



What I Try to Achieve in Teaching a Business Ethics Course

Norman E. Bowie

University of Minnesota

Although I teach an undergraduate business ethics course in the philosophy department, I should like to focus on my MBA teaching. The University of Minnesota has a required graded half course in business ethics in all its MBA programs. In the Executive MBA program, it is a full course. We also have an international business ethics course that takes MBA students to Brussels and London. The objective of this latter course is to allow students to explore a version of capitalism that - at least officially - promotes sustainability. Specifically firms are to be judged on financial results, environmental friendliness and corporate social responsibility. This essay addresses only the Minnesota US based program and only those sections where I am the instructor.

The first objective is to convince the students that they really need this course just as they need courses in accounting, finance, and marketing. First I use the scared straight approach. The Beech-Nut Nutrition Inc. case shows how being “smart” with government regulatory agencies can land executives in jail and cost the company millions. A video on the Federal Sentencing Guidelines has the same effect. Students also learn some of the intricacies associated with Sarbanes/Oxley. Second, I show how an appeal to “maximize shareholder wealth” almost never resolves a business ethics issue. The reason is a simple one. Until the ethical analysis is done, the manager does not know what will maximize shareholder wealth. Indeed even when the ethical analysis is done, the manager may not know what is in the best interests of the stockholder. However, at least he or she will have a rationale for his or her decision. For example, consider the Harvard Business School case Royal Dutch Shell in Nigeria. Should Royal Dutch Shell intervene in the political process to try to save the life of Siro Wiwa? Maximize shareholder wealth is singularly unhelpful here.

A second objective of the course is to show how the various functional courses are incomplete unless certain ethical issues are raised. Consider

marketing. Market segmentation is usually considered a sound business strategy. But what if the segment is composed of a vulnerable population? Examples in the writings of David Holley and Thomas Carson as well as either the George Brenkert article or the Harvard Business School case on Heilemann Brewing Company raise this issue. Also it may not be profitable to let supply and demand set prices. There are notions of a fair price regardless of what the economists think. Price gouging in times of a national emergency such as a hurricane or blizzard is illegal as well as unfair. The work of economist Robert Frank provides many examples where norms of fairness affect pricing decisions. The Coca-Cola case that describes a soft drink dispenser that changes the price of Coke according to the weather illustrates the problem. The finance people would likely endorse the production and distribution of such a dispenser. Big mistake. When then CEO Ivester announced the existence of such a machine, there was a huge public outcry. Coca-Cola lost millions and Pepsico Inc. announced that they would never use such a machine. Marketers ignore norms of fairness at their peril.

Another way of meeting this objective is to engage in a competitive analysis. I use numerous cases and videos to show how the investigative media, the plaintiffs bar, and NGOs are all competitors in a sense. At the very least they are threats if you do a SWOT analysis. The Dow Corning Breast Implant case and the Royal Dutch Shell Brent Spar case are excellent teaching devices to obtain this objective. That leads to such discussions as should members of NGOs be put on the Board of Directors or otherwise engaged in dialogue. The *Economist* (August 9, 2003) raised this issue under the provocative title, "Living with the Enemy."

Yet a third objective is to show how perceptions about ethics even when they are wrong or mistaken, if not managed well, adversely affect the bottom line. The Royal Dutch Shell Brent Spar case serves this objective beautifully. At one level Royal Dutch Shell did everything right. It did environmental impact studies, got permission from the British government, and followed international law. Its chief critic, Greenpeace, admitted after the fact that some of its claims were wrong. However, Greenpeace won in the battle of public opinion. Note that science pretty much vindicated Dow Corning on the safety of its breast implants but the plaintiff's bar and the emotional nature of the issue forced Dow Corning into bankruptcy.

A fourth objective is to raise the possibility that ethics can contribute to the bottom line rather than subtract from it. The theory is easy. Ethical behavior lowers transaction costs, solves agency problems, establishes trust within and among organizations, enhances reputations, overcomes prisoner dilemma problems and preserves social capital. What are needed are examples and narratives that make this point. Theory and case studies that illustrate the theory make a potent case in support of this objective. Johnson and Johnson as well as Merck provide firm specific examples.

