projects, readings, online exercises, film study, and interview assignments acknowledged students’ range of learning styles.

Promotional materials highlighted the emphasis on ethics and on adaptation to adult-learning models. Students in the program were working professionals who had self-selected this educational philosophy. Embedding ethical issues and values in all courses was successful with

adult learners, who from their first class participated in active group discussion with fellow professionals from a wide range of industries. These students did not need consciousness-raising or assigned readings to understand that there are challenges in the workplace that are very important to them personally and to the society in which they would like to live.

Students, as well as program and institution, were committed to a philosophy of adult learning that supported lifelong development of moral sensibilities. Once again, an institutional perspective provided a distinct advantage. Any discussion of ethics education that goes beyond scheduling and operations must consider life-span moral development theories, such as Kohlberg's, with their implications for influencing the ethical perspectives and behaviors of individuals. Important research states, in sum, that a person's moral reasoning is significantly in place by his or her early twenties. Thus, formal education in ethics after this point might influence knowledge but not necessarily behavior. Kohlberg based his work on studies of a small coterie of white males from relatively secure social milieus, a demographic not representative of the MAOL's founding college. As a women's college, faculty were aware of Carol Gilligan's work on women's psychological development (1982). Such research posits a model of ethical development throughout the life span and acknowledges variation in ethical developmental patterns across gender and ethnicity.

Re-Evaluation

As the program approached its fifteenth anniversary, several factors, including introduction of a range of concentrations beyond the general major, stimulated a modification of our curriculum. The faculty reviewed the curriculum closely within the contexts of both

preparation for the decennial review and proliferation of local and online professional degrees, including leadership degrees. And the United States again faced a wave of corporate and institutional scandals. This time around, even journalists labeled the crimes “ethical” lapses. The MAOL’s framework had gained widespread currency. This programmatic strength needed to be exploited for both pedagogical and marketing goals.

Assessing the strengths of our then-current program confirmed that students left the program with a distinct awareness of the ethical dimension of organizational life. They had entered the program because they acknowledged this dimension. They developed greater acuity in recognizing issues, with classroom crossdisciplinary exchanges especially productive. Students became adept at applying their new range of business and research skills to the analysis of stakeholder impacts. They could articulate their own values with ever-increasing eloquence. They could apply ethical decision-making models to a range of topics.

On occasion, though, students themselves expressed a lack of confidence in ethical reasoning. They could trace the evolution of their personal values but were less able to connect these to historically powerful philosophies of ethics. Only cursory attention had been paid the nexus between ethical, economic, and political systems. And although the curriculum was strong on general communication skill development and on knowledge of organizational structures, resources on strategies for influencing the ethical culture of an organization were not a focus.

Yet students had values and personal commitment to those values; they had knowledge of ethical issues, and skill in applying decision making models. As a result, we decided to create a course to increase knowledge and enhance skill. In the sixteenth year of the program, “professional and organizational ethics” entered the curriculum as an elective; the following year,

it became a requirement. Again, institutional support for faculty research and course development facilitated a timely product rollout. MAOL faculty participation in campus governance structures also have streamlined approval from relevant educational policies committees. Faculty members involved in creating and teaching the course have come from eclectic academic backgrounds, including the traditional liberal arts; one member has designed an undergraduate sales ethics course.

Students must have completed one-third of the program to enroll in the course. This requirement ensures a background familiarity with program philosophy and terminology. Because the course was introduced nearly simultaneously with several concentrations, it lends coherence to a curriculum that already was noncohort and now has become increasingly particularized. Together with the introductory course and the final seminar, the course has become one of three mileposts in all concentrations.

Modeled around communication themes, the course reflects the program's emphasis on communication as a key leadership skill. The majority of ethical challenges arise, after all, from decisions around what to communicate, when, how and to whom. The dyadic relationships between an individual and colleagues, customers, competitors, and community members become models for recognizing inherent ethical challenges as well as resources for managing them. Earlier coursework in strategic communication is reinforced as students add an understanding of ethical argument to their audience analysis and expand their repertoire of communicator strategies.

