

## A DIRECT APPROACH TO TEACHING BUSINESS ETHICS

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### ABSTRACT

*This paper focuses on the teaching of business ethics experientially. It presents a relatively straightforward approach to encouraging business students to articulate their core personal values, and then apply them to a real-life situation that they encountered. In this paper, we contrast this more direct approach with an approach which is less direct, in that it seeks opinions, beliefs, actions, or intentions on the part of students in the context of a situation introduced by the instructor. We've implemented this approach twice, and we discuss the outcomes.*

### INTRODUCTION AND BACKGROUND

This paper focuses on teaching business ethics. Its purposes are to 1) present the literature on the topic with a focus on experiential methods, and 2) to describe an experiential approach to teaching business ethics that is different from the most frequent way to teach business ethics experientially. With this method, students are asked to explore their own values in the context of situations they, themselves have experienced. We've used this approach twice and will present and discuss the outcomes.

As a concern of business educators, business ethics has been around for a while. For example, ABSEL papers have been presented on this topic since the organization's inception. However, with the advent of the recent Enron and WorldCom scandals, and the Sarbanes-Oxley legislation that followed, there has been surge of attention to the teaching of Business Ethics. This most recent surge is notable, partially because the AACSB has been active (e.g., in sponsoring Business Ethics conferences) and partially because with this surge, there is increased attention to governance issues. Governance issues concern a business organization establishing formal systems and procedures to keep it in compliance with laws and regulations and to help itself become more ethical. Such organizations as KLD Research and Analytics (kld.com) and The Integrity Institute (www.oceg.org) have surfaced to help businesses establish ethics-oriented governance and to help investors invest in socially responsible endeavors. This is significant because it appears that businesses might be beginning to realize that they need to be responsible for the moral consequences of their own behavior.

In an atmosphere of compliance and responsibility, it makes sense to groom future business leaders to be more ethical. Many argue that Business Schools should increase their emphasis on ethics (Giacalone, 2004; Hauser & Logan, 1977; Koehn, 2005; Ricci & Markulis, 1992; Bennis & O'Toole, 2005; Teach, Christensen & Schwartz, 2005). Some of the arguments are prescriptive. For example Giacalone (2004) contends that recent scandals represent failure on the part of Business Schools and professors for promulgating a world-view that values wealth creation as feasible, even desirable, without transcendent responsibilities. By doing so, we educators fail to help students thoughtfully assess what goals are worthy of professional (and personal) aspirations, and we aid and abet physical, psychological, spiritual pain for our students, the organizations they work for, and the society at large. He argues that wealth creation and transcendent concerns are not incompatible and that we all need to assess the costs of our wealth creating decisions. This argument is crucial if we are to help businesses become more ethical. If businesses are going to accept and in fact seek responsibility for being ethical, they must be managed by persons who understand that profit aspirations must be integrated with generativity (Erickson, 1963) and mutuality. Koehn (2005) agrees that we are failing as professionals. He argues that what is needed is a radical change in peoples' self conceptions and that it is our duty as teachers to bring about a positive change in our students.

The argument to increase pedagogical emphasis on Business Ethics is supported by the observation (Ricci and Markulis, 1992) that young people are susceptible to attitude change. Ricci and Markulis (1992) base their opinion in part on a study by Rest (1988), who found that extensive changes occur in young adults (in their 20's and 30's) in the strategies they use to deal with ethical issues. The premise that young adults are open to learning to better deal with ethical issues is augmented by Kohlberg's work (Kohlberg, 1984) which suggests that a person's moral development changes for the better as he matures. In further support of the idea that young adults can change their attitudes towards ethics are studies (Acevedo, 2001; Glenn, 1992; Stead & Miller, 1988) showing that ethical attitudes change with academic exposure or training.

Finally, Teach, Christensen and Schwartz (2005) note that that some decision makers are unaware of the ethical nature of their decisions and others seem to believe that

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ethics should not even be applied to their decisions. Together the above opinions and observations suggest that business decision makers are either unaware or unwilling to believe that business decisions have ethical consequences, that such decision makers should consider ethics in their decisions, and college students as future decision makers are open to and capable of learning to incorporate ethics into their decision making. So it is fairly easy to argue that we ought to try to teach business ethics.

