

Teaching Business Ethics: A Faculty Seminar Model

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Who is responsible for the increasing incidence of ethical misconduct in businesses? The short answer: the ones who committed the ethical misconduct are responsible. As these incidents receive more and more coverage in the news, however, it is fair to ask if there is shared responsibility. Does some of that responsibility fall to those who teach business? Is teaching the ethics of doing business deemed just as necessary as the requisite accounting, finance, and management skills? How should business schools respond to the call for more ethics training in their graduates?

The Efficacy of Teaching Ethics in Business

The scholarly discussion of whether or not ethics can be taught to young adults (Jones, 1989; Solomon, 1992; Piper, 1993; Kienzler and David, 2003; Thomas, 2004) has not resolved the issue for those in the trenches. A survey of AACSB member schools found that “teaching of business ethics is indiscriminate, unorganized, and undisciplined in most North American schools of business,” according to Solberg, Strong, and McGuire (1995); the authors argue for a practical, discovery-based approach to ethics coverage in business schools. Using an example of this approach, McQueeney (2006) employs ethical dilemmas that balance ethical imperatives with the drive for profit. Some academicians hold that failing to teach ethics tells students that ethics is not important enough to be included (Etzioni, 1989; Piper, 1993; Parks, 1993; Fulmer, 2005). The inference is that the “head in the sand” approach will result not in a neutral message, but in a negative message, concerning the place in ethics training in business school curricula and programs. Perhaps there is no neutral message here.

Parks (1993) is emphatic: “Are young adult graduate students, typically in their twenties and early thirties, too old to learn ethics? No. Indeed, there is no time in the human life cycle more strategic for shaping the norms and potential of the moral vision that will ground the ethical choices embedded in the daily decisions and actions of a professional manager. Further, the typical entering student in some of the best MBA programs might be described as more than ready for ethical reflection – in a sense “cheated” of the opportunity to engage in such reflection earlier. The opportunities and responsibilities that rest with business schools and other professional institutions are, therefore, enormous” (p.13). She goes on to cite numerous references to empirical research that support her claim that “particularly dramatic changes can occur in young adulthood in the context of professional school education” (*Ibid.*)

A stated intention to be ethical does not suffice. Merely having a code of conduct does not ensure that all employees will act ethically (Brewer, Chandler, and Ferrell, 2006) nor does endorsing the Golden Rule (Kienzler, 2004). In fact, Enron’s code of conduct endorsed treating others the way they, themselves, wished to be treated, but this did not prevent the failures that occurred (Salter, 2005). In their widely-used communication textbook, Thill and Bovee (2002) not only discuss ethical communication, but also raise the issues of ethical boundaries, lapses and dilemmas, and making ethical choices, topics that did not appear in such texts ten years ago.

At the 4th Annual Executive Learning Forum held at Pepperdine University’s Graziadio School of Business and Management in 2003, Raytheon chairman and CEO Daniel Burnham reflected the thoughts of many leading business practitioners in stating that “Business ethics is not an oxymoron; it’s

what smart companies insist upon to sustain their cultures – and to guide the individuals they select for leadership positions” (Fulmer, 2005). He and other successful business practitioners called for even more ethics awareness and instruction.

Students who study, discuss, and apply a practical ethical framework for decision-making, integrating it with their other required coursework, will, as graduates, have a useful tool for carrying out ethical decision-making. Open discussion and self-discovery in this process are key (Solberg, 1995; Barnes, 2006). One example of this took place during Baylor’s first Case Competition in Ethical Leadership, held as part of the annual Baylor Business Ethics Forum, Fall 2006. Immediately following his team’s presentation, one student told a competition organizer, “If I hadn’t grappled with these issues in the competition, I might have been sucked in like the Enron guys. Now I won’t be, because I am aware.”

There appear to be many, however, who fail to learn this lesson before beginning their careers. Ethical misconduct by B-school graduates in such major businesses as Adelphia, Arthur Andersen, Enron, Quest, Tyco International, and WorldCom has been profiled extensively in the in the media. As each company’s ethical failure and financial disaster hits the headlines, the element of shock at such behavior may be replaced by a more cynical view of wondering who is next. Polls reflect increasing cynicism toward business in general on the part of American consumers (Piper, 1993). Discussion with students often elicits the view that business is conducted by individuals who live in society, and thus reflect society’s values, a point also made by Gandtz and Hayes (2000). In a new book intended for businesses, Brewer, Chandler, and Ferrell (2006) warn that ethical misconduct is so pervasive that all companies should have a plan to mitigate the repercussions when it happens.