As you can see, these four objectives are extremely pragmatic. They are designed to show the MBA student that ethical issues impact the bottom line and their careers. Students can be associated with an Enron or a Johnson and Johnson. They can be in the ethical hall of fame or the ethics hall of shame. The one thing they cannot do is avoid ethics. Moreover an appeal to shareholder wealth seldom settles an ethical issue. Stockholder wealth may enter at the end of the ethical discussion but it seldom enters at the beginning.

In conclusion, I do not want anyone to think that these four objectives are the only ones I have for the course. Students do learn some ethical theory-Kantianism of course as well as utilitarianism. They also learn about the deficiencies of ethical relativism and the dangers of moral imperialism. They learn to recognize conflicts of interest and why perceived conflicts of interest can create moral problems. They see why so much unethical conduct in business involves the abuse of information asymmetry. However, without the pragmatic objectives, I do not think my course would achieve legitimacy with the students, with my colleagues, or with the administration.

Teaching Business Ethics as a Liberal Art

Richard T. De George

University of Kansas

My aims in teaching business ethics obviously vary from level to level, course to course, and audience to audience. Teaching business ethics in a corporate executive program is different from teaching business ethics to professors of business, and both are different from teaching undergraduate students. I shall restrict myself to my aims in teaching business ethics to college-age students in my basic course in business ethics. I teach in the Philosophy Department of my university and in my course entitled “Moral Issues in Business” (not Business Ethics) I tend to have a mixture of students. Some are from the School of Business, some are from the College of Liberal Arts and Sciences, some are from other schools of the university—Journalism or Engineering, for instance. Usually there are from thirty to fifty students in the class.

I do not believe that I can make good people out of those who have no desire to be good; but I think I can help those who want to do the right thing to act better than they might otherwise. Yet my course is an academic one and the grades I assign are based on the knowledge and skill students demonstrate in dealing with ethical issues in business, not on whether they can in some way demonstrate how moral they are. I do not have any practicum in which students are obliged to do public service or exemplify virtue—except intellectual virtue with respect to the subject matter of the course.

Although I hope I influence students for the better, I do not believe that one three-hour course can often offset the influence of other courses dealing with business in which ethics may be ignored, or that any course can basically change a student’s character to any significant degree. Hence the aims of my course are restricted to the intellectual content, with the emotional impact being an extra that I hope will have some effect.

The aim of the course is three fold.

First I try to teach my students how to think through a moral issue for themselves. Second I try to teach them how they can defend their moral decisions to others. Third I try to sensitize them to some of the issues they may face in the business world.

The first aim is one of liberal education. In trying to teach students how to think through moral issues or problems for themselves, I attempt to get them to see both that they are part of a society or community with values, and that

they are morally responsible people in their own right. Some of what their society or community holds as right and wrong may be open to challenge from other societies or communities, and some may be mistaken. Some or most or all of what their society holds may nonetheless well be correct. Whatever is the case, it is with the conventional morality of our own society that we begin. The various moral theories that have been developed all attempt to account for and make sense of general human moral experience, and each theory that has withstood the onslaught of time and criticism has done so by uncovering something that resonates with people's moral intuitions. Yet people's intuitions may differ, and more is necessary than simple intuition. Ethical theories attempt to supply the "more." Hence we look at the standard ethical theories as providing the ways that people actually implicitly use in trying to solve moral problems or to explain why they hold certain acts to be right and others to be wrong.

The standard theories we look at are consequentialist theories, especially utilitarianism; deontological theories, especially a Kantian view of duty, a theory of rights, and Rawls's and other theories of justice; and a virtue theory approach (which might include a discussion of a theory based on care). I do not deal explicitly with any religious theories, but I do try to show students that what most religious theories hold are in great part similar to what the non-religious theories hold to be right or wrong. All of them, for instance, would agree that murder is wrong, and that stealing is in general wrong, as are deception, rape, gross racial or gender discrimination, and so on. The areas of agreement are much broader and more important than the areas of disagreement.

Part of the point of teaching students the various theories and how to apply them to issues in business is to help the students decide for themselves which approach or approaches they feel most comfortable with and to give them practice in using them. Most students do not know how to analyze a moral issue systematically and do not have the vocabulary to articulate what they feel. Moral theory helps provide this. My hope is that they can thus gain confidence in their moral evaluations and decisions, and that they are not reduced simply to saying "I feel it is right" or "my society says it is right."

