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Meta-learning About Business Ethics: Building Honorable Business School Communities

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ABSTRACT. We propose extending business ethics education beyond the formal curriculum to the "hidden curriculum" where messages about ethics and values are implicitly sent and received. In this meta-learning approach, students learn by becoming active participants in an "honorable" business school community where real ethical issues are openly discussed and acted upon. When combined with formal ethics instruction, this meta-learning approach provides a framework for a proposed comprehensive program of business ethics education.

Background and literature review

Despite claims from many in the business and academic communities that business ethics cannot or should not be taught (cf. Hanson, 1988), the demand for ethics education in business schools is at an all-time high (Shenkir, 1990). Perhaps in response to the perception of the 1980s as the "decade of greed" (Vogel, 1991), business ethics has become a "prime academic growth area, spawning new textbooks, research, and scholarly articles" (Schoenfeldt *et al.*, 1991, p. 237). A national survey of AACSB schools found that 73 percent of those responding are now offering an ethics course, although less than half (44 percent of undergraduate programs and 35 percent of graduate programs) make it a requirement. Fifty-three percent of the responding institutions expressed an interest in increasing coverage of ethics in their curricula. These findings can be contrasted with a 1982 survey that found only 40 percent of the institutions surveyed provided any formal instruction in business ethics (Hoffman and Moore, 1982), and with the results of a survey five years later that found that 47 percent of AACSB undergraduate schools and 34 percent of graduate business schools offered a special ethics-related course (George, 1987). Clearly, interest in business ethics education has been growing over the past decade.

Despite this growing interest, dissenters from both the business and academic communities question whether business ethics can or should be taught. Felix Rohatyn, a noted New York investment banker, expressed the belief that ethics cannot be taught past the age of ten. This view was echoed by Lester Thurow, Dean of MITs Sloan School of Management, who stated that there is very little business schools can do if students haven't learned ethics from their families, clergy, previous schools or employers (cf., Hanson, 1988). Michael Levin (1990) has also argued that business ethics courses are useless.

Two erroneous assumptions underlie the belief that business ethics cannot be taught. The first assumption is that people are either ethical or unethical, no matter what the context. Therefore, any individual of good character and upbringing who is ethical in private life is thought to have the ability and requisite skills to function as a moral business manager without any profession-specific training. We hold a very different view. Decisions required of managers in today's business environment are extremely complex, requiring the development of a number of occupation-specific skills and

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abilities, including the ability to recognize and address the moral component of business decisions. Rest (1988, p. 24) argued convincingly that "to assume that any 20 year old of good general character can function ethically in professional situations is no more warranted than assuming that any logical 20 year old can function as a lawyer without special education." The basic disposition of good general character is not enough. Additional education in how to recognize and solve the unique ethical problems that arise in a particular occupation is required. For example, good general character does not necessarily prepare an individual to recognize conflicts of interest, to prioritize the conflicting claims of multiple stakeholders, or to respond to differing cultural norms.

Further, cultural anthropology suggests that human beings play highly differentiated roles and that they expect different norms to guide their behavior in different social contexts (Barrett, 1984). For example, Anton (1990) found that although the executives, MBA students, and clergymen in his sample believed that deception and lying were unethical, they also viewed bluffing as ethically neutral and misrepresentation as an ethical tactic in a business negotiation context. Similarly, young people who have been taught to be honest within their families, but who find deception to be the norm in business negotiations, may find this discrepancy perfectly acceptable because they have learned throughout their lives that different rules and norms operate in different life domains (Barrett, 1984; Trevino, 1990). Thus, students in business education programs, especially those with little previous business experience, need guidance concerning the norms of appropriate conduct in a *business management* context.

