IDENTIFYING, RESOLVING, AND MANAGING COMMON ETHICAL DILEMMAS IN THE WORKPLACE: AN EXPERIENTIAL APPROACH

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ABSTRACT

By looking at cases of ethical misconduct found in the popular business press, students develop a typology of how ethical dilemmas present themselves in practice. By the end of the 3-session experience, they have a "roadmap" of how to identify common ethical dilemmas, a set of strategies for resolving each dilemma-type, some practice in setting ethical policy in an organization, and a general appreciation of the importance of managing ethics proactively in the organization.

INTRODUCTION

Recently, a campus recruiter reported to me a question she poses to job candidates: "Can you recount an instance where being ethical cost you something?" Her organization was looking for employees who could demonstrate that they had the strength of conviction not to be easily pressed into doing something that was wrong. David, Anderson, and Lawrimore (1990) found that less than 2/3 of employees felt that management wanted them to behave ethically if it might hurt profits.

Teaching business ethics has been an elusive task for professors. On one hand, we hope to give our students substantial guidance in making ethical decisions once they enter the business world. On the other hand, it is difficult to make carte blanche pronouncements about right and wrong that will work in all situational contexts. Harvard even commissioned a study entitled "Can Ethics be Taught" (Singer 1989).

As a professor teaching business ethics "across the curriculum", I have sought to rectify two deficiencies that seemed to beset the ethics instruction that I received. First, the bulk of the instruction focused on philosophical bases for ethical choice. While I view such instruction as invaluable, it tended to emphasize the more complex ethical decisions such as organizational social responsibility, while neglecting the daily dilemmas that business people face. Secondly, the "bottom line" on business ethics in my graduate work seemed to be "ethics are all personal so do what you want/must provided you do not get caught," or "business ethics is about justifying what one did, not shaping what one does." I find these attitudes deeply rooted in my present students as well.

Since I am persuaded that ethics are not "all personal" and that they should "shape what one does," I have developed an in-class process which produces a schema for clarifying right from wrong in common business situations. The schema can be developed by the students from their discussion of specific ethical violations, or can be presented to the students before their analysis of ethical violations.

The schema is based on five ethical presuppositions with which most students tend to agree. While fanciful situations can be imagined whereby any of the presuppositions could be questionable, most students will agree that these presuppositions are good guides for ethical behavior in business. Poorsoltan, Amin, and Totoonchi (1991) provided empirical evidence strongly supporting the notion that agreement exists on basic issues of right and wrong in business. It is not necessary to present the

presuppositions to the students, though the professor may wish to do so.

The Presuppositions

The five presuppositions are as follows:

1) Individuals have the right not to be deliberately deceived.

2) Individuals should not be forced by others violate their conscience.

3) Parties to an agreement have the right to expect the other party to honor the commitment, barring circumstances that would make it virtually impossible to do so (e.g."acts of God").

4) Individuals have the right to expect others to obey the civil laws. Laws generally protect the citizenry, and as such should be obeyed.

5) Organizations have the right to set policy within the parameters of civil law, and to enforce those policies to promote and safeguard organizational interests.

The aforementioned rights have a corresponding set of responsibilities:

1) Do not deceive.

2) Respect your conscience and the consciences of others.

3) Honor your commitments.

4) Obey civil law.

5) Obey company policy.

Items (4) and (5) may draw student criticism, but such criticism subsides when someone points out that both are tempered by items (1) and (2). Thus, these presuppositions do not envisage blind obedience to company or country. Moreover, Gatewood and Carroll (1991) present a theoretical linkage showing how individual rights must have expression in organizational and legal responsibilities. These presuppositions are consonant with Neil's (1987) two "metarules" (for

constructing normative rules) where he finds

common ground between utilitarian and deontological perspectives.

The Assignment

The students are divided into groups (5 to 10 people per group is ideal, with a minimum of 5 groups). Class periods should be 50 to 75 minutes in length. More than 10 groups will make it difficult to hear all the presentations in one class period). Each group is asked to research one business firm or businessperson who has been accused of ethical violations. Once these "subjects" are chosen (or assigned), the students **individually*** prepare answers (max.2 pages) to the following five questions about their subject:

1) What is the exact nature of the alleged ethical violation?

2) What consequences befell the subject (e.g. loss of reputation, dismissal, lawsuits, fines, investigations, deterioration of personal mental health, etc.)

3) Why did the subject perpetrate this alleged malfeasance?

4) Do you think they did anything wrong? WHY!!

5) What would you have done personally or organizationally if you were in the subject's position.

The student research for this exercise involves about 30 minutes on the National NewsBank [or similar] CD-ROM database, and perhaps another 30 minutes looking up key articles referenced in the data base in microfiche. Appendix IV identifies case incidents which may be used as a starting point for assigning cases.

*individual preparation ensures a broader research base and provides interesting in-class discussion about ethical nuance.