In the process of looking at the various moral theories I also try to combat students' tendencies to relativism on the one hand and skepticism on the other. In addition to the standard arguments against relativism, I try to help them see that on important issues they do not really hold the relativistic position to which they may give lip service. I also try to get them to see the importance of coming to a conclusion with respect to cases or issues. I find that anthologies that present both sides of an issue often leave the students feeling that either side is acceptable if you know how to argue the case. I try to offset this skeptical and sophistic conclusion by emphasizing the importance of taking responsibility for their decisions and actions and by encouraging them

to decide between competing positions on the basis of the best arguments they can.

Knowing what they hold and why they hold it is a liberal aim of education, and puts my course among the liberal arts. This in turn leads to my second aim.

Whether or not my students ever become managers, most of them will enter the business world. There they will either have to make moral decisions that directly affect others, or they will find that they are the recipients of the decisions of others that affect them. Whether they have to decide as managers whom to fire in a downsizing or whether they are the ones let go in a downsizing, they should be able either to explain why the decisions about who is to be downsized and how those people are treated are morally acceptable or to challenge their acceptability as being unfair or unjust. Hence the students should be able to take part in the world of business as articulate participants, who can defend their decisions and challenge those of others. To do either they should have mastered the vocabulary of ethical discourse and know the standard moves that are appropriate. For instance, even if they prefer a utilitarian approach for figuring out their own actions, they should be able to discuss issues from the point of view of rights, and vice-versa.

There is a subtle difference between the first and second aim. The first aim has to do with oneself and knowing how to figure out moral issues for oneself. The second is knowing how to engage in public debate about moral issues—whether in one's business or corporation, or in one's industry, or in society as a whole. My hope is that my students will feel confident in taking part in discussions of ethical issues in business and in society as a whole, and that they will be able to do so intelligently and effectively. This again is a liberal aim.

The third aim is to familiarize my students with the broad range of issues that they might have to face and that businesses have faced in the past. Rather than simply accept a capitalist or free enterprise approach and work within it, I start by looking at the challenges to capitalism, some alternatives to it, and the possible answers that can be given in defending it as a morally acceptable system. Again, this is part of the liberal aspect of the course. At least once in their lives students should have asked whether the system in which they live is morally justified, if so how, and if not what they can and should do about it. In the process, the challenges we encounter bring out deficiencies that business ethics attempts to resolve and changes that eventually are accepted as legal restraints on business excesses. I see this, too, as part of the liberal aspect of the course, since its aim is not indoctrination into an existing system.

We then look at issues dealing with various roles in a corporation and the concomitant obligations that accompany them, with employee rights, with production and marketing issues, with moral concerns about the environment, with child labor, exploitation, and multinationals, among other topics. At each stage my aim is not simply to uncover unethical practices, but to ask what constructive approaches might be taken to remedy them. The class also looks

at whether there are ethically preferable alternatives to existing practices. The students, I hope, come to see that ethics in business depends not only on good people in business, but also on corporations being so structured as to reinforce ethical rather than unethical conduct, and on the laws of society correcting market failures and reining in the rapacious aspects of capitalism.

Familiarization with ethical issues in business serves a variety of other subordinate purposes. One is to help students to see that there is a moral dimension in most business decisions. Too often students see only the business dimension and never raise any ethical questions about them. A second is to help them see issues from the point of view of all those affected, rather than exclusively from the point of view of managers or of workers. A third to help them see that many of the issues of business ethics are complicated and hence require analysis and are not simply a matter of immediate gut reactions. Just as many business decisions require a good deal of analysis from a business perspective, ethical analysis should not be considered easy and amenable to instant answers. Fourth, some of the issues are ones that students will encounter in their careers and having thought about them in an educational environment where their emotions are not directly involved and their careers are not on the line may prepare them to avoid possible mistakes or enable them to make correct decisions under pressure.

In all of these cases are illustrative and important. But I do not use the case method exclusively because I find it too difficult using that method exclusively to get students to critically evaluate the system itself or to raise alternatives or to consider some issues, such as the morality of specific laws, since these are beyond what is possible in responding to most cases and in deciding what to do in a given situation. I believe each of these is important as part of the course's liberal dimension.