The second assumption guiding the view that business ethics cannot be taught is the belief that we learn ethics at our parent's knee (Casey, 1990) and that one's ethics are fully formed and unchangeable by the time one is old enough to enter a business education program. Empirical evidence from the moral psychology literature strongly suggests that this is not the case (Rest, 1988). Ethics develop through a complex ongoing process of social interaction with peers and significant others, and development continues at least through young adulthood. In fact, young adults in their twenties and thirties in moral development programs have been found to advance in moral reasoning even more than younger individuals (Rest and Thoma, 1986). Given that most people enter business education programs and corporations during young adulthood, the opportunity to influence their moral reasoning clearly exists.

The more difficult question is what type of business ethics education can *best* impact attitudes and behavior. Previous discussion has generally centered on the question of whether ethics should be taught as a separate class or integrated throughout the business school curriculum. Although Schoenfeldt and his colleagues (Schoenfeldt *et al.*, 1991) found more support for a separate course than integration, there is little empirical evidence favoring either approach.

In this paper, we argue that separate courses and integrated business ethics content both represent limited piece meal approaches. We propose a third option that is complementary to the first two — a *meta-learning* approach to teaching business ethics. This approach assumes that much, if not most, ethics and values learning takes place outside of the classroom, within the "hidden curriculum" of the business education program where messages about ethics and values are implicitly sent and received. We provide evidence from a growing empirical literature to suggest that business ethics education may be most successful if students become part of an "honorable" business school community where real ethical issues are openly and regularly discussed. When combined with separate ethics courses and curricular integration, this meta-learning approach provides a framework for a proposed comprehensive program of business ethics education.

The effectiveness of business ethics education

Empirical research on business ethics education has focused on the effectiveness of separate business ethics courses in changing students' attitudes and/or behavior. Echoing Baumhart's (1968, p. 185) conclusion of twenty-five years ago that "there is no evidence that decision-making is more ethical as a result of college courses," recent studies provide little support for the thesis that traditional business ethics classes result in real or lasting changes in ethical attitudes or behavior. Glenn (1992) reviewed and evaluated ten pre-test/post-test studies that meas-

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ured the impact of business ethics courses. Although most of the studies documented a positive impact, Glenn reported that few of them dealt adequately with issues of reliability and validity of measures, social desirability biases, and duration of the impact or change. One study that resurveyed subjects after four years, found that the initial positive impact was lost. Also, four of the ten studies reported no control group comparisons. Further, it is impossible to determine from these studies whether certain teaching strategies are more effective than others. In Glenn's own study (1992) of changes in attitudes toward business ethics resulting from his Business and Society course, he found a significant change on only 13 of 53 questions when compared to a control group. However, like those he reviewed, his study failed to deal with social desirability biases, measurement issues, and did not provide longitudinal follow-up.

The cognitive moral development approach

In contrast, there is much empirical evidence to suggest that change in moral reasoning can be accomplished when ethics is taught using the cognitive moral development approach. This moral psychology approach is based upon Kohlberg's cognitive moral development theory (Kohlberg, 1969), a theory that is being applied increasingly in business ethics research and education (see Trevino, 1992 for a review). Kohlberg's empirically based theory emphasizes the cognitive basis of moral judgment and its sequential upward development through six stages representing qualitatively different modes of reasoning. As the individual develops through childhood and early adulthood, reasoning about moral dilemmas changes from self-oriented hedonistic ways of thinking, to consideration of social relationships and the need for rules and norms that support the common good, to more autonomous thinking that is consistent with self-chosen principles of justice and rights. Kohlberg's theory has been tested in hundreds of studies that have generally supported the stage sequence framework, the theory's generalizability across cultures (see Snarey, 1985 for a review) and a moderate relationship between moral reasoning and moral behavior (see Blasi, 1980 for a review).

Rather than seeking to inculcate specific moral beliefs, the cognitive moral development approach to ethics education is designed to stimulate students' cognitive moral development by exposing them to moral reasoning one stage higher than their own. The theory postulates that upward development in moral reasoning results from the cognitive disequilibrium that occurs when a person wrestles with the contradiction between his or her own reasoning stage and the next higher stage (Turiel, 1969). A facilitator exposes students to reasoning at the next higher stage through Socratic questioning and discussion that draws out and challenges the student's thinking in an atmosphere of openness and exchange. The discussion is expected to promote internal cognitive conflict, leading the student to question his or her own reasoning, and consider the next higher reasoning stage. This begins a restructuring of cognitive patterns and upward change in cognitive moral development (Rest, 1988).