The First In-Class Exercise

During the first class period, each group makes a brief (4-8 minute) informal presentation of their research (usually from their seats). Question 5 should not be considered at this point. The professor merely guides the ensuing class discussion, asking for points of factual clarification where needed, calling on students to add to the information already presented, and highlighting themes as they begin to emerge. What invariably comes out of this class discussion with great force is that these subjects did things that they knew were wrong by any ethical standard *except* one which allows the individual or firm the right to attempt to make money above *all* other ethical considerations. Students uniformly reject this as a valid standard. They often are astonished and express indignation at what high-ranking company officials or others have done. By highlighting the consequences that accrued to innocent parties, students get a feel for the impact of ethical misdeeds on others. According to Jones (1991), this helps them develop a sense of "moral intensity" which aids in both the recognition of ethical issues and the strength of conviction about appropriate behavior. Students also gain a keen understanding of *why* the perpetrator committed the misdeed. In most cases, great financial or personal gain was being sought. In others, doing the right thing would require standing up to a superior who was clearly doing the wrong thing.

The roles of conscience, civil law, organizational policy and responsibility, and government responsibility are usually brought up. The professor may wish to expand on any of these topics. It is important to remind students to maintain a managerial perspective during this exercise. As a manager, one may attempt to shape consciences, laws, policies, etc., but must make decisions in the context of present constraints.

This result of this first class session is that the discussion of business ethics is cast in a new light. *(1) How does management encourage individuals to do what the individual knows is right?* This is

consistent the Louma's (1989) assessment of the critical question in business ethics. (2) The importance of *ethical support* and *ethical guidance* quickly emerge. Hanson (1991) and Smith (1990) point out the importance of the organization's role in creating an ethical culture. Andrews (1989) goes so far as to say that one's work organization will become the primary shaper of the adult's values and ethics. This implies that managers need to gain understanding and skill in shaping these values for good. The second and third class sessions are steps in this direction.

The Second Class Session

During the second class period, using the research on their subjects and the class discussion of other subjects, students build a classification scheme of ethical dilemmas. This is a good time for students to share ethical dilemmas they have experienced at work as these contributions often help identify and precisely define appropriate categorical schemes. The resulting typology serves as a way of helping students identify *how* ethical problems are likely to present themselves in the working world. The professor may wish to facilitate the discussion by reminding the class of themes from the previous class session, or perhaps by helping the class assign descriptive names to categories of unethical behavior. This exercise can be done in a general class discussion, in groups, or outside the class in groups for consolidation with the other groups later in class discussion. It is hard to overstate the value of this exercise. Students leave with a sense that they have a roadmap showing where the landmines of work-a-day business ethics are. An example of such a road map is shown in Appendix I

The Third Class Session

For the third class period, the students are asked to propose generalized strategies for resolving each ethical dilemma developed in the previous class period. This activity forces the class to act as a management team confronted with each ethical dilemma-type in his or her organization. Resolution requires determining what policies the company wants to adopt to provide guidance to employees in handling the dilemmas. In this part of the exercise, more student disagreement may emerge as the class wrestles with the process of building a (de facto) company ethics policy. An example of anticipated output is shown in Appendix II.

The professor should ask the class to ratify the "strategies for resolution" as a suitable ethics policy statement for a hypothetical company. A few students may find some aspect of the policy statement so odious to their value system that they refuse to endorse it. The professor should ask if the student would resign from such a company if this were a real situation. This gives the students the invaluable lesson of realizing that there are some companies for which they may not be able to work because of ethical dissonance. The professor might even ask how the student might incorporate this lesson into his or her job search?

Lastly, the class, as a single group, develops a list of 10 observations about business ethics. This helps the students reflect on personal, interpersonal, and organizational aspects of business ethics, and can involve both normative and descriptive comments. Appendix III shows actual results from a graduate class.

When the entire exercise is completed, the student has three documents by which he or she can recall the essence of the instruction: (1) a sheet defining categories of ethical dilemmas that could be entitled something like "How ethical dilemmas confront real-world managers"; (2) a sheet giving guidance for the resolution of the dilemmas; and (3) a sheet of 10 general observations about business ethics.

Limitations

The typology can be effected by the types of cases elected. The broader the nature of ethical violations studied across the cases, the more likely the policies developed will encompass the full range of likely dilemmas. The professor may wish to select cases for study to ensure a broad range of dilemma-types. If matching cases to

dilemmas, Appendix I can give the professor a starting point in selecting cases. Appendix IV lists cases and violations which might be helpful in the case selection process.

CONCLUSION

As I have taken students and workshop participants through this exercise, I have received feedback that suggests several objectives are being served. First, students are realizing the impact that everyday ethical misdeeds can have on one's conscience, one's relationships, innocent persons and parties, and on the organization. This heightens their sense of responsibility to do the right thing. It provides a fledgling basis for understanding significance and meaning in terms of everyday life as a businessperson. The impact of unethical behavior on society at large is not a focus of this exercise, but can be easily deduced. In sum, the brief exercise was a step toward a "pedagogy of courage and passion...directly address[ing] the often overlooked issues of calling and character (Gallos, 1997, p. 7)."