Since my course is an elective (although it satisfies a distribution requirement), the students are self-selected. Hence I have the luxury of teaching students who have chosen the course because they are interested in the topic—often because of what they read in the newspapers or hear on TV, sometimes because of some personal encounter they or their friends or their family members have had with unethical business conduct. Although this makes the course somewhat easier to teach than if it were a requirement of all students in the business school, for instance, I have been surprised that the experience both for me and for students is not very different from what I find in teaching required courses. I teach a large parallel required course in moral issues in computer technology to computer engineers. My aims are similar to those in my business ethics class, and I teach it from a liberal arts point of view. There is more initial resistance and skepticism about the course from the engineers in the beginning, but most students seem eventually to see that there are real ethical issues in their area that affect them or that they may well encounter in their careers.

As a liberal arts course, my aim is not to have the last word, or to teach students that there is a last word. Rather it is to help prepare them to be intelligent (and hopefully moral) participants in the world in which they will work and spend a good deal of their lives. The liberal arts approach takes into account the importance of the course to the individual and his or her personal development, as well as its importance in helping prepare the students for the world of business. I cannot claim to achieve my aim all the time, but the reports of students who come back to tell me the difference the course has made in their careers and lives makes the effort worthwhile.

What Do I Try to Achieve by Teaching Business Ethics?

Juan Fontrodona

IESE Business School – University of Navarra

At IESE Business School, business ethics have been an essential part of the school's program from the very beginning. This is due to the fact that its mission statement alludes to a distinctive characteristic of the school's program and research—attention to the human and ethical values indispensable for personal growth and corporate sustainability.

Today, classes on ethics are provided in the school's many different programs. In the MBA there is a required course given in the first year of the program and elective courses on other more concrete aspects of business ethics are offered in the second year as well. In the open Executive Education programs, as well as the Executive MBA and the Global Executive MBA, a business ethics module is provided. In the Doctoral Program two courses are offered on aspects related to ethics. Besides the specific courses on Business Ethics, all professors are encouraged to integrate discussion of ethical aspects into their own classes.

I am going to focus on my experiences in the required course of the MBA, although many of my comments could apply to the rest of the courses as well. I'm going to refer to the goals and objectives that are pursued, how the course is organized, the ideas on ethics that we try to transmit, and on what aspects we should work on in order to continue improving the course.

The objectives that I have proposed for myself with this course are basically three:

1. to enable participants to develop a *sensibility* toward the ethical aspects of business practices.
2. to familiarize participants with the principal *concepts* that are used in the business ethics environment.
3. to provide some *tools* that help participants integrate ethics in their decision-making.

In the past few years I have noticed a growing sensitivity by students towards ethics. I believe that the scandals which have appeared in the press

have helped to increase this interest and awareness. All the same, I think it is important to help students to understand that ethics is not a topic of interest only when scandals appear. For this reason, together with increasing sensitivity towards ethics, I try to transmit to them concepts and tools that help promote a rational discussion of the ethical aspects of business. It is important to bear in mind that being a required course of the first year, it is a fairly general one and we try to provide a broad vision of the principle themes and concepts of business ethics. For all those students that wish to analyze some of the aspects more deeply, there are other elective courses in the second year of the MBA.

The methodology I use is fundamentally the case method, which is the teaching method of the MBA. During some years there have been sessions with guest-speakers—executives and managers that come to explain their experiences—or team projects have been assigned to students so that they can do more in-depth work and analysis on some topic that interests them. The theoretical part tends to be given through small conferences at the end of the cases or some closing conference is provided at the end of each topic section.

In order to structure the different themes related to business ethics I base the course on three levels: the individual level, the organizational level, and that of society itself. At each of these levels there are some questions and topics relevant to business ethics that are discussed in class.

- at the individual level, ethics are presented as a criteria that arises in decision-making, and also they are understood as the ethics in the character development of the individuals that make the decision or are affected by it.
- at the organizational level, there are two important points: the ethical management of the business, stressing the need for coherence among the mission of a business, the policies and the objectives; and the management of ethics in business, presenting the practices that are used to promote ethics in business.
- from the point of view of society, first we look at what the role of business in society is—the nature and purpose of business—and, afterward, we study how business responds to the many social demands put on it.