An overview of major philosophical perspectives, including nonwestern and historical value systems, generates more than mouth-tingling syllables: a professional who can recognize an outcome-based argument from a teleological one will gain strategic understanding. The course

covers more detail of comparative models of ethical decision making than introductory courses do and provides more case studies from organizational life. Students revisit Kouzes and Posner's LPI (2001) and pay special attention to the five practices of leadership as they contribute to establishing an ethical organizational climate.

Each student completes a major research project exploring the ethical terrain of his or her own profession or industry, identifying past and emerging ethical issues, and finding relevant law, codes of ethics, or other formal resources for dealing with these issues. A major unit examines the role of corporate or professional codes, mission statements, and other formal verbal paraphernalia in providing effective guidelines or enchanting smokescreens.

A major strength of the course has been the participation of leaders from the diverse local economic environment. Repeat guests include, for example, both a founding member of the Caux Roundtable, promulgator of the Caux Principles for international business ethics (2005), and a corporate legal counsel for a large multinational. Visitors usually deal with one theme, e.g., how a growing institution plans proactively to foster an ethical culture or how an organization perceives the territorialities of ethics and law. Guests and class members report high satisfaction with these candid exchanges. Campus sponsorship of nationally known speakers such as Sherron Watson, formerly of Enron, and Colleen Rowley, of the FBI, offers further opportunities for dialogue around ethics.

The first assignment on one instructor's syllabus for the course illustrates several goals. Students are required to read the 1996 letter from T. J. Rodgers, CEO of Cypress Semiconductor, to Sister Doris Gormley, who had protested the lack of diversity on his board. Representative of the tone is "(G)et down off of your moral high horse." Sister Gormley's original letter is

deliberately not included. Before the first class meeting, each student submits a brief “elevator talk” they would deliver to Mr. Rodgers should they find themselves in his neighborhood. No class grouping yet has failed to generate a spectrum of judgments on Mr. Rodgers, from hero to hellion. Thus we have an immediate demonstration that within a group of people self-selected into a course and program identified by its concern with ethics, conscientious people will not come to the same conclusions nor share identical values. We have immediately created a climate of respectful yet sometimes passionate disagreement, as well as a recognition of the need for further information before judgment can be passed. Inevitably, some participants will have located Sister’s original letter or charted Cypress’ stock prices or board membership through the decade. This same exchange of letters remains a useful exemplar when we contrast deontological and utilitarian ethical systems. The paired pieces also illustrate the continuing program emphasis on the value of powerful communication, as certain students always acknowledge that they have been persuaded, against their original inclinations, by the rhetoric of one of the correspondents.

The course, as now packaged, is rated positively because it expands rather than contradicts material from other courses. Students come in with values. The course extends knowledge of issues and of resources, leading to increased strength in skills, in ethical reasoning, and in ethical discourse. Students have responded strongly to this opportunity to bring ethics from “an ensemble player to the star of the show,” as one phrased it. Course evaluations also cite the value of exposure to multiple professions, with their concomitant array of issues and strategies for dealing with ethics. And, most consistently, students cite that the opportunity to reflect on the ethical dimension of organizational life even more deeply than in other courses is highly beneficial to them.

At present, this weekend-format graduate program for working professionals is dedicated to the model of a course in context: a stand-alone course in professional ethics, sequenced midway in a set of courses permeated with ethical awareness. A brief look at another department on the same campus, however, can show that a similar model may not be adapted easily to other audiences or formats. The undergraduate Department of Business Administration at this college is engaged in the same discussion about embedded versus stand-alone courses. All courses in all business majors consistently have presented ethics as a factor. Ethics has permeated the curriculum so pervasively that it has been treated as an assumption and sometimes has not even been noted in syllabi.

In 1998, the department introduced the first of three innovative majors in sales. From the start, “ethics and integrity in professional sales” has been a required junior-level course for all sales majors. Given the popular stereotype of sales professionals, this was both a pedagogic and a strategic marketing decision. Pedagogically, it offered the same opportunity for students to bring to the forefront what was background material in other courses and to focus on ethical decision-making strategies for sales professionals. This piece of the curriculum has been marketed assertively to bring corporate partners on board.

