

ETHICAL BUSINESS LEADERSHIP: A SIMULATION TO DEVELOP VALUE-DRIVEN MISSION STATEMENTS

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ABSTRACT

A classroom module has been developed that simulates a team-oriented development of value-driven mission statements; the underlying purpose is to provide a forum for students to develop ethical leadership strategies. Students who are exploring entrepreneurship, or who anticipate holding leadership positions within businesses and organizations benefit from the process of reflecting upon core personal values as well as communicating and negotiating with classmates to determine a set of shared core values. These shared values are incorporated into a process of constructing a shared mission statement that is then applied as a tool for reference for decision-making opportunities. The outcome of the module not only develops a value-driven mission statement (task), but also empowers students with reflection strategies and foundational tools for classroom cases and future leadership and management decisions.

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INTRODUCTION

As businesses are developed, the process of constructing meaningful mission statements has increasingly been recognized as core to the identity of the business (Bart, 1997; Ireland & Hitt, 1992; Pearce & David, 1987). According to Baetz and Bart (1996), mission statements are used in corporate [and non-profit] America for a variety of purposes including, but not limited to: establishing a general company tone, supporting PR activities, motivating employees, defining the company's rationale and target market, determining resource allocation, and determining work structures and tasks.

In their groundbreaking research exploring the construct of ethical leadership, Brown, Treviño, and Harrison (2005) noted that ethical leadership involves moral management aspects such as "sustained communication of an ethical message" and "holding others accountable for ethical conduct" (p. 119). In fact, Greenbaum, Quade, and Bonner (2015) clarified their interpretation of leadership, in the context of ethics, to be virtually synonymous with management in studies exploring

ethical, unethical, ethically neutral, and amoral (e.g. intentional or unintentional refrain from actively incorporating ethics) behaviors. More specifically, in their study to produce a theoretical model of amoral management that provides insight into barriers for ethical leadership, they reiterate two key differences between ethical leadership and amoral management: "the use of ethical communication and the *visible* demonstration of ethical practices" (p. 30). Regardless of the term at hand – leadership or management – the manner in which decision makers incorporate organizational expectations and personal (charismatic) elements into their behaviors defines the way that they are perceived as leaders.

As Barkus and Glassman (2007), Bart (1997), Ireland and Hitt (1992) and many others have documented, a mission can reflect and further define the core values of the company. Furthermore, using core values as the basis for mission development, then using missions as a tool for decision making, positions business leaders to act ethically and consistently in reflection of their missions. That is, decision makers are empowered to be mission-driven. Dane and Sonenshein (2015) highlight the value that experience contributes to ethical decision making – noting that the ability to make ethically sound decisions improves over time as experience is gained. The simulation we have developed to construct and draw upon value-based mission statements provides a first step toward experience that addresses this important skill.

We believe that, particularly for entrepreneurial endeavors and for emerging leaders who have recently or will soon step into key decision-making roles, recognition of the organization's mission – and importantly a mission that envelopes the values of the organization – provides a basis upon which to execute ethical leadership. Greenbaum, Quade, and Bonner (2015) point out that "it may be easier, and less risky, to be an amoral manager" (p. 41). While refraining from active implementation of ethical leadership (or management) is often the easier path, a plethora of research studies (Brown & Mitchell, 2010; Dane & Sonenshein, 2015) have generally associated ethical leadership with more positive outcomes for organizations than when led with other approaches. Using a mission-driven leadership process enables both clear and consistent communication of the values (ethics) of the company and a demonstrable process by which positive ethics can be practices. Because of this important opportunity to prepare budding leaders for their new roles as decision makers, we have

devised a simulation to first build value-based mission statements and then to draw from those mission statements for decision-making strategies.