To combat this trend, the subject of ethics is becoming more prominent in academic research, most business schools’ curricula, corporate mission statements, and executive training sessions. Doh and Stumpf (2005) note that the consistent practice of making ethical decisions “is one of an organization’s most important intangible assets” (p. 13). Thus business graduates who are already grounded in ethical decision-making and familiar with ethical decision-making tools and frameworks will be at considerable advantage as they enter the competitive marketplace. Although case competitions and other extra-curricular activities are excellent opportunities for application, the education begins in the business school classroom. What new methods, resources, and tools would make current curriculum and practice even more effective? Is there a practical model for introducing, teaching, and reinforcing ethics to our students?

Faculty Seminar on Teaching Ethics

To explore these issues, Baylor business faculty held a six-hour seminar: As with any faculty, Baylor faculty have specific views about how to include ethics in the curriculum, as the following sample of open-ended comments in an online survey shows:

“Every business student at Baylor should have at least some ethics education exposure.”

“Ethics should be an ongoing topic. It is a topic that we need to incorporate in our courses throughout the semester. The added emphasis by the Business School is highly important; however, the students need to see the need for ethics is ongoing.”

“Everyone thinks they are ethical (generally) -- how should students evaluate whether they will make ethical decisions or not at work and in their lives.”

“Serious thought should be given to considering how Christian ethics matters, above and beyond natural law ethics.”

“Students must ‘discover’ that there is an ethics issue. Telling them sensitizes them to it and changes their thinking.”

“To make the focus on ethics, we need to make it a part of an ‘experiential learning’ component that stands outside the standard classroom curriculum.”

Seminar topics requested through the online survey are listed below.

- Explanation of a simple ethical decision-making framework that can be adapted for class use
- Making available ethics cases, relevant WSL articles, other resources
- Suggestions/disc. of how best to incorporate ethics in business curricula
- The opportunity to brainstorm what others are doing/finding successful
- A self-contained activity for use in a 30-min. time block to apply to ethics
- Selected perspective on teaching ethics from an outside speaker
- A PowerPoint-assisted “lecture” on ethics

In response to interest in hearing from outside experts, Drs. OC and Linda Ferrell, well-known academicians, authors, and business ethics practitioners were invited to conduct the seminar. They presented material on the status of business ethics and ethics training today, including sometimes-shocking statistics. The Ferrells urged business schools to provide support for initiatives that train faculty and educate students about corporate and social responsibility as well as business ethics. Following their presentation, they led two break-out discussion sessions on teaching ethics: exploring the *The Wall Street Journal* as a resource and changes in AACSB expectations. They ended the seminar with a challenging ethical scenario in which all participants took part.

Model for Teaching Ethics to Business Students

As we later discussed feedback from the seminar and reviewed its impact, we found that the structure of the seminar in fact provided a useful model with seven specific steps for teaching ethics to students. The list below provides the steps and how we followed (or failed to follow) each step in the seminar, along with suggestions for use in the classroom to apply at each step.

1. Ascertain knowledge and interest of intended audience.

Seminar: Online faculty survey

Class: Conduct a survey to ascertain student awareness and opinions concerning ethics to create baseline for class. When repeated in successive classes, responses over time reveal trends, if any, and promote rich discussion. See Appendix A for a sample survey.

2. Establish credibility of speaker and materials.

Seminar: Ferrells given lead role in seminar

Class: Classroom instructors are assumed to have knowledge of what they teach. Relay any real-world experience or research knowledge that would add to this knowledge. An appropriate guest speaker can add both credibility and relevance. Text or materials will vary according to discipline and emphasis of class.

3. Provide factual material and statistics for a common, accurate background to discussion.

Seminar: Provided in Ferrells' material

Class: It should not be assumed that students have more than superficial knowledge in this area. Statistics and other material are readily available in texts as well as reputable online sources such as the Ferrell website found at www.OCFerrell.com

4. Provide an ethical framework or decision-making tool for discussing this information and apply to cases and/or real world situations from the news as basis for objective, balanced discussion.

Seminar: Referred to but not provided due to time constraint

Class: A graphic, easily understood framework or ethical decision-making tool helps students be objective rather than responding with their opinions only. See Appendix B for an example of an ethical decision-making tool created by Mitchell Neubert, Baylor's Chevanne Chair of Ethics, that can be adapted for class use. The impact of such a tool is increased if all B-school faculty across disciplines are educated about such a tool and experienced is applying it in their discipline. Incorporating this tool in an introductory course early in the business school curriculum can provide common language and understanding for students that would enable all faculty to reference it as relevant in later courses.