There is some evidence supporting the effectiveness of courses that deal with ethical issues. Stead and Miller (1998) found that a Business and Society course increased student awareness and perceived importance of social issues, Glenn (1992) found significant changes in responses towards thirteen of 53 attitude statements as a result of taking a course in Social Responsibility, and Spain Engle and Thompson (2005) found that the greatest effect of students self-reported enhanced understanding of business ethics was present multiple pedagogical methods were used in an ethics awareness week embedded in a semester long focus on business ethics.

Given the arguments and the studies, it seems reasonable to try to teach business ethics. The question is how best to teach it, and the answer is unclear.

There many ways to teach business ethics. For example, one could teach moral reasoning, philosophical theory, governance, focus on stakeholders, or use cases. If what is reported in the literature is indicative, many use the experiential method to teach business ethics. Of these, many articles describe experiential exercises or critical incidents in which students either assess the ethics of a protagonist (Mitton, 1992) or propose actions either for or as the incident's central figure (McAfee and Anderson, 1995; Sondergaard and Lemmergaard, 2002; Wright and Brady, 1990). Many others describe ethical dilemma integrated into a computerized simulation (Ullmann and Brink, 1992; Scott, Schumann and Anderson, 1998). Others describe simulations where players adopt the role of decision maker in the context of a situation with ethical consequences (Tsuchiya, 2005). Teaching ethics with simulations has the advantage that there can be consequences for the decision maker, and for business simulations, a student's grade can be affected by his decisions. Other methodologies include simple discussions about the morality of certain behavior (Kidwell and Kochanowski (2005), a thorough discussion of the issues associated with a common incident, e.g., a plant shut down (Lenaghan and Smith, 2004), an exercise developing policies about an ethically connected issues (Andrews 2000; Zoetewey and Steggers, 2004), and case discussions (Brinkman and Ims, 2004; Spain Engle and Thompson, 2005).

What most of the above methods have in common is that they place the student into an already conceived situation, whether created by the instructor or a case writer or one that actually has or often occurs in the real world, but still chosen by the instructor (like cheating on taxes or a

plant shutdown). These are indirect, in that they seek opinions or actions on the part of students in the context of an already conceived situation rather than (seeking) a direct request of the learner's values in situations real to the learner. This method has its advocates. The benefits of this indirect approach according to Marturano (2005) include the development of moral imagination, critical thinking skills, and helping the student feel immersed in a real ethical dilemma, creating empathy with the protagonist's problem. Chisel (1994) argues not so much for an indirect approach, but against a more direct one. He believes that teaching ethics directly, either by lecture or requiring participation in an exercise explicitly about ethics is ineffective, that when encouraged by their instructor to act ethically (in an exercise for example) students will do as expected, due to instructor expectations, and internalize nothing. There is support for the argument that the lecture method for teaching Business Ethics is ineffective. Ricci and Markulis (1992) found that a lecture on ethics had little effect on changing student attitudes when confronted with an ethical dilemma.

An alternative is to encourage learners to articulate their personal values and to do so directly. This is the method we used for this paper. Instead of drawing out moral values indirectly by eliciting them in the context of a hypothetical situation, this direct method simply asks the students what their moral values are and asks them to validate them for themselves by describing a real situation where they acted on them or made a decision based on them (or failed to do so).

In the indirect method, values may not be real for the learner because most situations explored by the learner are created by someone else. If honest, the values explored with this more direct method are real, because the learner is to explore real values in the context of actual experiences. The direct method also has potential pitfalls. The values articulated by a learner when asked directly for them might be influenced by social desirability (Miner and Capps, 1996; Edwards, 1970). At the extreme, a learner may just make up their values to look good or to avoid expressing one's own beliefs.

There are some examples from the literature describing this more direct method, that is, asking students to explore their own ethical values in the context of their own lives and behavior. For example, Koehn (2005) asks his students to list five things that money means to them. Andrews (2000) asks his students to identify ethical dilemmas that they have experienced at work in attempt create a classification scheme of ethical dilemmas and ultimately a set of student-created ethical policies.