The course program is organized around these three levels. Additionally, there are some introductory sessions about what ethics are, what the role of ethics in business is, and a representation of the principle ethical theories that are relevant to business ethics (deontology, utilitarianism, virtue ethics), and a

final section in which some more specific themes are discussed (from the different stakeholders, to functional areas, etc.).

Besides the more specific aspects, there are a series of ideas on ethics in business that I'm interested in transmitting in class: ethics are positive, and not a group of prohibitions; ethics are practical and should help executives and managers to make better decisions; and ethics are not something simply added on, but rather they are an essential part of business strategy.

Ethics are positive. If ethics are considered a group of prohibitions, the relation of ethics with economic efficiency ends up very deficient, because ethics are understood as a factor that limits efficiency. On the other hand, the Aristotelian tradition—which is what I follow in my classes—understands ethics in the positive sense, as the science which studies good action. One of my purposes is to help students understand ethics as something positive, which helps one make better decisions and helps with personal development, and in this sense helps to create better organizations and better societies.

It is true that the cases frequently present actions that are ethically questionable. In the teaching of ethics something similar happens as with in the teaching of medicine. Doctors are interested in health, but they do that by studying illnesses. With ethical questions it is important to speak of things done well, but at times ethicists do this by studying and speaking of things that are not done well. In class I try to make sure the learning point always has a positive character.

Ethics are practical. From the individual point of view, I understand that ethics are a criteria for decision making that should be present in any business decision, together with criteria of an economic kind and others of social or personal wellbeing. Thus, every time we make a decision we have to see what is the impact in each one of these three types of criteria, and find an alternative that satisfies them the best way possible, giving priority to the ethical criteria because it is qualitatively more important. If they are understood in this way, the work in class consists of teaching the students to make decisions that integrate these three criteria and that they recognize the effects that follow when business decisions do not take ethics into account. Many of the recent business scandals serve as examples, because they were caused by people who let themselves be influenced only by economic criteria or by personal desires, forgetting their responsibilities and real ethical values.

At the organizational level, understanding that ethics are practical means understanding that there are tools which help to manage the ethical conduct of people. In my opinion, the root of ethics is in people, but this does not mean that businesses are unable to do anything to ensure that the people who work in businesses act according to some particular ethical standards. Therefore, some sessions of the course serve to present to students the different ethical practices that are used in businesses and in order to encourage discussion on the content and utility of these practices.

Ethics are not some addition, but rather they pertain to the essence of business management. My purpose is that the students see that ethics are present in the different levels of decision making: in the mission of businesses, in the policies and management systems, and in the objectives and plans of action. Through the discussion of cases I try to help them see that there must be a certain coherence among all these elements, and that many times problems arise when there is a lack of coherence, because people say one thing and do another. In this sense, another point that the students discover is that actions are just as important as omissions—that is to say, those actions that should be done and are never carried out.

As I said at the beginning, besides the classes on Business Ethics, at IESE professors are encouraged to introduce ethical considerations into their own classes. It seems to me that this objective complements very well the work of the Business Ethics course, and when ethics are used in the rest of the classes this helps students to understand better the three characteristics that I have just referred to: that ethics are positive, that they are practical, and that they are not simply added on.

One of the most frequent comments made by students is that Business Ethics is one of the most difficult classes to teach. In order to improve its teaching I think that one should work on three points. The first is the teaching material, to have business cases on hand that focus on ethics from these characteristics and that they be attractive to students, as well as theoretical support material that combines scientific rigor with the practical side. The second is methodology, in order to combine the case method with other methodological instruments. The third, the dynamics of class, in order to encourage students to participate more in the educational process.

I'm a great believer in dialogue as a means to discover—not construct—truth. That is why I think that dialogue in class is a fantastic vehicle for learning, particularly in combination with the case method. I always advise my students to take advantage of the fact that the class is full of people who think differently from them and to share opinions—because there is a lot they can learn—and also to take advantage of the fact that they can do so in a relaxed atmosphere in which the effects are controllable. It is the best possible training for when they have to do it in the real world. I also tell them that if the “experts” have been arguing about ethics for the last twenty-six centuries and still haven't come to any agreement, we're not likely to do so in a few classes. Let's just say that I feel satisfied if they leave the class with more questions than when they came in, as that means they have started to think and question things that up until then they had taken for granted.