The empirical research on moral education demonstrates that cognitive moral development-based moral education programs can produce substantial gains in moral reasoning. Much of the research using the moral psychology pedagogy has focused at the junior high and high school level (e.g., Blatt, 1969; Blatt and Kohlberg, 1975; Fenton, 1976, 1977; Leming, 1986). Overall, the research suggests that, given a time frame of a semester to a full year, discussing at least one moral dilemma per week, upward changes of one-third to one-half cognitive moral stage can be achieved (Leming, 1986). Substantial change in moral reasoning was documented in classes that had a wide range of moral stages represented, more discussion periods, and where the facilitator used skilled Socratic probing.

Research conducted with adults in their twenties and thirties has shown that adult groups advance even more than younger groups (Rest and Thoma, 1986). Specifically, moral development training strategies have been tested and supported with adults in dental, medical, and business school settings (Boyd, 1981–1982; Candee, 1985; Goldman and Arbuthnot, 1979; Penn and Collier, 1985; Power *et al.*, 1989). Confirming the results of research with younger subjects, many of these studies have demonstrated increases in moral judgment in a relatively concentrated period of time (Power *et al.*, 1989). A meta-analytic review of over 50 studies (Rest and

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Thoma, 1986), that included 12 studies with adult students, compared the effectiveness of the moral psychology approach with other approaches such as personality development programs and more traditional didactic courses. A moral psychology teaching strategy that incorporated dilemma discussion was found to have the most powerful impact on moral reasoning with the most effective educational programs being those that lasted from four to twelve weeks. No significant changes in moral reasoning were found for more traditional academic courses.

These impressive research results might suggest that business ethics educators should simply adopt the cognitive moral development teaching approach. However, despite their successes, Kohlberg and colleagues (Power *et al.*, 1989) have raised concerns about the limitations of moral psychology educational programs. For example, the moral psychology approach was initially built around the discussion of hypothetical moral dilemmas. However, Kohlberg came to believe that real-life dilemmas would be preferable for several reasons. First, a one year follow-up study found that virtually all of the teachers who had been involved in a moral reasoning experiment had abandoned the use of moral discussions with their students (Fenton, 1976, 1977). One explanation was the difficulty of maintaining a high level of interest and involvement among teachers and students using hypothetical rather than real-life dilemmas. Insuring student interest is important because students' interest in moral discussions has been associated with cognitive moral development (Blatt and Kohlberg, 1975). Second, reasoning in hypothetical situations was found to be higher than in real-life situations. Thus, it was argued that advances in moral reasoning documented in response to hypothetical dilemmas may not be duplicated when the individual is faced with a real dilemma. Clearly, knowing what is right is a necessary, but not a sufficient condition for doing right. Classroom discussions of hypothetical moral dilemmas excluded the pressures and risks associated with real world decisions. Finally, it became clear that student cynicism can result if ethics is taught in classrooms but is not practiced in running the school. Thus, Kohlberg came to believe that discussion of moral dilemmas should focus on discussion of the real moral issues confronting students within the school context (Higgins, 1991; Power *et al.*, 1989).

Beyond the classroom — the just community approach

The belief that development in moral judgment occurs through the interaction of the individual with his or her real world environment (Kohlberg, 1969) evolved into the just community approach to moral education. The just community approach explicitly incorporates individual/environment interaction by proposing that moral development and behavior can be positively influenced via student participation in "just community" schools where students are treated fairly and are encouraged to take an active role in making the school community more just. The idea is to learn ethics by "living ethics" (Rest and Narvaez, 1991) rather than in isolated instances of hypothetical moral discussion. The focus of moral education shifts to the group rather than the individual, with moral educators working to facilitate the development and functioning of group norms that are motivated by a strong sense of community (Leming, 1986). The just community approach to moral education moves beyond standard considerations of curricular or course content to considerations of school organization and the development of a school community (Higgins, 1991; Power *et al.*, 1989).

