Teaching Business Ethics: Targeted Outputs

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ABSTRACT. Business ethics is once again a hot topic as examples of improper business practices that violate commonly accepted ethical norms are brought to our attention. With the increasing number of scandals business schools find themselves on the defensive in explaining what they are doing to help respond to the call to teach "more" business ethics. This paper focuses on two issues germane to business ethics teaching efforts: the "targeted output" goals of teaching business ethics and when in the curriculum business ethics should be taught.

KEY WORDS: teaching business ethics, goals, curriculum

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Introduction

Unfortunately some of our former business students have been at the center of the business scandals of the past few years (e.g., well-publicized scandals involving corporate dishonesty and cheating, such as the cases involving Enron, Global Crossing, Parmalat, and WorldCom). Many experts have suggested that the numbers and magnitude of such scandals are not simply the result of the ethical failings of a few "rotten apples" (Adler, 2002). As a result of such activities, many advocates of ethics education have once again called for increasing ethics teaching in business schools and calling business schools to task for not doing more to turn out for lack of better words "more ethical or moral graduates" (Sims, 2004).

Consider, for example, the furor resulting from the June 28, 2002 email (and lengthy responses to the email as part of an online chat) which Michael Lissack, a former investment banker who used to lecture on business ethics, sent to some 15,000 members of the Academy of Management, a national association of business professors. In the email Lissack urged the membership of the Academy to approve a resolution that business schools are largely at fault for "the current crisis of confidence in corporate America marked by evidence of fraud and greed" (Lissack, 2002). The White House even issued a press release as a result of the recent wave of scandals in which President Bush called for business schools to be "principled teachers of right and wrong, and not surrender to moral confusion and relativism" (Swanson, 2003).

Inasmuch as business schools provide the education and training for undergraduate and graduate students who are eventually hired as managers and supervisors by many employers, it is crucial that

business schools proactively take on more of the responsibility of seeing that their graduates appreciate the broad range of ethical behavior expected of them by employers and society. Given the number of business degrees awarded by business schools (and the number of our graduates implicated in the recent ethical scandals) we believe that such calls are appropriate.

Business schools have a responsibility to acquaint their students with the ethical challenges they will face in the world of work. This means that business schools must as the Ethics Resource Center Fellows recently called upon the International Association of Management Education (formerly known as the American Assembly of Collegiate Schools of Business, AACSB) and all business schools to ''ensure the proficient education of students of business in the area of business ethics so as to develop both their knowledge and competency in this area. This should be not only for undergraduate students, but also MBA students. It requires positive attention in standard business courses, as well as special attention in separate courses in business ethics'' (ERC Fellows, 2003). Robert Dolan, dean of the business school at the University of Michigan, suggested that corporate America's desire to restore its image has placed a greater burden on business schools. Dean William Christie of Vanderbilt argued that if courses in ethics are not already part of a business schools curriculum, they had better be soon (Merritt, 2002).

As a result of the most recent wave of business scandals, business schools find themselves on the defensive as to why they are not doing more to stem the tide of such occurrences. Business schools are once again scrambling to develop a response. Like others we agree that business schools have a role to play in increasing the likelihood that our graduates are less likely to end up committing unethical acts. This means that business schools must make sure that teaching business ethics is an integral part of the business school curriculum.

However, concerns still continue to arise about what the goals of teaching business ethics should be, who among the business faculty is qualified to teach business ethics, when in the curriculum should business ethics be taught, and how the impact of such efforts should be assessed? It is not the intent of this paper to try to address all of these concerns, but to focus on two issues: the ''targeted output'' goals of

teaching business ethics and when in the curriculum business ethics should be taught.

This first part of this paper discusses the targeted output goals we believe should drive any effort to teach business ethics. Next, guidelines for helping to achieve the targeted output goals of teaching business ethics efforts are offered. The last part of the paper then focuses on the issue of when students should be taught business ethics and the critical need to start where the students are in any teaching business ethics initiative.

The targeted goals of teaching business ethics efforts

The academic study of ethics is at least 2300 years old. Questions of right and wrong were discussed at length by both Plato and Aristotle during the classical period in Athens and have been treated by Western philosophers since then. In Oriental philosophy, such discussions first appeared even earlier. Ethics has been interwoven with every aspect of professional education since the first professional schools were established in the great river civilizations of China, Egypt, and Sumeria. These were schools of administration and not business administration. The point is nevertheless the same. For five millennia, professionals have defined their role and standing in society in part by their relationship to society, and that relationship entails ethical obligations.

Moral education was the primary goal of the first United States colleges, and ''the central goal of the curriculum and even the entire college environment was to develop sensitivity to moral responsibilities, to teach ethical thought and action, and to develop students' character'' (McNeel, 1994, p. 27). A whole-person education best describes higher education in the United States in its original form (McNeel, 1994). The colleges that were founded during the colonial period focused on building character to prepare students for leadership roles in civil and religious organizations (Boyer, 1990), and as far back as 1749, Benjamin Franklin linked education with morality and service (Fleckenstein, 1997). Boyer (1994) goes so far as to posit that ''Higher education and the larger purposes of

American society have been, from the beginning, inextricably intertwined" (p. A48).