The undergraduate program introduces constraints not felt by the graduate. As part of a liberal arts college, departments are restricted in the number of credits that they can require of students. Offering an accounting or a marketing degree with sufficient coverage of a range of business skills, including a separate course in ethics, is a challenge. Taking an upper-division business ethics course from the philosophy department, as well as its prerequisites, is often not possible for business students. Therefore, the department has had to be flexible in approach. It

recently has offered an elective on organizational ethics, which likely will continue to be offered. All syllabi in all courses within the department specifically identify ethics now, and an expanded introduction to management course will include a major unit on ethics. Faculty members are knowledgeable of the intents and outcomes of required core courses in personal values and social justice, which can be referenced within the context of business courses.

To this author, the ideal is a stand-alone course in the context of a curriculum in which every course rates ethical thinking of a piece with subject concepts and techniques. A conceptual basis for business ethics could be accomplished without a solo course if a significant unit of one course foregrounds ethical philosophies, methodologies, and resources. This option, however, lacks the persuasive advantage that the message of a required course dedicated to ethics communicates to the student and to the public.

To the Future

Each institution, once committed to the significance of ethics education for a business professional, must respond to its own circumstances when choosing its model. An invaluable resource for any examination of ethics in the business curriculum is *Can Ethics Be Taught? Perspectives, Challenges, and Approaches at Harvard Business School*, by Thomas Piper, Mary Gentile, and Sharon Parks (1993), a book-length study of the philosophy and process of including ethics in Harvard's MBA. Excellent chapters conceptualizing ethics education, and especially the curricular effects of moral development theory, lead to pragmatic discussions of politics and operations of curricular change. Knowing that the best and brightest have struggled as others have can be reassuring.

We must charge ourselves with continuing to pay attention to research in life-span developmental models of moral reasoning. We must also include crosscultural research such as that of Geert Hofstede (2003) as we prepare students for work in a globalizing economy. Interpretations of this material must be the foundation for ensuing considerations of the nature of the program, the students, and the faculty.

Fundamental factors are whether the program is graduate or undergraduate and what the level of material and the age and the experience of students are. Graduate programs could benefit from both an embedded and a stand-alone course, which together would provide consistent reference to, and the opportunity to focus deeply on, ethical issues. Any undergraduate program for adult learners well might benefit from the same model. The significant variable in this instance is the experience level of the student. Students with little work experience may underestimate the existence or significance of dealing with ethical issues in their careers. Instructors in sections of the undergraduate sales ethics course that enroll both nontraditional- and traditional-aged students have expressed frustration that working adults arrive with personal experience of ethical conflict and are eager to engage the material while younger students often need additional knowledge to be receptive to the need for such a course and require more attention to the existence and types of ethical challenges. Such contextualization also may be necessary in full-time graduate programs geared toward recent bachelor's degree recipients.

The situating of a program and its source of accreditation well may affect curricular decisions. An AACSB school of business may mandate a course, but without reinforcement across the curriculum this mandate can degenerate into a requirement to be ticked off a list. Situating may be more difficult in a large school of business with a wide range of courses and an extensive

faculty. A business department in a liberal arts institution, on the other hand, can capitalize on the inherent multidisciplinary background of students to create ethical sensitivity. But such a department may be more likely to experience constraints in increasing requirements, and competition for resources across the campus may make it impolitic for a business department to presume to teach a subject so directly derivative of a traditional liberal arts course. In this setting, however, the typically smaller size of a business department can facilitate the faculty development needed to support an embedded curriculum.

Perhaps, in the end, we as faculty are the crucial variable. Whether we create our own curriculum or teach one mandated externally, we engage our students in the classroom (or on the keyboard) in the process of ethics education. We personally communicate the significance of ethical decisions in organizational life by careful attention to or by hurried summaries of those pieces of the syllabus. We demonstrate through our own ongoing education in ethical issues and reasoning that a professional must strive to be fluent in this central dimension. We convince our institutions that research, retraining, and course or curriculum revision around ethics is credible scholarly activity. Only when we as faculty are committed fully to this ongoing, rigorous effort will our choices regarding courses and curricula enable us to fulfill our obligation to ethics education.