Just community schools are governed democratically, with teachers and students participating as equals in open discussions of fairness, together making and enforcing the rules that govern the community. Students and teachers are accorded the same basic rights of freedom of expression, respect, and freedom from physical or verbal harm. Students participate actively in the development of a social contract that defines the rights and responsibilities of community members. The underlying educational assumption is that the institutional climate created in these just communities will provide the conditions that are necessary for moral growth and moral behavior (Higgins, 1991; Power *et al.*, 1989).

At the core of the program are weekly community meetings held to discuss real issues of concern to community members, where students are exposed to rational dialogue and to various points of view that should stimulate cognitive conflict and higher stage moral reasoning. In this way, the meetings are similar to a moral psychology classroom. However, the dilemmas are real-life rather than hypothetical,

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giving the students an opportunity to take responsibility for making real moral decisions and to influence their own moral world. This experience is thought to develop a stronger sense of moral agency and to teach the application of moral reasoning to real life. Role-taking (seeing things from other points of view) is encouraged so that students become better able to reconcile conflicting perspectives on moral problems. Finally, the just community approach focuses on the development of collective norms and participation in a community where members pursue common goals and resolve conflict through mutual respect and fairness (Lickona, 1980). Reimer and Power (1980), who studied just communities from the perspective of norm development, found that the motivational basis for individuals to voluntarily agree to act in accordance with collectively developed norms was a community characterized by mutual trust, care, and collective responsibility. Students became willing to place limits on their personal behavior for the good of the community (Leming, 1986).

Kohlberg and his colleagues have conducted several controlled experiments comparing just community high school programs with comparison schools (Power *et al.*, 1989). The just community participants generally constituted representative subsamples of the regular high school population. These studies found that the just community schools were rated higher on a measure of moral culture than their associated regular high schools. Additionally, students from programs that were explicitly oriented to just community theory scored higher on measures of individual cognitive moral development when compared with pre-test scores and when compared with students in their companion schools. Further, just community program students scored higher on a measure of responsibility orientation that was related to awareness and concern for relationships, the welfare of others, and the public interest. Finally, students from the just community programs scored significantly higher than traditional high school students on moral reasoning in response to practical school-related dilemmas. The usual gap between hypothetical and practical reasoning was virtually non-existent for these students (Power *et al.*, 1989).

In sum, Kohlberg and his colleagues concluded that democratic high schools are viable, if not easy to establish and run. Second, these schools allow for the development of a moral culture where students and staff develop shared norms and a sense of community. Third, students developed as individuals in terms of moral reasoning, practical judgment, and responsibility orientation. Finally, real changes in behavior were observed, including reductions in drug use, cheating and stealing, and improvements in race relations and educational aspirations (Power *et al.*, 1989).

As business ethics educators we teach college students, not high school students. Therefore, we must consider how college students might respond to these types of programs. Unfortunately, the research on just community programs using young adult and adult samples has been limited to prison environments (Hickey and Scharf, 1980). Nevertheless, we believe that the success of these programs (outlined below) suggests that the just community approach has potential for success in higher education settings.

The first full-fledged just community effort in a prison was launched in 1971 and continued through 1976 with nearly 200 women inmates participating. Inmates, staff and administrators worked together to create mutually acceptable rules and a positive sense of community. The correctional officer's role changed from rule enforcer to democratic leader, working with the inmates in counseling and community meetings. Weekly meetings were held to develop a set of rules for a self-governing cottage, resulting in a cottage constitution. Community meetings could be called by an inmate or staff member at any time. When a rule offense was discovered, people at the meeting acted as jury, determining guilt or innocence of the alleged offender. Discipline was determined by a discipline board made up of two inmates and a randomly selected staff member. Work assignments and interpersonal conflict were handled through open discussion (Hickey and Scharf, 1980).