Many faculty and other stakeholders attempting to articulate the goals or purposes undergirding business ethics teaching efforts are entering into territory that, heretofore, has been relatively unexplored. The fact that there exists a range of beliefs about the nature, function, and goals of ethics in personal, professional, and social life is a particularly relevant challenge. In a similar vein, it has been suggested that those involved in "the teaching of ethics" (Callahan, 1980, p. 61) face an added difficulty, since even the concept of "ethics" has multiple meanings so also does the idea of "teaching." Callahan notes

> The very phrase "the teaching of ethics" has a variety of connotations in our culture, and so for that matter does the term "ethics." One can never be certain just what people hear when they encounter the notion of "teaching ethics". For some, it means instructing people not to break the law or to abide by some legal or professional code; for others, it means an attempt to improve moral character or to instill certain virtues; for still others, it primarily means imparting special skills in the handling of moral argumentation. Moreover, clarity is by no means guaranteed by the standard method of simply stipulating one's own definitions or viewpoints. Someone who was once "taught ethics" by harsh and repressive methods of gross indoctrination may have trouble understanding "the teaching of ethics" in any more benign sense, however carefully one may point out other possibilities. (p. 61)

In spite of the lack of agreement on what is meant by "teaching and ethics" or "teaching ethics", those responsible for teaching business ethics need to agree on their goals and implications.

Agreement about business ethics teaching goals is not an easy task, given the diverse views of internal and external stakeholders on issues, such as the limitations of teaching ethics in business schools in general or more specifically on the extent to which ethics can or cannot be taught. However, regardless of such views it is critical that those responsible for teaching business ethics recognize the importance of building consensus among the key stakeholders regarding the goals of teaching business ethics. These goals must reflect the values of the business school and broader institution.

There are a variety of views of what the objectives of teaching business ethics should be (see Alam, 1999; Carson and Burke, 1998; Gandz and Hayes, 1998; Kracher, 1999; LeClair, 1999; Loeb, 1998; McDonald and Dunleavy, 1995; Nelson and Wittmer, 2001; Procario-Foley and McLaughlin, 2003; Sims, 2004; Sims and Brinkmann, 2003; Sims and Sims, 1991), and this paper adds to the ideas already in existence. More specifically, goals have to do with justification and perspectives – such as why business schools should teach business ethics and why students should learn something about business ethics. Justification and perspectives can serve as criteria for an important distinction between two goal-levels with different functions (Brinkmann and Sims, 2001).

Purposes or end-goals have mainly an outside world perspective and refer to intended, often promised positive functions that a business curriculum should have for societies and labor markets. Such ideals and purposes of a program are not easily disagreed with or falsified and are quite often formulated as a rather uncritical justification of the benefits of business education as such.

Objectives refer to specific goal-states with an emphasis on internal perspectives and justification towards internal stakeholders. Objectives are used to formulate realistically what students can be expected to learn when attending any business ethics education effort. Objectives are what are measured and measurable by given exams and curriculum evaluation procedures. Ideally, objectives should be realistic operationalizations of idealistic end-goals and contribute to the keeping of end-goal-promises made by a business school.

In practice, purpose or mission-statements typically appear in public relations and marketing materials for business school programs, presented in glossy brochures and on homepages without significant impact on practical school life. Objectives on the other hand live their own lives on the course level, competing with perceived exams agendas as shadow objectives (Sims, 2004).

One way of categorizing the goals, objectives or purposes of teaching business ethics is to view them as falling in one of three categories: focus on developing students' theoretical knowledge base, focus on analyzing issues facing managers in business situations, and an equal focus on theory and practice.

The first category is cognitive in its orientation with the goal of "develop[ing] and nurtur[ing] ethical knowledge" in students. The second category focuses on issues, usually problems, arising in everyday business situations and encourages students to consider the ethical commitments and reasoning processes that might assist in addressing troubling business situations. The last category usually finds half of the teaching time being focused on ethical theories and the other half using concepts in addressing ethical dilemmas.

When people think of or are working towards coming to agreement on the goals of teaching business ethics, they should be thinking of outcomes or the targeted outputs. This means that those responsible for teaching business should begin the process of any business ethics education effort-whether a single exercise or activity, a class, a module, or a whole course – by asking what the student ought to be able to do better when they finish the course or what that they could not do or do as well when they began. This is the first step in teaching business ethics, and this targeted output-focused approach should be the driving force behind everything in the ethics education effort, whether it be curriculum design, targeted outputs or outcomes assessment.

The specific output goals that are targeted in a particular stand alone course, for example, in business ethics may vary from environment to environment. Goals are influenced by factors that differ among institutions, such as the backgrounds of the students, the missions of the schools, and the needs of the society in which the institution is located. Despite these differences, it is our view that all business ethics teaching efforts should include the following among their targeted goals.

First, the students at the conclusion of the course should understand their core values. They should know the bases of these values, understand why they are significant to them, and be able to articulate them. The values should be internalized so that they are a part of the individual student's thinking and influence the way she analyzes business situations and makes and implements management decisions.

Understanding one's values is a prerequisite for ethical decision-making. These values are the foundations for ethical behavior. It is not sufficient in justifying one's actions when ethics are involved

to simply say, "I live my life according to the Ten Commandments" or "I live according to the Golden Rule."