Corporate Ethics: Driven by Nature, Coaxed by Culture

William C. Frederick

University of Pittsburgh

Normative behavior – moral, immoral, amoral – emerges from the confluence of nature and culture. In one sense, morality did not appear until humans gave it a name, although evolutionarily earlier natural creatures acted, and continue to do so today, in ways clearly evocative of humanity’s sense of morality, ethics, and values. So similar to human ethical practices are the nurturing behaviors of bonobos that primatologist Frans de Waal has long been convinced that much hominoid primate behavior is inherently and instinctively normative and that it acts as a behavioral threshold and evolutionary precursor to moral consciousness in humans. But bonobos and their cousins among the great apes never quite managed in the course of evolution to cross over into the cultural realm of behavior, at least to the extent found among humans. They remain grounded in a kind of biological altruism – an evolutionary way station – that has brought them this far but limits their normative behavior to what genetics and biology can achieve.

Not so for humans, whose sense of ethics, values, and morals has generated untold numbers and kinds of cultural standards and rules without apparent end or limit. So prolific has this normative impulse been that it has captured the imagination and diverted the minds of social scientists and philosophers from seeing the natural substrate from which cultural rules emerge and to which the culture of morals remains beholden. If ethics is to be successfully taught to business school students – absorbed into their consciousness and acted out in workplace behavior – their teachers will need to draw deeply from the vast reservoirs found in both nature and culture.

The corporation itself is an instrument of natural forces, a self-organized and self-directed community of managers and employees responding to environmental/ecological cues, channeling workplace energies toward economizing goals, organized into hierarchical ranks conferring control, dominance, and power on alpha males who, like their primate progenitors, reap the benefits and privileges of their commanding positions. As part of one or more of nature’s ecosystems (known in the business trade as “markets”), corporations and their managers are subject to the uncertain pressures imposed by all who shelter there: competitors, enemies, friends, strangers, governments, religions, and diverse societies with varying agendas. Believing their firm’s “bottom line” to be maximized monetary profits, little do these

managers realize how completely they are held in nature's grasp. Their competitive instincts, their lust for power and privilege, their devotion to rank-order organization, their minds honed to detect and punish marketplace cheaters, their urge to expand the corporation's size to domineer over rivals – all such impulses emerge from executive minds hard-wired long ago in the savannas and forests of the Pleistocene (Ice Age) era.

Culture entered the evolutionary picture when those ancient ancestral brains began spewing out streams of symbolic signals that, when taken together and passed from person to person via language and imitation, built a new dimension of learning and adaptational flexibility. As culture emerged – tools, languages, kinship systems, religions, clan and tribal organizations – biology was neither suppressed nor surpassed but was vastly supplemented. Rather than separating humans from nature, culture helped secure the tight bond between genetically-embedded biological impulse and the hard-wired brain circuitry that spawned new and more flexible ways to meet environmental challenges. From this moment on, biology and culture worked hand-in-hand to greatly enhance human adaptability, survival, and flourishing.

So, what does all this have to do with teaching business ethics? My answer: everything! Business morality can be taught, understood, and made a meaningful part of business operations *only* if ethics teachers are willing (and able) to meet practitioners on their own workplace grounds. One needs to know the wellsprings of business behavior, the impulses lying behind business decisions and policies. These cannot be known apart from the biological and cultural forces that gave them birth. Business ethics is about actual behavior, not simply what one might wish it should be. Business ethics is “done” by business practitioners as they go about their daily work. They are inescapably encapsulated within the behavioral possibilities and limitations set by both nature and culture. They wear the cloak and assume the authority of the roles found in their company's culture and specified in its organization chart. The values they operationalize promote the company's needs and goals, whatever they may be. The practitioner's ancestrally implanted neural algorithms drive executive behavior. Corporate culture rationalizes it. Political/ideological culture defends it. Like it or not, this is the behavioral arena where business decisions are formulated. Ethical appeals intended to influence those decisions must begin – and end – here.