To evaluate the results of this just community effort, Hickey and Scharf (1980) randomly selected 24 inmates involved in the experiment and matched them according to age, race, crime and sentence length with 10 women from a traditional cottage, 18 men from a control group, and 18 men involved in a moral discussion group in a traditional prison. Differences of approximately one-third of one moral stage were found between pre and post-test inter-

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views (five months apart), with nearly one-third of the experimental group shifting more than one-half a moral stage. These changes were statistically significant when compared with the matched controls. The program also affected inmates' lives after leaving prison. A 35 percent one year recidivism rate was found in a study of 100 former prisoners compared to a rate of less than 15 percent for experiment participants.

Despite such successes, just community educational programs have been criticized on a number of counts (cf. Power, 1991). For example, it has been argued that these programs lead to a lack of control. Generally, when a just community program begins, behavior problems do emerge. But, the available research suggests that, in the long term, the democratic experience actually enhances social control. As participants take responsibility for their own behavior and the behavior of their peers, social control improves and behavior problems decline. Second, some have argued that schools should transmit specific values, not simply expose students to just democratic processes that allow students to make their own decisions. But, just community educators argue that being taught about specific values provides little help in dealing with real life problems. These values, such as being honest, remain abstractions and do not help the individual determine what to do when values conflict. Third, teachers and administrators often resist the just community approach because they fear student tyranny and student attempts to take total control. However, just community programs have successfully established unified communities where students, teachers and administrators make and enforce the rules together (Power, 1991). In sum, the research suggests that just community education programs can substantially influence participants' moral reasoning and behavior by creating an environment of democracy, fairness, responsibility, caring, and trust.

Application of the just community approach to business education

We are not aware of any attempts to explicitly apply just community concepts in business education. However, we believe that such a proposal merits consideration. First, as stated earlier, business schools have been wrestling with questions of how to teach business ethics in a way that has the potential to achieve a lasting impact on student attitudes and behavior. The research on just community education suggests that it may be a viable model. Second, students who have come of age in the 80s and who are troubled by the American public's image of business may be quite open to this approach. At a 1989 meeting, students from 29 leading business schools gathered to talk about ethics. They suggested that ethics in MBA programs is often treated as an afterthought, seemingly added to the curriculum to seek favorable publicity or donations. According to Max Cohen, a business student from Canada's York University, "ethical considerations are . . . being raised in the classroom, but the school is not raising ethical consciousness" (Magner, 1989). This is similar to the cynicism among high school students cited earlier. Students expect faculty and administrators to practice what they preach. If they don't, student cynicism is the typical reaction.

Further evidence that business education programs are not "raising ethical consciousness" is derived from a recent survey of graduate business school students. Researchers found that the large majority of students believe that "winning is everything," and that they "pander to the wishes and values of their professors" (Lane *et al.*, 1988). Over 50 percent of surveyed graduate students felt that ethical issues were frequently subordinated to the demands of academic achievement. Ideally, in a just community environment, issues such as these would be openly discussed, leading to the development of new norms and new faculty-student relationships.

A comprehensive proposal for business ethics education

Our comprehensive proposal for teaching business ethics builds upon previous proposals and research from moral psychology and business education to suggest that business ethics education should take place both within and outside the formal curriculum. It combines recommendations regarding formal coursework with recommendations for building business school communities that are honorable and just.

We believe that students should be exposed to

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required business ethics content early in the MBA curriculum. Early placement sends a symbolic message (Feldman and March, 1981) about the importance of moral considerations in business decision-making and provides tools for dealing with ethical issues as they arise in other courses. This early introduction to moral reasoning should also be followed by a course or courses later in the curriculum that takes advantage of the students' more highly developed knowledge in functional areas (Pamental, 1989). Second, integration of ethics content can occur through the adoption of cases in functional area courses that allow ethical issues to emerge. Third, to be truly successful in changing attitudes and behavior, we believe that ethics education should enter the hidden curriculum. We propose the development of honorable business school communities, a concept discussed below that is based on just community principles.