Do these statements mean that if you are the manager of a supermarket in the provincial capital of a province where the unemployment rate is six percent and you catch an indigent father stealing bread to feed his children that you are going to prosecute him? Does this mean that you will kill a person, if you have the opportunity, who in the midst of a robbery has killed one of your employees and is threatening to kill others?

These are decisions that can easily be aligned with simplistic and broad value statements – but these decisions are the kinds that a manager may encounter in the world of business. An effective course challenges student's value statements and sensitizes them to the values that guide their lives and decision-making. In our own teaching ethics efforts we have found that a first critical step is to help students identify and articulate their own values and often rely on very simple exercises like having students individually respond to the following questions and then share them with others in small groups and to the total class: Can you articulate your own personal values? Are they compatible? Do you have an individual code of ethics that are based on your values? What is the difference between the study of ethics and values? In other situations, following a 10–15 min lecturette on values (for example, espoused values, terminal values, instrumental values) students are asked to differentiate between ethical versus nonethical values. The in-class discussion is intended to ensure students understanding the difference (The former are values that directly relate to beliefs concerning what is right and proper (as opposed to what is simply correct or effective) or that motivate a sense of moral duty). Core ethical values that transcend cultural, ethnic, and socioeconomic differences in the United States are also introduced as part of our effort to lay the groundwork for what we view as one of the guides to ethical decision making (i.e., that ethical values should always take precedence over nonethical values).

Second, a business ethics teaching effort should broaden a student's understanding of ethics and its complexities. Business ethics is more then simply abiding by the law. It goes beyond a simplistic

determination of what is right and wrong. Ethical decision–making often is a complicated and complex process weighing the often conflicting' interests of major stakeholders and making an optimal rather than ideal decision. As James Autry, the former president of Meredith Magazine Group, writes, ''Too often the choices are between the better of two 'rights' or the lesser of two 'wrongs.''' (Autry, 1994, p. 33)

A student, for instance, may hold strong feelings that bribery is wrong. However, what decision would she make if she has been made her company's senior manager in a country where payments to clear goods through customs are routinely made. She has a son with major learning and physical disabilities who needs special exercise equipment and learning aids not available in the country. The special exercise equipment and learning aids are being held in customs because customs officials want a payment for their release. Does she hold the child hostage to her values or does she make the payments needed to get her household shipment containing the equipment and learning aids released by the customs officials?

This situation illustrates that making ethical decisions is not a simple process. It requires complex analysis to determine what action is most responsible, given the conflicting interests of stakeholders.

Third, students need to realize that ethics is not a stand alone or abstract discipline. Ethics is embedded in all business decision–making. A given decision may be described as a marketing, production, or financial decision, but ethical dimensions are intertwined in the decision. A business decision affects a wide range of stakeholders, and the particular decision made reflects the values, priorities, and accountabilities of the manager making the decision and the company for which he works.

For example, the management of an American automotive company decides to establish a manufacturing facility in a west Asian country to make cars for the local market. To reduce manufacturing costs and the retail price, the decision is made not to use safety glass in the windows of the vehicles being manufactured.

Accidents involving the car occur in which drivers and passengers are blinded by broken glass. The decision not to use safety glass, motivated by financial and costs considerations has a strong ethical

component. It led to blindness that in most instances could have been prevented among users of the product. What appeared to be a manufacturing and financial decision turns out also to be an ethical decision.

Fourth, a business ethics teaching effort should broaden the cultural perspectives of the students because ethics emerge out of and reflect cultural values. The practice of management is an interactive process that today transcends national and cultural boundaries. Students need to expand their understanding of the world so they can make more informed and accountable decisions.

IBM and Fujitsu were involved a few years ago in a highly publicized intellectual property dispute. IBM claimed that Fujitsu illegally had copied software while Fujitsu claimed that it had respected IBM's intellectual property rights. Observers noted that the dispute arose because the two companies, one American and one Japanese, operating under different legal systems and the managers were from cultures with different business norms and values.

Successful businesses increasingly are operating in overseas environments that may be dissimilar from the indigenous cultures of the manager. Foreign customers and suppliers frequently hold values and engage in business practices different from those found in the environment in which the manager grew up or in which his company was founded. In the IBM-Fujitsu situation, the managers of both companies felt that their positions were ethically appropriate and responsible, but they needed to understand the views of the managers of the other company/and the environments out of which they come.

Also, a manager, even within her home country, often is dealing with customers or employees who are immigrants with values and traditions different from her own. She needs to understand these values and traditions if she is to be ethically accountable.

Fifth, the expanding number of stakeholders and their interests is an issue of growing importance to managers and is an area that teaching business ethics needs to address. Historically private sector enterprises have viewed investors as their most important stakeholder. More recently managers have come to view customers and employees, along with investors, as the prime stakeholders.

When several packages of Tylenol were discovered to be contaminated, Johnson and Johnson immediately pulled the product off the shelves of retailers, a financially costly response that immediately impacted the company's profits. However, consumers expected to purchase a safe product when buying Tylenol, and the interests of the consumer in this instance dominated the interests of other stakeholders.

Southwest Airlines today is the most profitable and financially sound of all American air carriers. The company unabashedly focuses on its employees as the primary stakeholder. Management contends that happy employees create satisfied customers whose decisions generate profits that meet investor expectations.