DESCRIPTION OF THE MISSION DEVELOPMENT PROJECT

A 3-session simulation module (a minimum of 1 hour is needed per session) was developed to introduce the entrepreneurial business development process of (1) identifying core values, (2) constructing a shared mission statement, and (3) analyzing and evaluating the mission statement with respect to its usefulness for as a decision-making tool. The first two sessions of the simulation have been executed five times: in a leadership workshop, in two interdisciplinary honors courses, and in two career development courses. The third session of the simulation – implementation of the mission statement through a case study – is a newer development currently underway in conjunction with this simulation, but has been implemented in various classrooms with ethics modules during the past 10 years. We can say with confidence that the simulation is adaptable to multiple audiences and reproducible with the instructions offered here. Additionally, with the multiple implementations, refinements have been made to improve the simulation delivery.

THE MISSION STATEMENT SIMULATION'S APPLICATION TO BUSINESS EDUCATION

Applications for mission statements include promotion of the purposes and goals of the company, providing a context for employee understanding of the company culture, as a reference tool for making decisions on behalf of the organization, and other activities as noted above (Baetz and Bart, 1996). The purpose of this mission statement simulation is to illustrate the role of teamwork and leadership in developing strategic tools for businesses or organizations to use. Furthermore, the specific tool – the mission statement – is developed in a value-based manner that emphasizes the leaders' opportunity to manage his or her organization ethically.

The students in the class are instructed to consider themselves part of a start-up company that needs to define its

scope. In addition to identifying the purpose for the enterprise, the students are informed that they must construct a mission statement as an initial document that will lead the organizations' development, and ultimately, that will serve as a reference and a resource for all decisions that the company will make in the future. The three modules, described here, provide a structured process for creating an opportunity for mission-driven leadership in a business or organization that identifies and embraces a set of shared core values. Armed with these tools and the experience of this simulation, we believe that our students will emerge as leaders who understand how values and missions contribute to the culture that supports ethical, consistent, and transparent decision-making.

SIMULATION SESSION #1: CORE VALUES

The simulation begins with an overall discussion about mission statements – particularly how they are developed and how they are used. In particular, ways that mission statements can be implemented as tools from which decisions on behalf of the organization can be made, and other activities as noted above (Baetz and Bart, 1996), are emphasized. Examples of mission statements that are descriptive with respect to company ethics, and especially such examples from companies that are well known for ethical leadership, are presented.

After a discussion in which the instructor leads the students to identify the values embedded within the mission statements (e.g. Patagonia values = environmental well-being, high quality products, do no harm, inspiration, innovation), the students are asked to consider their own personal values, and also values that they see demonstrated by a range of people and organizations in their communities. The simulation calls for the first session to focus on identifying the core values of the individuals who comprise the founding (leadership) group for the organization. To accomplish this, first students are asked to work collaboratively in a brainstorm method to compile a list of core values that they hold. We use an electronic tool (Poll Everywhere; though many tools are available) with a "text wall" visual presentation setting so that all of the items that students contribute are recorded for the entire class membership to view. Chalkboards, dry erase boards, and giant post-it notes with some students assigned as scribes also work well to compile a large set of values. In about 15 minutes of

EXHIBIT 1 EXAMPLES OF CORPORATE MISSION STATEMENTS

AT&T:

Our mission is to exploit technical innovations for the benefit of AT&T and its customers by implementing next-generation technologies and network advancements in AT&T's services and operations.

(<http://retailindustry.about.com/od/retailbestpractices/ig/Company-Mission-Statements/AT-T-Mission-Statement-and-Values.htm>)

Forever 21:

The company's mission is to provide shoppers with an unprecedented selection of today's fashions with affordable prices. They are known as "always changing and always in style"

(<http://www.chacha.com/question/what-is-forever-21's-mission-statement>)

Newport Shipping Company:

We will build great ships. At a profit if we can. At a loss if we must. But we will build great ships! (Bart, 1997, p. 11)

Patagonia:

Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.

(<http://www.patagonia.com/us/patagonia.go?assetid=2047>)

brainstorming time, well over 100 values should be identified. The emphasis in the brainstorming session is not on what values the students hold, but rather on compiling a very comprehensive list of values to be considered. For example, values such as greed and egocentrism might emerge along with traditionally viewed ethical values like honor, dignity, respect, and inclusion.