The required business ethics course or module

Moral reasoning approach. The research on business ethics education and the cognitive moral development approach to teaching ethics clearly suggest that business ethics educators should apply the moral psychology approach. While research on business ethics education has proven relatively fruitless in determining its effectiveness, the moral psychology approach has been systematically studied and has consistently demonstrated significant increases in moral reasoning. If business ethics education aims to advance moral reasoning, the Kohlbergian moral discussion method is a proven method that can be successfully applied in a business education environment (Penn and Collier, 1985). A variety of resources are available to professors who are interested in teaching themselves Kohlbergian moral education methods (Arbuthnot and Faust, 1981; Galbraith and Jones, 1976; Reimer *et al.*, 1983). Training is also available in an intensive course at the Center for Moral Education at Harvard.

The evidence from both the business education and moral psychology literature suggests that classroom moral discussion should occur within the context of real business problems. Similar to the finding among high school students that moral reasoning in hypothetical situations is higher than in real-life situations, Weber (1990) found that managers' reasoning levels in hypothetical non-business ethical dilemmas were higher than their reasoning levels in business-related dilemmas. Also, Gandz and Hayes (1988) argued that ethics courses often "abstract the ethical issues from the mainstream of business decision-making," thereby decreasing the relevance of the topic. Like moral psychologists, they have found that real ethical dilemmas are more involving.

A management focus. MBA programs are designed to prepare individuals for the managerial role. Thus, just as it is important for students to understand what motivates people to work hard and be committed to their organizations, it is equally important for them to understand the factors that influence moral behavior within the context of work organizations. Brady and Logsdon (1988, p. 703) argued that business ethics courses should teach management theory that is relevant to "what makes people behave the way they do" and "what can be done to strengthen individual resolve when the ethical analysis is clear but the pressure to do otherwise are strong." For example, understanding how reinforcement influences behavior in moral situations would make it clear that paying automobile service managers a commission based on the amount of service they recommend is likely to lead these individuals to recommend unnecessary service. Such examples would provide balance to the traditional belief that "ethical theory is the only relevant influence on an individual's autonomous decision-making" by showing that there is often a long road from "deciding ethically" to "acting ethically." We agree that business ethics education should teach students about moral behavior from a management perspective in addition to using the moral psychology approach described above. In this way, students will better understand not only their own behavior but the behavior of those they manage.

Integration of ethics content throughout the curriculum

After an early introduction to business ethics, ethics content should be integrated throughout the curriculum. This sends an important symbolic message

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that ethics is integral to functional areas such as accounting, finance, and marketing. The failure to integrate ethics content in this way is akin to a business organization that puts an ethics code on the wall, discusses its importance in an orientation session, but never discusses ethical considerations in management meetings. The best way to insure integration is to choose cases, that although fundamentally finance, marketing or accounting cases, clearly require the consideration of ethical issues and the use of the analytical tools developed earlier in the program. Of course, this would require coordination among faculty teaching the separate ethics course or module and faculty teaching these functional area courses.

The hidden curriculum – building honorable business school communities

We believe that business ethics eduction must also extend beyond formal coursework into the hidden curriculum. Within the day-to-day operations of a business education program, there are many opportunities for teaching and learning about ethical issues. For example, the Wall Street Journal (Harvard student rigging election must write paper, 1992) reported that a first year Harvard Business School student who was co-president of the school's Finance Club was found to have solicited students who weren't Finance Club members to pose as members and vote for him. School officials would not discuss what disciplinary action, if any, would be taken because these matters are always kept private. We think Harvard missed an important learning opportunity here. In a just community program, students would have been involved in open discussion of the incident and they would have had input into the decision about appropriate sanctions. Rather than learning that "such matters are always kept private," students could have learned that such matters are important to all in the community because all are involved in making and enforcing the rules.