Secondly, the students actually experience the process of setting ethical policy in the organizational context. How much guidance is appropriate? To what extent should the organization prescribe particular behaviors? At what point does management create a "police state" atmosphere? How can divergent values among managers be integrated into a coherent company policy? Who should have final authority over the ethical policy? On the other hand, to tell everyone to behave, and then hope for the best, is managerial dereliction of duty and a road to eventual ethical calamity.

Thirdly, the exercise sharpens students' faculties in identifying unethical situations. They have a heightened sense that certain behaviors are in fact wrong in certain contexts. This development of conviction is a critical step in building leaders with moral character.

For my first couple of years as a professor, I would ask my students on the first day of class on what basis they would eventually evaluate the

success of their business career. Two responses consistently emerged: (1) make [varying amounts of] money, and (2) leave this world a better place. Sometimes in business these two objectives walk hand-in-hand. At other times, we as individuals

must choose to serve one at the expense of the other. This exercise helps students identify these instances, and equips them to make ethical choices. It is hoped that this exercise will help develop students who will not be perplexed when an interviewer asks them, "Can you recount an instance where being ethical cost you something?"

APPENDIX I

Seven Ethical Dilemmas: How Critical
Ethical Choices Present Themselves in Daily Work.

1) *The Dilemma of Previous Choice* - A compelling opportunity comes along that is ethical in and of itself. However, to avail yourself of this opportunity, you must renege on a previous commitment.

2) *The Dilemma of Knowledge Power* - Because of your expertise, position or reputation, stakeholders look to you as a source of accurate, authoritative information. While you may have no legal fiduciary relationship, some stakeholders are placing their trust in what you say. By withholding information or carefully choosing your words, you can create an inaccurate expectation or false impression to the detriment of those who trusted you.

3) *The Dilemma of Subordination* - Your superior asks you to do something that you think is wrong.

4) *The Dilemma of Responsibility* - When you have done something wrong, either deliberately or accidentally, or when a project/product, etc. fails to perform to standard, do you try to hide the incident, or do you come out with the problem?

5) *The Dilemma of Authority* - Parceling out rewards and punishments in an equitable way.

6) *The Dilemma of a Flawed System* - Refusing to participate in a system at all because the system is imperfect (e.g. legal, tax, customs clearance).

7) *The Dilemma of Values Conflict* - When you encounter someone inside or outside your organization who contends against your plans, style, etc., do you sabotage their character or do you contend on grounds of moral principle, business judgment, and hard data (note: your adversary may be principled or personal in his/her contentions against you).

APPENDIX II

Strategies for Managing Ethical Dilemmas

1) *The Dilemma of Previous Choice* - Recognize your commitment to your original party. Explain to them that you need to re-negotiate the deal if you hope to continue doing business with them in the future. Make sure that they understand that you intend to keep your original commitment, and that you

value the business relationship and hope that it will continue.

2) *The Dilemma of Knowledge Power* - You know far more about the products you sell than your customers do. Respect your conscience and their ignorance. Use your own judgment in evaluating your company's sales literature. View yourself as your customer's assistant in making the best choice considering their interests.

3) *The Dilemma of Subordination* - Explain your concern to your supervisor. Recognize differences in conscience. Make sure that organizational interests are protected. Some organizations are unscrupulous to the point where you will not be able to work for them.

4) *The Dilemma of Responsibility* - Prompt and full disclosure should characterize communications with internal and external stakeholders. Organization structure will usually guide you to the person to whom disclosure should be made.

5) *The Dilemma of Authority* - Set clear guidelines for both rewards and punishments. Be sure not to show favoritism in applying these rules. Rewards are always too small and punishments too large when administered on an ad hoc basis.

6) *The Dilemma of a Flawed System* - The biggest danger here is that management begins to model the enticing "rules don't apply to me" behavior. This attitude will infect the entire organization in due time. Work within the system, and press for system change. Also, the company is liable for actions taken outside of the system regardless of whether management likes the system.

7) *The Dilemma of Values Conflict* - Recognize that their conscience is different on certain matters. Do not engage in character sabotage, etc. Listen to see if there is some nugget of truth in their argument that you should heed. Not everyone has to agree with you. Communicate respect for the other person. Defend organizational values.

APPENDIX III

Ethical Principles and Insights

1) Ethical Issues are Often Strategic Issues in Disguise.
2) If the ethical operative is money, ethical trouble will be unavoidable. Considering practicing and "preaching" an ethical operative that puts the interests of your stakeholders first.
3) Recognize that your employees face ethical dilemmas often. Provide policy and support to help minimize confusion about organizational expectations.
4) Ethical compromise often has compelling short-term benefits but always has long-term consequences (either personal or organizational).
5) Do unto others as you would have them do unto you.
6) Deliberate ethical violators should be fired to send a message to employees and external stakeholders that your organization does not condone such behavior.
7) Prompt and full disclosure should characterize communications with internal and external

stakeholders.

8) Compliance with the law will not ensure ethical behavior. More ethical competitors may win over your customers, etc.

9) Respect your own conscience and the consciences of your subordinates.

10) Regarding whistleblowing: It is the responsibility of every employee to protect organizational and societal interests.

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