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ASSESSMENT OF ETHICS IN THE BUSINESS CURRICULUM

Brian K. Burton

For many reasons, well explained by others, business ethics education is a front-burner topic among those who operate and observe collegiate schools of business. One need only turn to the web site for the Association to Advance Collegiate Schools of Business International (business schools' most important accrediting body), where one of two resource centers focuses on ethics education, to understand the importance of ethics to the community of scholars engaged in business education. The other topic to which a resource center is devoted on AACSB International's Web site is assessment, or, as it is sometimes called, assurance of student learning. There is an important connection between the two topics. The calls for increased emphasis on ethics education in business schools began to crescendo in the wake of the corporate scandals in the early years of this century. Calls often were for business schools to train “ethical business leaders.” Yet in setting the goal of training ethical business leaders, we open ourselves to the question, “How will we know if we succeed?” Such a question cannot be answered easily or, perhaps, satisfactorily in the minds of many.

This essay examines the place where ethics and assessment meet. It discusses the goals of ethics education, including the expectations that business schools should have in the area. It also

considers means of assessing whether business educators are meeting these goals, as demonstrated by student learning. Finally, it considers to what use the results of assessments should be put, in the contexts of both the classroom and the general business curriculum.

What Do We Want Students to Know?

Adapting James Rest's framework for an ethical life, David Ozar (2001) identifies four goals of ethics education:

- awareness of values, principles, and ideals;
- reasoning and reflective skills;
- motivation/conviction to live according to the first two; and
- implementation of what the person is motivated to do.

The first element, awareness, can be thought of as the nuts and bolts of normative ethical theory, or, in essence, the values, principles, and ideals that have been judged important over time. Awareness can be reached through the acquisition of basic knowledge of moral theories or considerations (throughout this essay, the terms *moral* and *ethical* will be used interchangeably) and of an understanding of the considerations relevant in various situations. Through the study of moral theories and considerations, students learn to identify criteria, such as net benefits, duties to others, strengthening of relationships, and so forth, that have been important in determinations of whether business decisions are moral. Such study is important for business students (though some may see it as outside the purview of business school), for foundational knowledge empowers students to reason and to use their knowledge in practice.

The instructor can take several approaches to providing this knowledge and thus helping students achieve awareness. Typically, the resort is to coverage of basic moral theories, such as

Kantian deontology, utilitarianism, virtue, justice, rights, and caring. Less often, moral considerations such as duties, consequences, character, and relationships are covered. Even less often, one specific conceptual framework, such as pragmatism, guides an ethics course.

The second element, reasoning and reflective skills, concerns the process of moral reasoning. Through this process, the student weighs the facts of the situation in the light of theories and other considerations, and forms a moral judgment regarding alternatives. It is one thing to understand moral theories and considerations, but quite another to be able to apply them in decision making. Typically, instructors in ethics courses present at least one model of moral reasoning to students. Most are variations on a theme of gathering the facts, identifying the stakeholders involved, creatively thinking about alternatives, and using relevant criteria to determine the best alternative.

The third and fourth elements, motivation/conviction and implementation, concern a person's willingness and ability to follow through on her/his considered moral judgments. With these two elements, we move from the conceptual to the practical. According to most definitions of morality, one's actions (motivated by will, desire, or some other internal force) are key determinates of whether one is a moral person. Motivation/conviction concerns whether the will exists whereas implementation concerns whether the will is translated into action.

Instructors can and perhaps should address these elements, for they concern obstacles to acting in ways dictated by considered moral judgment. Obstacles can be external or internal, in that individuals may be constrained by others or by a situation from taking an action or may have emotional or other internal responses that hinder implementation of a judgment. Discussing these

obstacles conceptually may make students better prepared to confront and to surmount them in practice.