There is no way for ethics (or any normative orientation, e.g., religious precept) to reach and effectively influence the business mind if it is not (1) behavioral, (2) problem oriented, (3) pragmatically contextual, (4) consonant with corporate culture, and (5) consciously aware of the biocultural underpinnings of human nature. Only when that post-Darwinian vista is embraced – but not until then – can an ethics teacher draw on philosophic tradition, globally diverse moral rules, character virtues and flaws, personal moral development, and stakeholder/societal obligations to illustrate and instill

a sense of morality into the minds and actions of corporate executives and business professionals.

What do I try to achieve in teaching business ethics? To get students – young and old, beginners and veterans, academics and executives – to see that a morally satisfying professional life and career, one that serves the public as well as oneself, is best achieved by building it on the behavioral realities found within human culture and human nature.

Understanding and Appreciating Ethical Perspectives

Alexander Horniman

Darden School

1. Introduction

Teaching business ethics provides a wonderful opportunity to inform, illuminate and challenge students to appreciate the vital role that business ethics plays not only in their lives but in the free enterprise system. Students come to undergraduate and graduate education with their own ethical schemas, frameworks and perspectives. It is not likely that we can teach business ethics in a way that will alter these previously conditioned positions. Regardless of the personal positions that students bring to the classroom it is important that they understand both the macro and micro business ethics issues and how these issues are central to their lives and careers, and how their personal choices and actions will impact the free enterprise system as a whole.

2. Macro Moral/Ethical Issues

The free enterprise system and its capitalist extension requires an ethical/moral platform if it is to survive. The issue isn't just about business, it is about sustainable business. Integrity and transparency are the vital elements of sustainability.¹ Businesses that cannot stand the test of integrity and transparency are not sustainable. The business landscape has been recently littered with the likes of the Enrons, WorldComs, Tycos and regrettably many more. Not only do these companies destroy value by their actions they create doubt and suspicion for entire industry sectors and the free enterprise system upon which our capitalist system is dependent.

Integrity and transparency in and of themselves don't suggest strategies or policies. Being concerned about transparency i.e. will these strategies, policies and transactions be able to stand the light of public scrutiny?, is an important if not an essential question. Do the some strategies, polices and actions contribute to the integrity of the firm? Is it also important for all stakeholders to be involved. A strategy or policy that satisfies one set of stakeholders and

1. *The Lexus and the Olive Tree*, Thomas L. Friedman, Farrar, Straus & Giroux, LLC, 2000.

disadvantages another will create problems in the long run and hence threaten sustainability.

Integrity and trust go hand in hand and when integrity is compromised trust is destroyed. Trust is the currency of sustainability and when it is damaged or lost the consequences are dire for the enterprises involved. The degree of trust determines the quality of relationships within the organization and the quality of the relationships between the organization and their relevant stakeholders i.e., customers, competitors, suppliers and vendors as well as the public at large. It's not simply the doing of business but it's the quality of how business is done that matters in the long run. Students need to appreciate the issues of quality, trust, integrity and transparency and recognize their essential nature in achieving business sustainability. Moral/ethical issues are often described as "soft issues" and yet these are the hardest of issues to deal with as evidenced by the recent spate of business problems.

When cynicism and skepticism become prevalent as they have recently the entire free enterprise system is held suspect. Not only is value destroyed but the cost of recovery is significant. Whether intentional or unintentional the moral/ethical transgressions of the past several years have undermined the confidence and trust of the public at large. The moral/ethical frame work which supports our economic system has been fractured. It is essential that students appreciate the significance and magnitude of these transgressions. The hard numbers can be counted in jobs lost, revenues destroyed, personal incomes dissipated and economic value wasted. Some moral soft thinking led to some very hard negative consequences. This provides exciting subject matter to both teach and learn.

3. Micro Moral/Ethical Issues

The enterprise and systems macro issues are quite interesting and they provide the moral/ethical backdrop for the individual and interpersonal micro issues. It is important that students appreciate the fact that each and every individual behavior has an ethical/moral dimension whether intentional or unintentional. There will always be people who do good and some who do evil and between these poles there are thousands of day to day behaviors which are often taken for granted by the people who behave them. They become habits, most of which have potential ethical moral dimensions.

The fact that many people don't think of their hundreds if not thousands of daily behaviors as having moral/ethical significance is perhaps a moral problem in and of itself. Every time a person behaves (says and does anything) those behaviors are perceived by others on one or more of the following dimensions. Is the person telling the truth? Is the person keeping their promises? Is the person acting fairly? Is the person being respectful toward

others? These are all moral/ethical issues and they occur thousands of times a day. Since people tend to be creatures of habit and since habits tend to become invisible, the longer they are utilized, many people are unaware of what they say and do and yet these may have significant moral consequences.