Although we advocate experimentation with just community education in a business school context, we are not naive enough to think that business educators are going to rush to adopt just community concepts. Even with strong leadership, many faculty and administrators can be expected to resist such a major shift in power and in the faculty/student relationship. Therefore, we propose a modified just community approach that may be a more practical method for institutionalizing ethics within a business school's hidden curriculum and one that is more likely to be implemented. We call it *Building Honorable Business School Communities*.

A key feature of an honorable business school community would be an honor code, jointly developed by faculty, students, and administrators. Honor codes are already prevalent in higher education (Tabor, 1987) and are becoming more common in business schools. In 1988, we surveyed 82 Graduate Management Admissions Council (GMAC) MBA programs. Twenty-five programs (almost half of the 56 respondents) reported having a code of conduct. Although most had simply adopted the university code for use in the MBA program, seven respondents indicated that their code was designed and implemented specifically for the MBA program and six of these had been implemented within the preceding three years. Of the 31 programs without a code, 12 were considering implementing one in the near future. Eighty percent of the programs with a code indicated that students were involved in code administration. Student involvement ranged from participation with faculty as minority members of a judicial board, the reporting of code violations, and sharing in decision making about penalties.

We believe that MBA programs with honor codes can build upon this foundation by adopting key aspects of the just community approach. Creating an honorable community extends beyond the simple creation of an honor code with rules and sanctions to the development of a participatory system for handling governance and social relations within the educational program. Borrowing from a "town meeting" model (Power *et al.*, 1989) a representative council consisting of equal numbers of students, administration, faculty, and support staff could meet weekly in open meetings to discuss and make decisions about substantive issues of concern to the community. Relevant discussion topics would include the development of school rules and norms, school governance issues, the honor code itself, and making sanction decisions about honor code violations. Students must be equal participants and decision makers along with other community members (faculty, staff and administrators).

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A limitation of the proposed model compared to full-fledged just community education is that only a small subset of students (those who are representatives) would be directly involved (Power *et al.*, 1989). This limitation might be partially overcome by encouraging all students to attend meetings or by randomly selecting additional students and faculty to participate in the weekly community meeting. Like citizens performing jury duty, these students would feel responsible for participating in the ongoing democratic process. Also, meeting transcripts could be published to keep the community informed of decisions.

It is reasonable to ask why business schools should bother with this time-consuming and difficult to implement approach to moral education, when courses using the moral psychology approach are much easier to implement. One answer is that these two approaches have different goals. Classes are designed to influence moral reasoning. The just community approach to moral education has been shown to influence moral behavior as well. Further support for an influence on behavior comes from studies comparing honor code and non-honor code schools that demonstrate self-reported cheating is significantly lower at honor code schools (McCabe and Trevino, in press).

Second, in honorable business school communities, students must wrestle with actual behavior (their own and others) in real situations that are like those they will face in the business world. For example, they will have to decide what should happen to someone who cheated on an exam in order to get a better grade. This is similar to a manager's decision about what should happen to the subordinate who lies to a customer to get a sale.

Third, experiencing an honorable business community provides students with first-hand experience with participatory democracy. Corporations that have been experimenting with participation have encountered roadblocks in managers who are willing to give up the traditional power structure to fully involve their subordinates in decision making. Students who have experienced such power sharing may be more likely to understand and accept its benefits and have the skills to implement it.

Fourth, rather than a typical competitive me-first business school model, students are encouraged to develop a community perspective. A recent study of student cheating in honor code and non-honor code schools found that some of the most effective honor code systems are those that, in addition to involving students in the development, interpretation and enforcement of rules, have achieved a profound shift to a community perspective based upon trust and mutual respect (McCabe and Trevino, in press). This community perspective is called upon when rules and their enforcement need to be justified. For example, at a recent conference that brought students, faculty, and students from a number of undergraduate institutions together, a student from a university with a strong honor code system explained the single sanction (dismissal from the university) for those found guilty of honor code violations. She explained that, "we don't want to harm the person (in fact, the reason for the student leaving the university is not publicly recorded), we just don't want him or her in our community." Students from other strong honor code institutions echoed this community theme when they explained the importance of rule enforcement in maintaining a college community's highly valued climate of trust.