Most instructors, and thus most business schools, have goals of producing graduates who are motivated to implement and capable of implementing the result of their considered moral judgments. In terms of assessment, however, such goals are problematic at best because teachers can influence but not control student's behavior outside the classroom. Admittedly, teachers can do no more than attempt to persuade students of the importance of "being ethical" during classes. It is not that business schools do not want students to be ethical, but rather that business schools cannot easily assess class-based student learning outcomes based on this goal. Of course, we often attempt to achieve goals although assessing whether they have been achieved may be difficult.

There are at least two types of audience for assessment efforts: faculty and administrators of the school, and external reviewers such as prospective students, employers, and accrediting bodies. For certain audiences, it is important to list ethical behavior as a goal in order to demonstrate that it is on our minds. Other audiences, however, expect demonstration of results, and when such results are difficult to demonstrate convincingly, problems can result. It may be, then, that the school will devise different sets of ethics goals for different types of audiences. These goals should not be conflicting, but will differ according to the aspects of moral life addressed.

Beyond the classroom, business school faculty, staff, and administrators can model appropriate behavior for students. Again, however, the question of assessment arises, as when, for instance, a graduate is faced with an ethical dilemma 20 years after completing coursework on ethical decision making. Some schools have resorted to self-reported measures of the impact that

ethics education, whether classroom-based or behavior modeling, has had on graduates' daily work. These measures are subject to the same problems as self-reported measures of ethical behavior or attitudes are: although they constitute evidence, the strength of that evidence is open to question.

In essence, then, it is desirable that graduates of business schools be ethical people, and it should thus be a goal of business schools to create a climate in which ethical behavior is modeled. In the curriculum, however, at least for some purposes, the most we can reasonably expect is that students achieve learning outcomes based on the first two goals—awareness and reasoning/reflection skills.

How Do We Assess Whether Students Have Learned Ethical Behavior?

Once we know what we want students to know, the next step in the process of continually improving ourselves as business instructors and schools is to assess whether students exit our programs knowing what we want them to know. The assessment process thus is a vital part of a business school's efforts to maintain currency and relevance for key stakeholders, including students and employers.

If the two relevant curriculum-based goals of ethics education in business schools are awareness and reasoning/reflective thinking, then at least part of the assessment process in stand-alone courses, or in the ethics segment of other courses, should focus on those goals. For example, student-learning outcomes, assessable statements of our expectations for students, should concentrate on those goals and should specify a level of achievement derived from a taxonomy of

educational outcomes such as that of Bloom et al. (2001). Level specified is important to the curriculum but can differ across curricula, depending on which outcomes are desired.

Means of assessing student learning outcomes in ethics, as in other subjects, are various. But because of the nature of ethics as a subject, assessment might be accomplished appropriately through a narrower set of instruments than are used in other fields. For example, a typical multiple-choice test might not be a useful instrument in assessing a student's reasoning/reflective thinking ability.

Ozar (2001) points to the use of cases as the best way to assess both awareness and reasoning/reflective thinking. Cases need not be of the traditional Harvard-type although that is a viable alternative. Current events, hypothetical or fictional cases, literature, cinema, and events from the students' own lives can be used as material for case discussion. Ozar also notes that it is important to provide a variety of modes for case analysis. These include oral discussions in class, written assignments, and small-group exercises. The importance of multiple modes is that different students learn differently and demonstrate learning best in different settings.

Such methods seem appropriate for small classes, but their nature and the intensity of instructor observation required seem to preclude their use in the large sections often seen in business schools. One possibility is to use sampling, which is perfectly acceptable for assessment purposes. A more creative approach for larger sections might be to use a small case as the basis for questions that ask the students to rank responses from best to worst, giving them four or five options to rank in each question. Such an approach allows testing of the fundamental knowledge students have gained in the course, their awareness of the applicability of knowledge to the case, and their reasoning skills. For example, one might pose as a question "Alternative A is the best in

this situation because.” and list several possible explanations. The student shows reasoning/reflective ability to the extent that s/he ranks the explanations from best to worst. The answers are numeric or letter based and can be machine graded, easing the instructor's burden without forcing the instructor to resort to multiple-choice questions.