Once a large set of values are listed and available for viewing, students are asked to work independently to identify the three (it could be 5, or some other number) ‘most important’ values to them. While there are a great many values typically listed on the class-generated visual aid, students are offered the opportunity to identify additional values for their own submissions. They then submit those three ‘top’ values in the polling tool, with the class results generated in a word diagram designed to compile and highlight the values with most frequent mentions more prominently displayed. Exhibit 1 portrays a word diagram developed through this exercise. The resulting word diagram provides a conversation point for the second simulation session, drafting the mission statement.

SIMULATION SESSION #2: DRAFTING THE MISSION STATEMENT

The question that greets the class membership at the onset of Session #2 is “What does it mean to be mission driven?” Students are asked to individually submit their responses in the polling software, with the visual presentation set to create a text wall. The results are viewed by all class members and set the stage for a discussion. The instructional information presented in session two, (inevitably) drawn from the students’ participatory responses, reiterates the following key uses of a value-driven mission statement:

- Defining and prioritizing the organization’s values
- Presenting the organization to others
- Developing action plans that reflect the purposes and the scope of the organization.

After sufficiently addressing the topic of ‘mission-driven’ leadership, the word diagram that has resulted from Session 1’s collective contributions of each class member’ ‘top values’ is presented as the focal reference for the group work that occurs in the second session. Students are divided into groups of three to five members (depending on the size of the class), and asked to construct a draft mission statement to present to the class. Approximately 15 minutes is allocated for the groups to complete this work. Their results can be written on large sticky

notes that are affixed on the classroom walls, or submitted electronically to the instructor for presentation. We like using the large sticky notes so that all of the drafts can be viewed simultaneously. See Exhibit 2 for samples of mission statements that resulted from the word diagram (Exhibit 1).

Once the draft mission statements are presented, the class continues to discuss them, and is asked to work through a process of editing and refining one final class mission statement. This process (which works well with one or two students acting as scribes on a computer with projection display) can take 15 minutes to upwards of an hour. If time is limited, the instructor can provide the class with a list of all or several versions electronically (email for a class management system such as Blackboard®) and conduct a class-wide vote to determine a final, shared mission statement for the class. This process demonstrates and simulated collaboration as well as negotiation and compromise – all important components of organizational leadership.

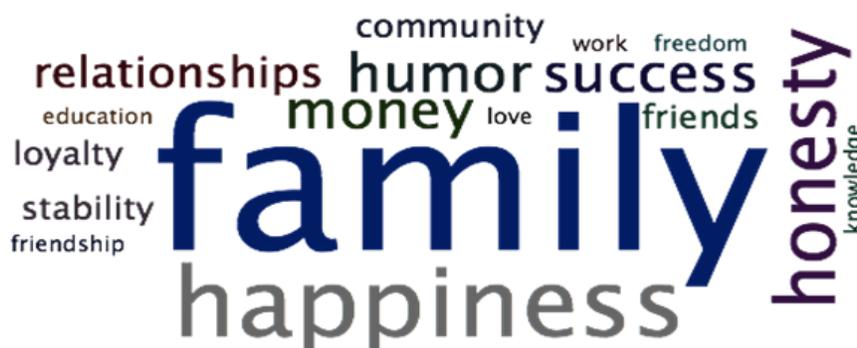
SIMULATION SESSION #3: MISSION-DRIVEN CASE STUDY APPLICATIONS

During the third module, students in the class have for reference the artifacts of draft mission statements, and the final class mission statement. The instructor presents a case study (alternately, a different case study could be provided to each group) depicting an ethical dilemma. We offer two examples, based on the different ways that this simulation can be implemented. The first demonstrates a case that applied to a classroom mission statement, the second case fits a business simulation, such as for an entrepreneurship course. These brief examples of a case studies follow:

Case Study Example for the Classroom

Members of this class have been assigned a project that involves interviewing students or community members outside of the classroom, then compiling and reporting the data. You and another student have paired up, as allowed by the instructor, to complete the project. The strategy that you agreed to three weeks prior to the deadline was to work independently to each obtain 10 interviews. You agreed to each write summaries of the interviews that you executed and to meet to ‘pull it all together’ three days before your class presentation and the due date for your final report. You proceeded as agreed, but on the meeting time (3 days before your presentation)

EXHIBIT 2 SAMPLE WORD DIAGRAM SHOWING INDIVIDUAL CORE VALUES



your partner disclosed that she has not yet completed any interview. She announced that her plan was to pull an all-nighter, writing fabricated interview reports. You are stunned and disappointed to hear that your classmate and project partner has not pulled her weight with the project; you are also eager to get the project completed and earn maximum points for this important class assignment.

Case Study Example for Business Simulation

You are the vice president for merchandising at Simon Marks, Inc., and upscale, fashion-forward manufacturer of leather goods (shoes, handbags, etc.). The nature of the fashion industry requires that your Simon Marks label offer contemporary merchandise inspired by current style trends seen on runways and key fashion media. Recently, a well-known designer, Chalston, has informed your company that your new handbag copies their long-established top selling handbag. The Chalston company alleges that Simon Marks is marketing and selling a knock-off; as a result they have initiated a lawsuit charging trade dress infringement, unfair competition, deceptive trade practices, trade dress dilution, and design patent infringement. Specifically, Chalston, which holds a copyright to the design of the handbag in question and has a long established history of 'consumer recognition' to the handbag style, has stated that the Simon Marks bag is virtually identical in appearance to their design, and is constructed in a lower quality manner than the Chalston handbag. The Simon Marks bag, which has been produced through channels that you oversee, retails for \$108 whereas the Chalston bag sells for \$1,500. Chalston claims that Simon Marks' copy will confuse consumers and result in them thinking that Chalston's bag is poorly made; furthermore, Chalston asserts that they face economic harm as a result of the Simon Marks handbag competing in the market.

Students then work in groups (3 – 5 members) to respond to the set of questions posed in the case study. We suggest the following questions:

1. What is the specific ethical dilemma or conflict presented in this case?
2. Identify the circumstances that have contributed to the dilemma.
3. With whom in your organization should you consult as you identify an appropriate solution?

4. List at least three (3) courses of action that can be taken by you (as a business leader or student) representing the organization described. Each potential course of action must be accompanied by statements regarding the specific ways that the mission statement is supported (or not supported) by that action. This provides a mission-driven framework for identifying advantages and disadvantages associated with each option, and further empowers students to consider the mission as their decision-making guide.
5. Identify the suggested course of action and provide mission-driven rationale for this action.

After preparing their responses, each group nominates a spokesperson to share their responses with the class. We suggest that each group prepare their responses on a large sticky note so that all contributions can be posted and viewed – providing reference for the speakers and collective resources for the entire class. The opportunity for sharing suggested actions in response to the case enables students to operationalize the mission statement, reconsider its value-driven nature, and reflect upon different decision options.

As Baker (2014) has shown, social influence has a role in ethical decision-making. Groups, as well as the class as a whole, are encouraged to reflect upon their processes of individual thought and final consensus outcomes in considering and recognizing social influence present in this simulation. This exercise provides the added benefit of reflection on the mission statement. It could be that the class identifies improvements to their mission statement after the exercise involving its operationalization. The similarities – as well as differences – in each groups' suggestion action provide rich discussion content.

GENERAL NOTES ABOUT PROJECT IMPLEMENTATION

Each instructor and each class culture is a bit different from another. Therefore, instructors are urged to consider the ways that they are most comfortable presenting information and assigning work within their classes. The nature of this simulation lends itself well to a flipped classroom, in which the students complete a series of readings and pre-assignments before the simulation begins, and also works well in a traditional format course where the simulation is introduced along with the concepts that are emphasized in the course. We offer the following items to consider, based on previous implementation and execution of this simulation:

- The simulation can serve as an example for students to replicate as they design their start-up companies or organizations (such as in an entrepreneurship course), or

EXHIBIT 3 SAMPLE MISSION STATEMENTS DEVELOPED IN A CLASSROOM

Sample 1: We strive to bring humor and happiness to our classroom so that it is a stable environment where we work loyally, make friends, and establish a community that is like a family.