### THE EXERCISE USED FOR THIS ARTICLE

The methodology we used for this project was relatively simple. We administered the exercise in two different classes, Organizational Behavior (51 students) and Social Responsibility (13 students). The first class,

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Organizational Behavior (OB), is a core course in the College of Business, and the Social Responsibility (SR) class is an elective for the College Business and one of the courses that counts for completion of the General Management Major.

The exercise itself was graded, written, and to be done outside of class. Students were assigned to discuss their core personal values, an ethical dilemma that they have faced, and how both personal and societal values influenced their behavior and decisions. The grade on the assignment was worth 5 % of the class grade in the OB class and 7 % in the SR class. The grade was not based on the content of responses, but on the ability to: 1) clearly articulate core personal values; 2) explain the difficult ethical dilemma faced by the student (either at work or school), and how it was resolved thoroughly and clearly; and 3) and discuss clearly how both personal and societal values affected the resolution of the issues with ethical ramifications. The assignment was graded to encourage students to take personal values exploration seriously, and the assignment was to be written partially because it is easier to grade papers than presentations and because the main purpose for the exercise was for individuals to explore their values, rather than share them.

In both classes, a (for the lack of a better term) pre-exercise was in conducted the class period *before* the written assignment was due. In both, students in the class were asked for their beliefs towards nine frequently occurring situations. They were asked for example, whether they would exaggerate (or have exaggerated) positive attributes and experiences in a job interview, what they thought of padding expense accounts and using office supplies for personal purposes, whether they thought all company rules should be followed, or whether to tell a customer that a product she was buying contained flaws. Students were assigned to discuss these situations in groups (groups of six in the OB Class; groups of three in the SR class). This assignment was graded in the OB class but not in the SR class. In both classes these beliefs were presented to the rest of the class.

### OUTCOMES FROM BOTH CLASSES

Outcomes from the pre-exercise were different in the two classes, at least superficially. In the Organizational Behavior class, responses to these scenarios were relatively safe, almost trivial, e.g., “Yes, it is lying to exaggerate your credential in an interview – but everyone does it.” One striking aspect was that not one person commented that they were making their decision based upon any personal value or ethical framework. Most of the comments were along the lines of avoiding getting caught. In terms of grading for this assignment, 40 students received grades of either B or C; 11 students received grades below C, and no one received an A.

In the SR class, responses may have also been trivial, but they reflected morals, may have been knee jerk-

prescriptive, and in some cases revealed tradeoffs. Every member of the class said it was wrong to break company rules (an interesting result since in a discussion earlier in the term the majority of these people said it was OK to cheat on taxes and three people [all wait persons] said they already had). There was an interesting discussion on using office supplies. Most said they would in small quantities for convenience sake but they would not take anything expensive. Most said they would not lie to a customer about the quality of a product, unless ordered to. The majority said they would exaggerate credentials on a job interview, but when one person said she would not, two more said they also probably would not. It seemed that values were influencing the discussion, but also that responses were being influenced by the fact that people were speaking to an audience.

The responses to the written assignment responses were not shared in the Organizational Behavior class for privacy protection, to settle nerves, and because the pre-exercise had yielded trivial results. This class was relatively large (over 50 students), and it was not the explicit purpose of the exercise to share values. The written outcomes in this class were highly satisfactory. Without exception, students were able to describe an ethical dilemma that they had faced. Roughly 40% of the students were able to clearly articulate their personal values, and most students could link personal and societal values to an ethical issue such as they had described earlier in their essay. In terms of grading, 20 (39.2%) students earned As on this assignment; 30 earned B or C grades (58.8%), with only one student receiving a grade lower than a C. This distribution was considerably above the grade distribution for other assignments in the class. Based on the grades received, as well as anecdotal feedback received from the students, it appeared that students had taken this assignment seriously, and put strong effort into meeting all three of the grading criteria spelled out above (and shared with them in advance of their completing the assignment). Approximately one-third of the essays described a situation where the student had *failed* to follow his or her own personal values in a particular situation. Outside of class, four students shared with the instructor that this was the first time in their lives that they had ever been asked to articulate their personal values. The theme for these students was basically: “That was hard, but now that it’s over, I’m glad we did it.”