These micro moral/ethical issues are important because they define the person to others with whom they interact. An individual's character is determined by other people in terms of their perceptions about truth telling, promise keeping, treating others fairly and with respect. Most people would not consciously not tell the truth or break a promise and yet many people without thinking about their day to day specific behaviors end up being perceived by others as not truth telling, not promise keeping, not acting fairly and not respecting others. Their behaviors have become so habitual that they are invisible to the person behaving them and yet they are perceived by others.

The important thing for students to see and understand is that everything they say and do has an implicit moral/ethical consequence. It is also important to understand that people make thousands of choices a day and taking responsibility for those choices is also an ethical/moral issue. The tendencies for many people to be passive, to deny reality and to collude undermine their own moral/ethical choice making. Passivity and denial are often internal issues where people lie to themselves and as a consequence fail to take a moral/ethical decision and action. Statements like "I can't do this or that because" are the individual's way of avoiding moral/ethical choice. The honest statement is "I choose not to" or "I choose to" not "I can't" or "I have to." The longer people go on denying their own choice making the more likely their denial and passivity will increase. Consequently there are people who come to believe they are "choiceless" and "hopeless."² Even in the most dire circumstances people can choose their attitude. It is important that individuals be mindful and that their chosen attitude may well have an ethical moral consequence reflected in their day to day behaviors. It is not that we should think about every action but that we should remember every action has a potential moral/ethical component. Choices and actions large and small usually have a moral/ethical consequence. No one can think of every action all the time but we can all be more ethically and morally mindful.³

Where as denial and passivity are more internal to the individual collusion is a person's unwillingness to share "their truth" where that truth would make a difference externally. Collusion is usually the external consequence of internal denial and passivity. Statements like, "I just couldn't say anything because it would hurt the other person's feelings" are examples of collusion. The honest statement is "I chose not to say anything and for these reasons." Denial, passivity and collusion are quite prevalent in our society. Students

2. *Choice Theory*, Glasser, W., Harper Collins, 1998.

3. *Mindfulness*, Ellen J. Langer, Perseus Books, 1989.

need to learn to identify these behaviors in themselves and others. Most students are unaware of their thousands of daily behaviors. Confronting students with this phenomenon can be quite exciting. It is even more exciting when students more clearly see what they are doing and realize the potential for choice.

A great deal of any person's behavior is habitual. Habits serve a useful purpose, solving routine, daily problems. We can think of people as being "creatures of habits." Habits of behaving, habits of believing, habits of thinking and feeling define much of a person's life. The problem is not the person's habits per se but the issue is those habits that person is not aware of both of an internal (thoughts and feelings) and external nature (say and doing). No one can be aware of all their habits. They can be aware of how much of their behavior is habitual and consequently be more mindful and there by make a better set of choices.

4. Conclusion

The ability of the individual to make honest choices is as vital to the individual as integrity and transparency are to the organization and the free enterprise system. Sustainable interpersonal relationships require trust just as sustainable enterprise relationships require trust. The moral/ethical issues at the systems (free enterprise) level are similar in many ways to the moral/ethical issues at the individual level. They both come down to good, honest choices and good actions. Good choices at the enterprise level create value for multiple stakeholders and good individual choices create value at the personal and interpersonal level. Business is about value creation and ethical/moral business practices provide the vital platform for the value creation process. Our free enterprise system is dependent on good enterprises and they in turn are dependent on good people, who contribute to and benefit from good relationships. As individuals we can't do much about those people in enterprises that choose to do bad things. However we can do a great deal about our daily behavior especially if we try to employ moral/ethical vigilance. Each person has their own unique moral/ethical perspective. A perspective quite likely developed before undergraduate or graduate business training. It is important that students recognize that their choices and actions define their character. It is exciting to challenge students to be more mindful and hence more choiceful about many of their day to day behaviors which they may well have not considered. It is not the place of teachers to tell people how to behave. It is their place to confront them with the consequences of behaving in certain ways. This understanding leads to choice—the ultimate moral/ethical issue.