In the fall of 2004 large drug companies received unsought publicity in major American newspapers. The feature articles pointed out that drug companies were paying out in dividends more than they were investing in research for drugs, raising the issue of the conflicting interests of major stakeholders.

Today the list of stakeholders whose interests and values must be taken into account in making responsible business decisions has expanded further. Stakeholders include suppliers, government entities, the media, and special interest groups. In making ethically accountable decisions, the manager needs to take into account the conflicting interests of these stakeholders though all their interests cannot and often should not be satisfied.

McDonald's, the international fast food chain, recently faced highly publicized protests from animal rights activists. Some of these protestors were vegetarians and were not even customers of the company. Yet, the protests led to McDonald's issuing guidelines governing the conditions under which chickens were raised by the producers of the meat it purchased. This action was taken to protect the company's image and reputation and also the interests of its investors and employees.

Requiring students to develop skills in completing stakeholder analyses is an effective way of increasing student's ability to identify various stakeholders' interests and issues. In our teaching business ethics efforts students are required to complete a stakeholder analysis as part of their pre-class case preparation. In particular, students are expected to identify the ethical positions, interests or issues for each stakeholder group or individuals and be able to demonstrate an understanding of why the positions, interests or issues might exist and potential conflicts which might impact various decisions or actions.

Sixth, business ethics teaching efforts need to make students aware of the importance of considering the second and third generation consequences of a managerial decision. What appears to be an ethically responsible decision when viewed from a short-term perspective often has long-term negative and often unintended consequences that are ethically irresponsible.

Examples abound of unintended negative impacts of well-intended decisions. Asbestos is a material that contributed to winning World War II, and yet it has caused unintended suffering and early deaths among workers exposed to it. Clear cutting forest is economically attractive but has led to the unintended pollution of streams. Pesticides increase American food production and reduce production costs, but the use of pesticides in some instances has endangered wildlife and spoiled water supplies.

The unintended consequences of decisions responsibly thought through cannot always be anticipated. But managers can set in place systems that monitor the impact of decisions so that unintended consequences can be promptly identified and appropriate remedial action taken.

Seventh, an effective business ethics teaching effort enhances the comfort levels of students to discuss ethical issues in managerial and other settings. Managers talk about economic conditions, production plans, marketing programs, and strategic plans. These are matters that are an integral part of doing business. Ethics too falls into this category.

For example, an American tobacco company wants to expand its cigarette sales in an African country where there are no legal prohibitions or restrictions on cigarette advertising. The discretionary income of the typical citizen in this country is low. The incidence of disease associated with tobacco use is high.

Many, at least in the United States, would argue that the company should not be marketing its products in this country. Assuming, however, that the company is not going to pull out of this market, the managers responsible for this market need to address the ethics of appealing to young people to use its products and the ethics of encouraging people

to spend larger portions of their discretionary income on tobacco products. These issues need to be explored by the marketing group responsible for developing the marketing campaign in this country.

In our own teaching ethics efforts we have found that having students to role-play members of the marketing group responsible for developing the marketing campaign in a country or acting as members of a anti-smoking group or government officials serves as an excellent vehicle for getting students to talk about ethics.

An employee who has worked for a company for twenty years has begun to engage in unacceptable and often embarrassing behavior in the workplace and his productivity has noticeably declined. Management and his immediate colleagues believe the behavior is related to alcoholism, which is recognized by the American Medical Association as a disease. How should the management team respond to this situation?

The issues raised by these two situations do not have simple answers but they are a part of the business environment. And yet managers frequently are reluctant to discuss their ethical views and to talk about the ethical dimensions of business situations, such as those described above. A business ethics teaching initiative should mitigate this reluctance and encourage the open exploration of ethical issues. In organizations people talk about the things that are important to them and their organizations. Ethics should be among those things.

Eighth, business ethics teaching efforts should heighten students' awareness of their ethical and leadership accountabilities as managers. The decision to study business and to become a manager means that the student by virtue of her position and responsibilities will have power and influence. The power and influence needs to be exercised responsibly and judiciously. An ethical manger is a good steward of her influence and power.

Being a responsible steward of influence and power means managers at times need to be proactive in speaking out on political and social as well as economic issues. For instance, should the American manager of the branch of an American bank operating in the capital city of a country ruled by a repressive military regime speak out when two of his customers are arrested as they leave the bank and are never heard from again?

The manager of a German company is president of the International Chamber of Commerce in a country where there is a major shortage of electricity and where the government has made the decision to build a major dam for hydroelectric power. The plans for the dam will flood thousands of hectares of land. The flooding will dislocate several hundred thousands of people from an area in which their families have lived for generations. It will destroy the habitat of dozens of plants and animals, some of which are on the world's list of endangered species. It will cover with the water a number of archeological sites thought rich in artifacts and bones from the past. Should the manager and his foreign colleagues in the organization speak out against the government's decisions? A business ethics teaching effort should help students develop discernment and judgment regarding how to respond to incidents such as this.

Consider the value of having students develop various scenarios on how the manager and his foreign colleagues could possibly respond to the government's decisions. We typically then have students work to come to a consensus on what, if any, power or influence the manager and his colleagues might be able to rely on to impact the government's decisions. An alternative is to also have the students analyze the various scenarios by identifying what, if any, ethical and leadership accountability managers in such situations do or do not have or should or should not be held to.