Sample 2: We will build a community where members have the freedom to work in ways that brings happiness, balances family obligations, enables sound investment of money, and enhances our educations.

Sample 3: Recognizing the importance of family, our classroom will provide a community where relationships are valued and success in terms of friendships, humor, loyalty, and freedom to pursue happiness is not overshadowed by a drive for monetary goals.

can serve as a way to start off the course itself with a value-based mission statement. Our implementations have been the latter – building a mission for the class; however, we encourage implementation of the simulation to serve as a foundation for business strategies projects.

- Consider whether you want to assign teams (groups) that will work together for the duration of the simulation, or whether you want each module within the simulation be comprised of new, unique student groups.
- Consider whether you want to incorporate assignments (and course points) into the modules in a cumulative manner, whether you want to have students repeat the simulation individually or in a specific business/organization team with a culminating assignment, or whether you want to have individual or group ‘final project’ culminating assignment. Assignments (or course points) based on the simulation experience can be generated from a) the individual students’ list of core values, b) each groups’ draft mission statement, c) participation in the development of the final adopted mission statement, and/or d) the written (or presented) groups’ case study analysis.
- Consider ways to encourage students to use their work in this simulation for self-promotion (e.g. in portfolios, interview discussions, etc.)

ASSESSMENT OF PROJECT

Consultations with instructors whose courses have set the stage for the simulations indicate positive reactions by students to the experience. The multiple implementations reveal a workable pace for implementation of the activities described above. With respect to validating the learning outcomes for students associated with this simulation, additional opportunities for assessment exist. Through observation and experience, we observe students engaging in self-reflection, self-presentation, collaboration, negotiation, and compromise. In-class conversations have revealed that students have not previously considered the topics of personal values and organizational missions, and therefore this simulation enables

students to be prepared for challenging workplace experiences.

Regarding the cases presented above, and the example of collective core values that we provided, inevitably the absence of values addressing integrity, honesty, and fairness becomes apparent. This example is presented to demonstrate that, even when conversations reveal shortcomings in the mission statement, the process of constructing it, implementing it, and assessing it, informs the students about ways to repeat and improve upon the process. This simulation affords students the opportunity to immerse themselves in the outcomes of their work, and truly assess and reflect upon the resulting artifact (the mission statement) as well as the process.

Providing students with the opportunity to work in groups for the development of a set of shared values, then drafts of potential mission statements that ultimately lead to construction of a class mission statement introduces the element of social influence into the discussion about ethical leadership. This element addressed Baker’s (2014) concern that social influence is often a missing component of instruction in business classrooms where ethical decision-making is presented.

OPPORTUNITIES FOR FUTURE RESEARCH

A natural progression from the development of mission statements is the development of codes of ethics. Paulins, Hillery, and Sturgill (2015) have initiated a process by which students draw upon their values to create personal codes of ethics that can be used in workplace and personal decision-making situations. We suggest that a future development from this simulation could be a class-based development of a working code of ethics to accompany the mission statement.

Future research regarding the implementation of this simulation project will focus in analyzing the ways that students process the information that is presented to them in the module. Plans are underway to engage in follow-up research that will seek students’ experiences with ethical dilemmas during work experiences (such as credit-bearing internships and post-graduate entry level jobs) and explore whether they have drawn from their instruction about ethical leadership embedded in the mission development simulation.

EXHIBIT 4 SAMPLE MISSION STATEMENT DEVELOPED IN A BUSINESS SIMULATION

Simon Marks, Inc. brings happiness to its customers by providing affordable leather products. Simon Marks, Inc. brings happiness to its employees by providing a stable, humorous work environment, valuing work balance with priorities of community and family.

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