Some type of rubric or other standard against which to measure student learning is desirable, no matter which method or combination of assessment methods the instructor chooses. Concerning the fundamental knowledge of moral theories and considerations, the desired level of student accomplishment might be the ability to explain the theory's assumptions and criteria for making moral judgments, as well as the ability to describe generally when a theory or consideration is relevant.

Concerning reasoning/reflective thinking, one approach is to adapt a rubric for assessing critical thinking to moral reasoning, for there is an obvious connection between the two activities. Rubrics specific to moral reasoning have been developed and are available through an Internet search.

Rubrics can help students understand what an instructor is looking for and can help the instructor as well, for they provide more consistent grounds for grading and lead easily to assessment of student learning. For grading purposes, rubric weights can be summed by student. For assessment purposes, weights can be summed by subject area. This approach can save time in what admittedly can be an arduous process.

This discussion has focused on assessment in stand-alone ethics courses or in the ethics-specific component of other courses. Further demonstration of the effectiveness of ethics education would come in courses without an ethics component or in the nonethics portions of

courses including an ethics component. Such a demonstration might include, for example, assessment of the degree to which students recognize ethical issues in cases not labeled as “ethics” cases or develop the ability to integrate stakeholder analysis into a strategy case. Such demonstrations would focus on awareness and reasoning/reflective thinking.

How Should We Use the Data?

Once we know the goals of ethics education and have assessment data gathered from students, our next concern is how to use the results. Obviously, we first must determine whether students have attained the awareness and reasoning/reflective thinking goals set for them, but we also must understand the context in which learning occurs.

Two elements of that context stand out. The first is teaching method. Ethics courses often are taught in a discussion-oriented atmosphere, but this is not the only possible method, by any means. Lectures, cases, and a combination of both are used extensively in ethics courses within and outside business schools and in ethics modules of courses concentrating on other subjects such as marketing or accounting.

The second important context is the method of infusing ethics into the curriculum. Again, at least three approaches are possible—devoting a stand-alone course to ethics, covering ethical issues in functional and capstone courses devoted primarily to other topics, and incorporating a stand-alone course with coverage of ethical issues throughout the curriculum. Most ethics educators advocate the third option, but resource constraints (including time) and faculty's lack of background in moral theory often argue against that option.

Because the goals of accredited business schools, as well as of those seeking accreditation, include continuous improvement, the primary use of assessment data is to examine whether the methods used to teach ethics are accomplishing what we want them to. This last phrase requires elaboration. At our business school, we might want every graduate to demonstrate exemplary ability in all learning outcomes related to ethics. Perhaps such an objective would reflect what those who call for business schools to educate “ethical business leaders” mean. Although it seems an extremely high expectation, some business schools might adopt it.

A different goal would be to have, say, 75% of students demonstrate acceptable levels of ability on ethics-related learning outcomes. This expectation explicitly acknowledges that not everyone can be expected to learn what we teach, an assumption that may encounter resistance.

Meeting a goal might be an impetus to raise the bar and to try to improve ethics education. For example, if 75% of students reach an acceptable level of ability but only 10% reach an exemplary level, instructors might decide to attempt to increase the latter percentage to 25%. The ultimate value of assessment is the spur it gives us to think about what we are doing and how we can do it better.

One important question that assessment data will help answer concerns the approach that schools take to infusing ethics into the curriculum. The option of including both a stand-alone course and coverage of ethical issues in other courses is conceptually the best approach to helping students understand the nature of ethical issues in all aspects of business. Given the constraints, however, assessment data can help faculty and administrators determine whether another approach can serve the purpose in the short term while efforts are made to remove constraints over the long term.

Conclusion

Because ethics and assessment are vital issues among those currently confronting business schools, additional research into assessment-related issues in business ethics education would be welcome. Research into the effectiveness of curricular approaches and of methods of teaching ethics to business students will help educators decide how to proceed.

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