5. Conduct breakout sessions where students can explore application of framework.

Seminar: Breakout sessions led by Ferrells

Class: Most students, particularly those in Generation Y, thrive on small-group interaction. Ethical issues in cases or in the news lend themselves well to discussion. After a brief period, spokespersons for each small group can relay to the class the substance of their conversation, resulting in wider discussion. The instructor can take a "guide by the side" or facilitator role for most of the discussion, ensuring that all students interact with respect for each other and the classroom dynamic.

6. Set up ethical scenarios, dilemmas, role-plays for application. Discuss results.

Seminar: Company ethical issue role-play

Class: There are many sources for these scenarios including textbooks, the Internet, and *The Wall Street Journal*. Although they take class time, this is where much memorable learning takes place, especially when built on the steps already covered. It is important to remember: the next step in active learning would take place on the job, unless a venue is provided in the classroom.

7. Consider further application both in and outside class.

Seminar: Brief discussion of ethics case competition held the previous fall as part of the Baylor Business Ethics Forum

Class: Encourage students to participate in an ethics case competition. If there are none available, create one in your class. See Appendix C (assignment) and Appendix D (grading criteria) for sample materials. Perhaps some students can work in teams to write up the case. Partner with local businesspersons to be mentors for your students or to sponsor projects—in which students will identify and consider the ethics component. Finally, consider asking your students to pursue “doing good” along with “doing right”: suggest ways to serve the community by bringing ethical solutions your students can provide. Examples include partnering with high schools or non-for-profits to bring business ethics and skills to their constituents. One student group at Baylor brought basic financial skills including balancing checkbooks and discussing credit cards to a high school class, and was able to include a discussion about being ethical in earning and managing money.

Conclusion

In sum, there is compelling evidence, both statistical and anecdotal, that ethics not only *can* be taught, but *must* be taught to business students to help prepare them for the challenges they will face in the marketplace. Supported by their deans and department chairs, business school faculty must seek ways to encourage the ethical awareness and training of their students across disciplines. This in turn requires that they receive the training and resources they need to accomplish this vital component of a business school education on both the graduate and undergraduate levels.

Whether for a stand-alone course, an introductory business course, or incorporated into discipline specific courses, a model for how to cover ethics is helpful. Time allocated to each step in such a model will depend on time available, but also on the degree of emphasis accorded to teaching ethics. A model that establishes credibility, provides ethical decision-making tools, enables small-group discussion of issues and dilemmas, and encourages application in and outside of class will help bring students to a practical understanding of ethical decision-making that they can take into their careers just as they do their expertise in accounting, finance, and management. This seminar-driven paradigm is just one example of a model that accomplishes those objectives. Further discussion of this and other models can provide traction to our obligation to provide ethics instruction and practical application to business students before they enter the marketplace.