Ninth, business ethics teaching efforts need to develop within students an awareness that the accountable' manager needs continuously to give attention to the development of her ethical sensitivities and accountabilities. Ethical thinking is not developed as a result of a single course. Responsible ethical business practices are not the result of a one-time inoculation.

Also, views of what is considered ethical and what is considered non-ethical change over time. In the early 1800's many Americans considered slavery an acceptable institution. Today virtually no American would endorse this view.

In the 1950's, most Americans felt that the marketing and use of tobacco products was an acceptable business activity. Today the marketing of these products is severely restricted. Furthermore, many investors do not invest in the stocks of tobacco

companies because of the impact of tobacco use on people's lives and the resulting economic and social costs.

Ethical business practices are the product of continuous personal and professional learning and development that give attention to expanding ones' understanding of ethical issues. This development can occur in many ways. One way is to work in an environment where ethical matters are routinely discussed. Still, another is to have a network of friends, ideally from both the business and non-business worlds, with whom one regularly explores ethical matters. Another way is to reach out for new experiences that increase ones' understanding of ethics and cultures. These experiences may come from reading, travel, or making friends with people from other cultures. We have found that requiring students to keep a journal on their cross–cultural ethical learning experiences enhances student learning and sharing.

Furthermore, students need to be encouraged in their job searches, whether it is the initial job after undergraduate or graduate school or later when changing jobs, to seek to understand the corporate values and cultures of the companies with whom they are interviewing. Individuals are strongly influenced by the environments in which they work, and environments that value and reward responsible professional behavior tend to have managers who are ethically accountable in their decision-making and actions. To contribute to producing these kinds of managers is the core goal of any teaching business ethics effort that has impact.

Such impact can result from something as basic as requiring students, as part of their job searches, to complete a written analysis of the corporate values and cultures of the companies with whom they are interviewing. Additionally, the authors have found it just as beneficial to extend the analyses to having students gather information on the ethical challenges that have and could be confronting employees at various levels of the company and the corresponding company' responses over a two or three year period.

Teaching business ethics efforts driven by targeted output goals are critical to business schools meeting their responsibilities to decreasing the likelihood of turning out graduates who are prone to being at the center of ethical scandals. The next section offers guidelines the authors have found useful to achieving the targeted goals of teaching business ethics.

Guidelines for helping to achieve the targeted goals

In teaching ethics, no one ''right'' approach exists. Classroom approaches should be determined by institutional goals, student needs, the business and social environment, and similar factors. However, the experiences of the authors suggest guidelines that can be helpful in teaching ethics that achieve the targeted goals.

The teaching of business ethics should be inductive, not deductive. Students fail to invest the time and often do not have the work experience base needed to apply the concepts found in a lecture or a background note to the ethical situations found in business. In our experience, students are interested in real life experiences in which managers are encountering tough ethical situations that demand action. As students explore ethical situations found in the workplace, they come face to face with their own values and over time they are able from these managerial situations to broaden their perspectives on ethical issues and to formulate guidelines to govern their ethical behaviors.

The learning environment in teaching ethics should be highly interactive. Students generally want to share their views. They need to learn to articulate and defend these views with clarity and persuasion. This means that the class should be discussion oriented and focused on the active exchange of ideas.

The class discussions should be vigorous and challenging to the students. Students should be encouraged to debate the issues and action alternatives with each other. Students should be challenged especially when they make broad general statements (e.g., ''I always seek to follow the Golden Rule;'' ''It is always wrong to steal.'') or when they state positions that they do not buttress with facts or reasoning (e.g., ''I simply think it is unethical to fire a poor person with a large family.'' Or ''I think it is wrong to fire a whistleblower.'').

A discussion-oriented and active exchange of ideas requires that the ethics teacher develop a climate for learning. Such a climate is committed to creating a safe classroom environment where

students feel safe to share their views and experiences (Sims, 2002). In short, the ethics teacher must strive to develop a learning community (Christensen et al., 1991; Nelson and Wittmer, 2001).

If there should be a need to present structured materials, such as the provisions of the Foreign Corrupt Practices Act, a background note or a brief ten to fifteen minute lecturette on the topic can be inserted during the class discussions.

The teacher should be cautious about ending a class by giving his views on what is the "correct answer" or most appropriate action. If a summary of the discussion is needed, it is desirable to call upon a student to make the summary rather than to have the final comments come from the teacher who often are viewed by students to be the source of "truth and wisdom" or the "expert."

A successful business ethics class is one in which the issues raised with the class continue to be discussed outside of the classroom. Some teachers, for example, seek to have their classes scheduled immediately before lunch. This increases the chances that the issues explored during the class continue to be discussed over lunch. In fact, a teacher can feel confident that interest is high and learning is taking place when he learns informally that issues raised in class are being talked about during meals, over breaks, and in sorority and fraternity houses.

Management case studies based on real management situations are particularly effective in creating inductive, interactive, real-world based learning experiences. These cases can be developed by the teacher or acquired from one of the case clearing houses or one of the schools known for quality case writing. These schools include in addition to the well known North American and European business schools, institutions such as The Labore University of Management Sciences, The Asian Institute of Management, and Instituto Centroamericano de Administracion de Empressas.