The written responses in the SR class were also satisfactory. All students clearly articulated personal values, with 67% expressing honesty as a value and 75% expressing either not harming others or ‘do unto others as they would do unto you.’ Three valued family, three valued friendship and/or loyalty, two said they wanted to stay within the law, and two said they valued wealth. All but one linked their stated personal values to a concrete ethical dilemma, and all described a situation (or dilemma) where ethical choices were clear. (The one who did not link his stated personal values to his described dilemma based his decision to the dilemma on a seemingly separate but honest set of moral

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values). Only about half explicitly discussed the influence of societal values, but all explained the influences on their dilemma with sufficient complexity to suggest that they were thinking seriously about the assignment. As with the OB sample, more than a quarter of the class (four of twelve who did the assignment) described a situation where the student had failed to follow his or her own personal values. Three of the four who violated personal values did so because of peer pressure or to follow the crowd. (The fourth violated his values to save money and because he was angry.) Three other students faced peer pressure to violate their personal values but followed their values instead. One of those one left the field (quit the job), and a second was able to please a family member while he ignored a friend. The grades were all A's or AB's.

In the Social Responsibility class, the students were asked to share their responses the day their graded assignments were returned to them. The sharing was voluntary. Sharing made sense in this class because it was smaller, the syllabus contained a unit on personal values, and it was an explicit purpose of this class for students to become more aware of how personal values influence business decisions. In addition this class had been dealing with ethical situations all term and the students were used to being asked to share their opinions. Surprisingly, only two students were willing to share their dilemmas, and both were among those that violated their values.

### DISCUSSION

We have presented a relatively straightforward approach to encouraging business students to articulate their core personal values, and then apply them to a real-life situation that they encountered. We've contrasted this more direct approach with an approach which is less direct, in that it seeks opinions, beliefs, actions, or intentions on the part of students in the context of a situation introduced by the instructor. We offer the more direct approach as an alternative to the more indirect or context controlled approach. We do not argue its superiority. Both the direct and indirect methods have advantages and flaws.

We also make no claim to the scientific validity of our findings. Our purpose was not to prove. It was to describe an atypical way to teach business ethics and describe and discuss the outcomes of using the approach.

The outcomes are worth discussing. First a relatively high proportion of the students in our sample faced pressure from others to do wrong (not only in the society's eyes, but in the focal student's eyes). A majority succumbed to that pressure. Virtually all of us have experienced social pressure to violate core values at some time in our lives. This is not unusual in the business world, and it is almost ordinary for the person who is between 15 and 25. There is pressure to cheat in school, pressure to use illegal substances, pressure to have casual perhaps unwanted sex. Research tells us (Ferrell and Weaver, 1978) that when the pressure to violate our core values comes from a boss, most of us succumb.

Outcomes from our classes suggest that the succumbing is already established as a behavior for many students. Perhaps it is impossible to help college students not yield to that kind of pressure. Perhaps as professors have not developed the teaching methods to help them try.

It is important to note that responding in the face of social pressure does not appear to be a focus for today's business ethics pedagogy. Of the articles read for this paper, only one (Wright and Brady, 1990) focuses on what to do in the face of peer pressure and only one other (Sondergaard and Lemmergaard, 2002) features a choice of action when pressured by a potential customer. Yet what to do in the face of social pressure was a frequent topic discussed in our exercise. We suggest developing experiential ethics exercises that place students in situations where they are put under pressure to violate core values.

A second outcome of our exercises worth discussing involves the difficulty of getting students to thoroughly discuss in public their value dilemmas and choices. This is not surprising. We live in a society that values privacy. What might be surprising is that in the class which was encouraged to reveal their values and dilemmas, the only people to talk were the ones who had violated their values. We offer two possible interpretations. The first is that those who talked talked to confess; they felt guilty. The second is that our society is uncomfortable with those who do the right thing. Confessing wrong-doing in the face of pressure gains sympathy from the audience who may not be able to resist temptation in a similar situation. Revealing that we can resist that pressure and do what's morally right may seem like bragging, may seem like the revealer is super human, does nothing for the revealer's popularity.

Still, results in our classes to date have been encouraging, both in terms of student reactions and in the students abilities to achieve the stated goals of our project. We commend this exercise to others interested in developing stronger ethical foundations among business students. Given the recently documented concerns about academic integrity among business students (e.g., Chapman, Davis, Toy, & Wright, 2004), we feel this is a critical issue for faculty, students, and organizations to address.

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