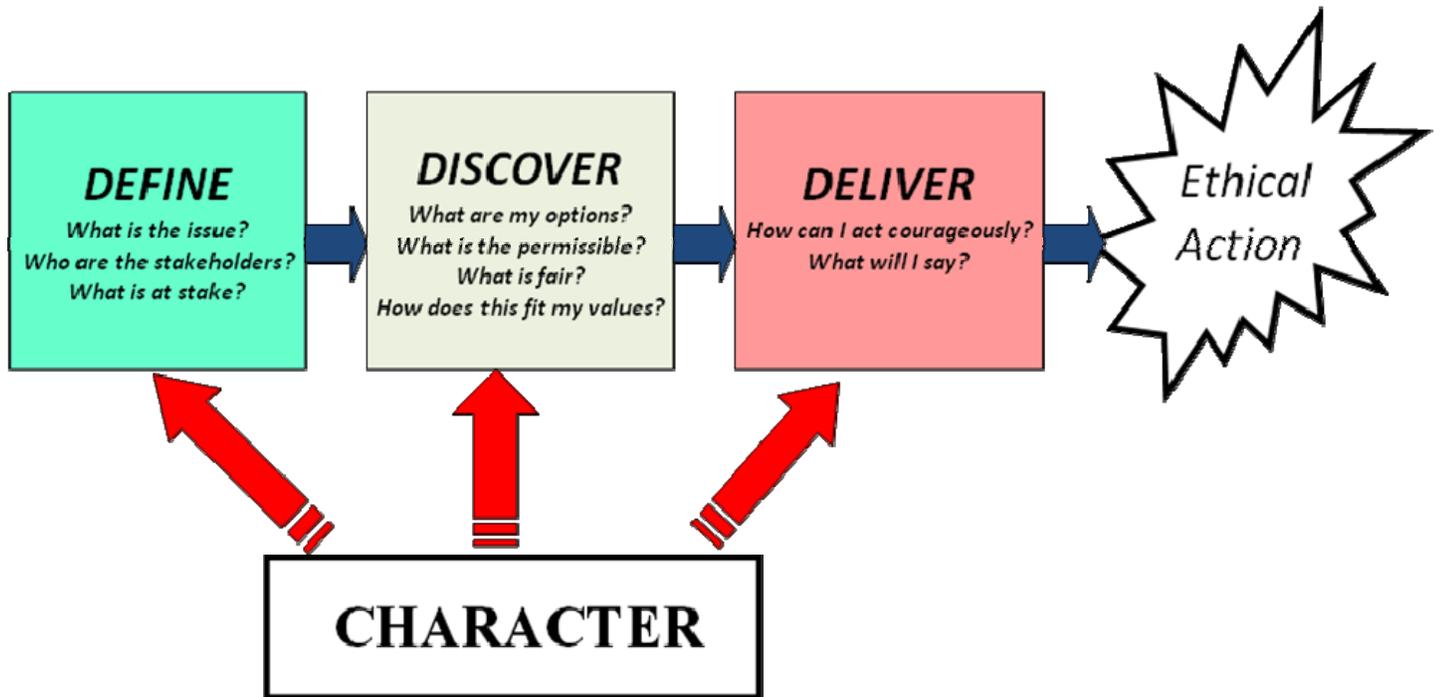
Appendix A

Ethics Survey (Mona Barrigan, 2001)

Agree Indifferent Disagree

• I believe I am living in a time of general decline in--			
Society			
Business			
• I believe ethical business practices lead to--			
Positive work environments			
Positive public org. perceptions			
Increased profits			
Increased ROI			
• I believe corporate decision-makers should be accountable to--			
Employees			
Stockholders			
Home communities			
The government			
• I believe managers should consider ethical/social implications before they make business decisions			
• I believe the following should be LEADERS in teaching ethics/social responsibility in business decision-making to future managers--			
Professors			
Employers			
Parents			
Clergy			

Ethical Decision Making



Appendix C Information Form for In-class Ethics Case Competition

BUS 5290
MANAGEMENT COMMUNICATION

ETHICS PROJECT
SPRING 2007

Directions:

As a team, participate effectively in the class Ethics Case Competition. Analyze case, formulate recommendations with rationale, and present to the class in team presentation, with PPT.

Submit 3 color copies of PPT, 3 slides per page, at the beginning of class.

Each team will watch the other team presentations and be prepared to provide feedback and participate in the Q/A sessions.

The case will be distributed to the teams in class Thursday, March 8th.

Date: Thursday, March 22, 2007

Time: 12:30pm

Location: CB 107 (classroom)

Format: Teams will draw for presentation order.
Each team will have 15* minutes to present, including 3 minutes Q/A
*Team 4, as a 5-person team, will have 3 minutes additional pres. time.
Each person on the team will present (speak) during the presentation.

Attire: Professional

Appendix D Grading Criteria for In-class Ethics Case Competition

BUS 5290 Management Communication

Class Ethics Case Competition

Thursday, March 22, 2007

Team _____ Judge _____

Directions: Score each attribute 1-10, with 10 being highest. Total each category.

Ethical Business Evaluation: Total _____

_____ Analysis of case
(demonstration of key issues and reasons for outcomes; balanced and thorough explanation)

_____ Balanced ethical recommendations for short and long term

_____ Balanced treatment of financial consequences for short and long term

_____ Balanced treatment of social consequences for short and long term

_____ Relevance and business feasibility of recommendations

Professional Communication Evaluation: Total _____

_____ Clarity and Conciseness
(specific, understandable content; articulate, coherent delivery; continuity)

_____ Logic and organization of the presentation
(ownership of material, effective structure & flow of presentation, credible conclusion)

_____ Group participation and teamwork
(clear introductions, good transition between speakers, coordination of material, effective Q/A)

_____ Visuals
(appropriateness and integration of PPT)

_____ Overall Persuasiveness

Best presenter in team _____ Best Q/A in team _____

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