The successful business ethics teacher seldom relies exclusively upon one pedagogical approach. In our own teaching ethics efforts management cases can be supplemented by a wide variety of other learning resources. Videos that deal with ethical business dilemmas can be highly effective. They generally have strongest impact when they are viewed in private showings outside class time with small group discussions immediately following the viewing. Ideas that emerge from the small group discussions can become the basis for a deeper and richer class discussion of the issues raised by the video.

Carefully crafted field exercises (or in-class experiential exercises) can expand students' perspectives and understanding and can enhance their capacity to deal with ethical dilemmas found in the business world. For instance, the Hispanic population is a fast growing group in the United States and is an increasingly important consumer and employee group in the American economy. Yet, many American students still have had limited contact with this segment of the population.

A field exercise in which students in groups of two or three go out and interview three Hispanic workers can be a significant educational and mind broadening experience for the students. First, most students have had infrequent contact with people who work in meat packing plants or labor as janitors, gardeners or roofers. Second, in the author's experiences students generally are surprised to discover the strong roles that family, religion, and a strong work ethic play in the lives of Hispanic workers.

A second exercise is for students, again in small groups, to interview a non–North American who is living in the United States. This experience can broaden the students' understanding of political and judicial systems, religious beliefs, and family structures that are different from those they know.

Whenever a field exercise is assigned, the teacher should devote a portion of the class on the day the assignment is due to having students share their findings. They are requested to identify (and share with the total class) the most significant learning or perspective influencing their ethical thinking that they gained from the exercise.

We recommend using personal application assignments (PAAs) as a way for students to analyze their field exercise experiences and prepare for in-class discussion and active engagement. PAAs are no more than 3–5 pages written assignments based on Kolb's (1984) experiential learning model and require students to think back on each field exercise or learning experience and do the following: (1) *Concrete Experience*: Objectively describe the experience (who, what, when, where, how). Subjectively describe your feelings, perceptions, and thoughts that occurred during (not after) the experience. What did

others seem to be feeling? (2) *Reflective Observation*: Looking back at the experience, what were the perspectives of the key actors (including you)? Why did the people involved (including you) behave as they did? (3) *Abstract Conceptualization*: Relate ethical concepts or theories form the various readings or lectures to the experience. Explain thoroughly how they apply to your experience. Please apply at least two concepts or theories and cite them correctly. (4) *Active Experimentation*: What did you learn about ethics form this experience? What did you learn about yourself? What action steps will you take to be more effective in the future? (5) *Integration, Synthesis, and Writing*: Did you integrate and synthesize the four sections?

Bringing carefully selected business executives and managers into the classroom to discuss ethical situations that they face can have a strong impact on students. When using an outside resource person, a teacher generally should give no more than half the session to the person. She should design into the class a question and answer session. When practical, a social period is scheduled after class so that the discussions begun in class with the person can continue.

The outside resource persons who have particularly strong impact on students' thinking are persons who have been indicted or convicted of crimes because of business actions. Their stories are riveting, especially when the person talks about the impact of their experiences on their own lives and the lives of their families.

Inductive, highly interactive management case discussion supplemented by videos, field exercises, and outside resource persons are effective regardless of the age of the students. However, the degree of impact can vary, depending upon the levels of business experience that the students bring to the classroom.

In teaching undergraduates, simple cases that focus on one or two issues are more effective than complex cases. In MBA programs where the students have several years of work experience, cases that deal with more complex ethical issues are more effective bases for class discussions.

In teaching business ethics to undergraduates, the teacher can encourage students to bring to the discussions ethical situations encountered in summer work experiences or ethical business dilemmas faced by family members. Also, it is effective occasionally to have students who have limited work experiences to bring to class news–clippings that focus on ethical behavior in the business world. At the minimum, the teacher can have a student briefly summarize the content of her clipping and then have the class discuss the issues raised by the article.

In teaching graduate students with work experience, the faculty should encourage students to share their own work experiences that deal with ethics. On occasion, a teacher may want to devote a portion of a session to a "live case" in which a member of the class shares off the record an ethical dilemma he is currently facing on his job.

The field exercises generally are more effective with undergraduate students with limited work experiences than with graduate students with work experience. This is not surprising since the purpose of the project is to broaden the exposure of the student, and the broadening of one's perspectives occurs in the workplace. However, field experiences, if they are carefully designed with clear objectives, can be effective with both groups.

Outside resource persons can effectively enrich the classroom regardless of the level of work experience of the students. In the author's experiences students with limited work experience tend to ask simpler questions and desire more clear-cut and simple responses during dialogues with resource persons than do students with more work experience. Also, undergraduates get more emotionally in to the life stories and workplace experiences of the resource persons than do students with work experience. At the beginning of the class immediately following a session that has had a resource person, the teacher should debrief the class, calling on several students to identify what they learned from the resource person.

One of the most effective ways the authors have been able to achieve an active exchange of ideas is through the use of case discussion or a range of "topic" discussions (where groups of students research and debate or make presentations to business leaders) on issues ranging from employment at will, sexual harassment, discrimination and affirmative action, privacy, whistle blowing to product liability, sales responsibility, insider trading, intellectual property and distributive justice. Students are also encouraged to interview relevant firms' personnel

for current management practices and ethical challenges. Students are required to submit a written report that is a summary of the findings for the special topic area researched and an analysis of the case assigned on a particular day. The paper (3–5 single-spaced pages) is conceived of as a report to senior managers of a firm, summarizing their particular research and any implications for effectively managing the issue (and the case or problem of the day). The papers can serve simultaneously as the basis for student-led discussions in the class, presentations to other business students not in the course, and groups of faculty and business people from the local community.