Finally, living in an honorable business school community is likely to develop students' acceptance of the appropriateness of discussing moral issues in the business context. Research suggests that business managers rarely discuss ethical problems with their colleagues (Waters *et al.*, 1986) and that they are reluctant to use moral language to describe their business decisions and actions even when their actions follow normative expectations (Bird and Waters, 1989). Bird and Waters (1989, p. 3) concluded that "it is impossible to foster greater moral responsibility by business people and organizations without also facilitating more open and direct conversations about these issues by managers." They recommended that organizations create opportunities, led by senior managers, for legitimate dissent and open discussion of moral issues rather than unquestioning loyalty and deference to authority. In this way, managers can learn how to "talk ethics," and develop skill in moral reasoning. Managers should feel that they can voice their opinions and arguments without concern about repercussions. An honorable business school community would provide this opportunity for students to openly discuss moral issues. It also sends students a powerful message that learning how to discuss moral issues is

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an important part of their training as professional business managers.

This proposal for comprehensive business ethics education is consistent with recent calls from higher education and business education spokespersons to make moral discourse a more integral part of the educational experience. For example, Derek Bok, in *Universities and the Future of America*, stated that:

> Universities need to consider the larger campus environment beyond the classroom. An obvious step in this direction is to have rules that prohibit lying, cheating, stealing, violent behavior, interference with free expression, or other acts that break fundamental norms. Such rules not only protect the rights of everyone in the community; they also signal the importance of basic moral obligations and strengthen habits of ethical behavior (Bok, 1990).

Consistent with our proposal, Bok (1988) has also argued that professional schools provide separate courses in applied ethics, opportunities to discuss moral issues as they emerge in subjects throughout the curriculum, and student participation in devising and administering institutional rules.

Scott and Mitchell (1985, p. 35), in their discussion of the "moral failure of management education," have also called for the establishment of forums for moral discourse in our business schools. "In the university, moral discourse is the ancient and honorable way to conduct the quest for democracy. It is not too much to expect schools of business to take part in that quest."

Conclusion

In this paper, we have outlined a proposal for a comprehensive approach to business ethics education. Discussions about how business ethics education should be conducted have revolved around the question of whether business ethics should be taught via a separate course or by integrating business ethics content across the curriculum, or perhaps whether cases or some other pedagogical approach should be used. In response to this question, we believe that the existing research evidence suggests that moral psychology-based business ethics courses can significantly influence the moral reasoning of business students. However, rigorous longitudinal research needs to be conducted to document these expected gains.

We further propose that talking about ethics within the confines of a business ethics class is not enough. Ethics education must be integrated into functional area courses and into the business education program's hidden curriculum. Based upon research on Kohlberg's just community notion and on higher education's experience with honor codes, we have proposed that business schools consider building honorable business school communities where students, faculty, and administrators come together to learn about ethics by doing ethics.

An important question, however, is whether the honorable business school community concept is consistent with the reality of corporate life? Or, would we be sending naive MBAs created in honorable business school communities into a corporate world in which they would be unable to function effectively?

First, individuals who have experienced honorable communities should be far from naive. By actively participating with peers and superiors in rule-making and enforcement, they may actually be more realistic about human behavior, more likely to understand the factors that influence people to be ethical or unethical, and more likely to accept their responsibility as community members to participate in developing solutions.

Further, Juanita Brown (1992) suggests, and we agree, that the concepts of *community* and *corporation* are more compatible than some might think. The honorable business school community concept is consistent with an emerging paradigm in the business community that encompasses, among other ideas, individual and group empowerment, responsibility, removal of distinctions between workers and managers, cooperation, teamwork, trust and honesty (Ray, 1992). If this emerging paradigm represents more than wishful thinking, the corporation of tomorrow calls for a new type of leader and we believe that the honorable business school community graduate will be uniquely well prepared to fill this role.

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