Our own experiences and others (see for example, Geva, 2000; Hosmer, 2000; Iyer, 1998; Sims, 2002) have demonstrated that there are various pedagogical approaches that will help to achieve the targeted goals presented earlier in this paper. The guidelines offered above are ways that we have found beneficial in our efforts to teach business ethics. However, neither the targeted goals nor the guidelines will do much good if those responsible for teaching business ethics fail to start where the students are as discussed in the last section of this paper.

Teaching business ethics: starting where the students are

Deciding when business ethics should be taught to students is also an important consideration in efforts to come to agreement on the purposes or goals of teaching business ethics. To answer this question means that one must take into consideration the differences between undergraduate and graduate students before designing courses or the curriculum for teaching business ethics (Hastings Center, 1980; Sims and Brinkmann, 2003; Sims and Sims, 1991). Addressing this issue is an important component to designing business ethics education efforts that "start where the students are." The primary issue here is *when* students should be exposed to or taught business ethics. This view is in line with an important aspect of the Hastings report's (1980) special emphasis on teaching ethics at different levels of education and Sims and Sims's (1991) suggestion that undergraduate

and graduate students should be exposed to different kinds of business ethics teaching (Sims, 2004).

Based on research to date and our own and our colleagues' experiences, graduate and undergraduate students are indeed different, especially in the areas of maturity and work experience and each deserve a curriculum designed for their specific situation. Teaching business ethics efforts should "start and focus on where the students are" and on "the kinds of jobs they will have and decisions they will have to make" since the actual work experiences of undergraduates and graduates will be different once they complete their education. This view is similar to results from research by Mathison (1988) where he stresses the importance of teaching business ethics that addresses student concerns and starts where they are.

Starting where students are could mean integrating business ethics teaching into undergraduate business courses and postponing separate business ethics teaching to the graduate level as an elective or mandatory topic. The next few paragraphs provide a brief summary of what we believe teaching business efforts could and should focus on for undergraduates and graduates separately and as a whole.

Undergraduate students

In most instances, undergraduate students enter business school as sophomores and juniors with little exposure to moral or ethical issues in business. With an eye to the background of the undergraduate student, faculty should include in the undergraduate curriculum a variety of experiences that assist in the student's moral development (e.g., increasing students' self-knowledge and help in assessing their own moral values, attitudes and thresholds) (see for example Brinkmann and Sims, 2001; Ferrell and Fraedrich, 1994). The purpose is to try to create moral self-awareness[1] and an increased interest for the moral dimension of business throughout ensuing courses.

Graduate students

The emphasis on increased self-knowledge for undergraduates does not deny the fact that such a focus also would be an important objective for teaching business ethics to graduate students. However, the graduate business curriculum should focus

on the kinds of moral problems the students will encounter as professionals and managers. This means that graduate students should learn to more fully understand the reasons that support their ethical principles and how to put those principles into practice in real world work situations. Graduate students should have at least one well-organized elective or mandatory business ethics course. Such a course would allow the students to grasp the seriousness and complexity of business ethics and acquire the tools for dealing with ethical problems. In short, graduate students must be taught that learning about ethics is important in gaining competence in functional areas and understanding the relationship between their day-to-day work and the broader values of their organization and the needs of society.

Undergraduate and graduate students alike

An important objective for both undergraduate and graduate teaching business ethics efforts should be the furthering of critically reflected understanding that focuses on such things as self-knowledge, sensitivity, judgment, sharing, motivation and moral courage. A moral sensitivity objective, for example, is focused on students' learning to see moral issues, conflicts and responsibilities. This involves being aware of different possible lines of action and how each line of action could affect the parties concerned. The main point is to develop moral imagination as a condition of a sense of moral obligation and both personal and professional responsibility.

Both undergraduate and graduate business students need to learn to share moral understanding. Such sharing provides opportunities for students to discuss their moral issues with others, to help with simulating real-work situations, and to share responsibility. Both undergraduate and graduate students need to learn how to develop resiliency to comfortably resist external pressures to act irresponsibly or immorally.

As suggested above, business ethics teaching efforts need to be responsive to the differences between undergraduate and graduate students. Undergraduate business ethics teaching should:

1. Assist students in the formation of their personal values and moral ideas,

2. Introduce them to the broad range of moral problems facing their society and world,
3. Provide them contact with important ethical theories and moral traditions, and
4. Give them the opportunity to wrestle with problems of applied business ethics, whether personal or professional.

Graduate teaching of ethics in MBA programs ought to:

1. Prepare future graduates to understand the kinds of moral issues they are likely to confront in their chosen functional or professional areas,
2. Introduce them to the moral ideas of their functional areas or professional, and
3. Assist them in understanding the relationship between their functional work and that of the broader values and needs of the society.

Recognizing that there are individual and group differences in students, one of the first tasks in teaching ethics is to understand the students. This involves knowing the backgrounds, the shaping experiences, the exposures to the world of work, the college majors, the professional and personal aspirations, and other data that influence and shape their values and the ways students think and embrace life.

Teaching a business ethics class with students coming principally from industrial communities differs from a class of students who were raised in suburban settings populated by families whose parents are professional people. A class with a large number of minorities is different from a class with little ethnic diversity. A class with sizeable numbers of international students has different perspectives than a class composed primarily of students who have never traveled outside the United States. As suggested in the last section, a class with students with work experience views things differently than a class composed of recent high school graduates. The profile of a class impacts the content of class discussions and explorations and, thus, influences the way the class is taught.

A major challenge in teaching business ethics is that students often come to class with simplistic views of what ethics is. They often see ethics in terms of right and wrong and complying with laws.

They fail to recognize that many business decisions require trade-offs and that what is in the primary interest of one set of stakeholders may not be in the interest of another group of stakeholders.

For example, a company is moving a manufacturing facility from Michigan to Mississippi. The move may benefit investors and customers because of lower production costs, and it may provide jobs and stimulate the economy in the company's new location in Mississippi. Yet, the move has negative impacts on the workers at the site being abandoned in Michigan, on local businesses that supplied goods and services to the old manufacturing facility, and on the tax revenue of the local government in Michigan.

Students, especially those with little exposure to the larger world, often bring to the classroom values that they have adopted from their parents, church affiliations, peer groups, or similar persons or forces of influence. The students in their thinking and actions simply reflect the values of their reference groups without having examined or evaluated them.

The effective business ethics teaching effort will motivate students to examine and critically appraise the values they espouse and determine what their core values are. The goal is for the students to identify, understand and internalize their core values and to use these examined values rather than adopted values as the basis for decision-making.

Students in business schools often do not come from business or professional families. The professional world that they are planning to enter is a culture with values and practices that may be new and unfamiliar to them. For a farmer's daughter, a job in an advertising agency in New York City can be a major culture shock. A business ethics teaching effort needs to be designed not only to help the student understand her values but also to understand the values and customs of what may be a new and unfamiliar work environment and, most important, how to deal with value conflicts that may arise.

Young, relatively inexperienced business people who are involved in unethical or criminal business behavior often did not engage in the wrongdoing by design or intent but merely went along with what their superiors told them were normal business practices in their industry. For example, a recent business school graduate took a sales position with a carpet manufacturer. On his first day in his sales territory, he received a sizeable order from the largest carpet retailer in the area, a retailer who was one of the manufacturer's largest and most important customers. The new salesperson then discovered that the customer because of the size of the order expected "a little help to cover shipping costs." The manufacturer did not give volume discounts or cover shipping costs, but the salesperson was told by his district sales manager that the general practice in this kind of situation was to issue "a credit for defective merchandise" that would equal the discount the retailer expected.

The salesperson in growing up had been taught not to lie or steal, and he had always considered these values to be absolute. He now faced a business decision: do what his superior had told him was usual business practice and consummate the sale, or disregard the advice given by his superior and lose the sale and its accompanying sales commission ("Peter Green's First Day", Harvard Business School, 1980).

Knowing what to do in this kind of situation is not simple and can have strong personal and professional consequences. The effective business ethics teaching effort helps prepare students for this kind of decision, and the preparation includes helping students acquire the perspective, confidence or ethical willpower needed to make an appropriate and responsible choice.

Management education consists of much more than the acquisition of management tools and techniques. It also involves developing analytical, decision-making and implementation skills. Business ethics teaching efforts need to enhance these skills.

Teaching business ethics and developing ethical sensitivities among students cannot be considered an option for business schools. It is a requirement. The teaching needs to take place in ways in which students come to see ethics as an integral dimension of all business decisions. The manager must be prepared to deal with ethical issues with the same confidence that she deals with the marketing, operational, and financial dimensions of business decisions.

Furthermore, managers during the course of a day have to make many decisions, often under time pressures and without all the information that might be desirable. Effective managers process information rapidly, deal with uncertainties and ambiguities with confidence, and act. Generally they do not have the

luxury to postpone a decision until they have had opportunity to vet the ethical dimensions.

This means that an individual manager needs to know her values and that the values need to be sufficiently well developed and internalized that they influence behavior and decisions as a matter of course without great conscious effort. Helping the student who is going into management to acquire this capability is the core task and challenge of teaching business ethics.

Conclusion

The mission of business schools is to prepare men and women to be effective managers. Every business decision has ethical dimensions and, thus, ethics is an integral part of business decision-making. Hence, business schools have the responsibility to teach business ethics.

Undergraduate and graduate students bring different experiences and backgrounds to the classroom. Even within the same classroom, vast differences may exist among the students. These differences need to be taken into account in teaching business ethics. The specific output goals of a business ethics course may vary from environment to environment, but all teaching begins with understanding the students, their needs, and the environments in which they are likely to work.

Students need to understand their own values, the changing and dynamic environments in which they will make decisions, the often conflicting needs of stakeholders, the impact of managerial' actions on the lives of others, and the need to give continuing attention throughout their careers to the development of ethical sensitivities and accountabilities. These are the tasks on which business ethics teachers need to focus if business schools are to produce men and women who are ethically responsible and accountable.

Note

[1] Cf. also King, 1999, about including biases of solving instead of understanding problems.

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