

Teaching Business Ethics: An Advocate's Approach

Charles G. Smith

Otterbein University, USA

Abstract. The paper presents my approach to teaching business ethics from the perspective of an advocate's, that is, a management professor with no advanced training in philosophy. Its intent is to enhance the learning experience for students and faculty by offering additional insights for the design and delivery of business ethics courses. These include (1) a strong emphasis on the interdisciplinary nature of business decision making, (2) a focus on a pedagogy centered on student reading and discussion based on additional readings not so common in traditional class offerings, (3) the addition of a middle level of analysis beyond customary micro and macro level concerns, and (4) the inclusion of two schematics designed to assist participants in ordering their thoughts. The paper includes assumptions that underlie the course, a detailed course pedagogy with the theory driving its construction, and examples of seven units included in the class with reading assignments, discussion questions, and student reactions. Implications of the approach for teaching business ethics are presented within the concluding sections.

Keywords: industrial relations systems, business ethics model, interdisciplinary instruction, business ethics pedagogy.

“First they ignore you, then they laugh at you, then they fight you, then you win.”

Mohandas K. Gandhi

1. Introduction

Economic historians and philosophers have identified numerous systems of social organization with which to produce and distribute the wants and needs of a society's citizenry. These have shifted—at least in the West—from a hunter gatherer, tribal, slave, feudal, mercantile, to various incarnations of market capitalism (Marx 2013; Neal & Cameron 2015). And within a capitalist system the firm becomes the major engine of economic prosperity and is the central player in the nation's economic life. In a seminal article the Nobel Laureate Ronald Coase defined the business enterprise (“firm” in his words) as, “A firm, therefore, consists of a system of relationships which comes into existence when the direction of resources is dependent on an entrepreneur (Coase 1937, p. 393). Deconstructing his quote is beyond my scope but his purpose is to justify a

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command and control structure for the individual enterprise despite operating in a free and competitive market. According to Coase costs are lessened via entrepreneurial power to eschew expensive negotiations with many stakeholders. That is, competition is fine and necessary for markets to optimize output, but negotiating with internal stakeholders is disadvantageous for the firm's bottom line. Thus classical economic theory stops at the factory door. But with control comes responsibility and in the last fifty years additional expectations beyond profit maximization have been levied on business owners and managers.

Unlike the Gilded Age where profit, growth, and business consolidation were king increasingly today society is placing added expectations on how business realizes a profit. And while the scope of society's expectations for business expanded to a degree in the 1920s the Great Depression forced a temporary retrenchment. But by the early 1970s activists such as Ralph Nader had again focused attention on business' obligations to society even to an extent where a Committee on Economic Development established by the National Association of Manufacturers identified five socially responsible goals for the enterprise; (1) firms are also responsible to consumers and the community, (2) desirable social goals such as pollution control should also be part of the firm's objectives, (3) executives should volunteer for community service as part of training in management, (4) larger firms should aggressively pursue opportunities to improve decaying segments of American society such as supporting urban redevelopment or transportation upgrades and, (5) government should promote firm social involvement through contracts, subsidies, and tax policy (Monsen 1972). Since these iterations in the 1970s expectations for business have greatly expanded both in terms of process and substance. As the second most powerful social institution calls for firm ethicality and corporate social responsibility in many other areas have exploded including human rights, sustainability, philanthropy, minority owned businesses, global stewardship, anti-corruption practices, poverty, resource depletion, transparency, and the traditional economic responsibility, profits (Dembinski 2006; Hollender 2004; Kaplan & Norton 2005). The challenge of course is acting ethically while simultaneously meeting the firm's obligation to shareholders and to an increasing assemblage of stakeholders. As Edward Mason framed it, "The real challenge is to do good for society while doing well for your business....Almost anybody can show a reasonable profit in today's growing economy. The challenge is to combine the second ingredient, real benefits to society, and to achieve these while making a profit" (Mason 1970, p. 12).

I offer that in a free society the role of business is to meet the physical, psychological, and moral needs of its citizens, and while many forces influence this, a major antecedent is the collegiate experience generally and the study of business ethics specifically.

I chose to become a professor because of the reciprocity which flows to and from the students in terms of knowledge, excitement, friendship, and passion, as

well as my desire to give back to a society that afforded me the opportunity to become who I am. Over the course of my career I have had the opportunity to teach twenty or so different courses dealing with people and their working lives, including management theory, economics, human resources, and business ethics. My goal has been to develop student potential by releasing nascent capabilities, calming fears, and offering alternatives. Because the study of work is rooted in many disciplines, it requires integration across academic silos. And consistent with the recognized nexus between theory and practice (Grandy & Sliwa 2017; Hasnas, Prentice, & Strudler 2010; Hunt & Laverie 2004) all my classes, primarily through a seminar format, strive to connect the classroom with the boardroom. This is particularly important in a management curriculum and is consistent with the case approach championed by the Harvard Business School's emphasis on concrete outcomes. Finally, and flowing from my personal commitment to the creation of a more just society, I hope that my classes have offered creative ways for business leaders to meet the herculean challenge of incorporating effective, legal, and moral dimensions into their decisions. This skill will be enhanced via thoughtful course design.

In 2000 I assumed the role of business ethics professor with no prior academic or formal business experience in the field save for an undergraduate minor in Philosophy/Theology—one benefit of a Jesuit education. So, the best word to describe my role in and commitment to the teaching and development of business ethics is “advocate”. It strikes me that many of our colleagues are in a like position in that their major preparations for teaching have focused on discipline specific areas such as finance, marketing, management and less on ethics. I suspect the lack of advanced ethics preparation is particularly true for those discipline specific classes that incorporate a section on ethics in their syllabus and for adjuncts. One assumes the mantle of “expert” via two avenues: advanced education and study or life experiences. This parallels the customary dichotomy in academe between those who teach and those who do, but I suspect that the more respected professors, at least initially, are those possessed of both academic credentials and “real world” business experience. And to a degree I have both, but not enough to justify the appellation “expert”. An advocate I am, and an advocate I'll remain. While holding a Ph.D. in Labor and Human Resource Management, I never formally studied business ethics as part of my graduate education and while my career both in and out of academe has required me to make decisions which impact others, none has been so important as to influence the success of a firm or (for the most part) the financial well-being of employees. So, what follows springs not only from extant literature but from sixteen years of on-the-job training in teaching an MBA course in Business Ethics and Public Policy (and other courses). I offer my “advocate” musings with the hope that they afford a degree of insight and they prompt feedback to improve my own performance in the classroom.

I begin with a brief literature review of business ethics education then the assumptions that frame my approach and guide my pedagogy. Next I present my pedagogy both in terms of process and substance and the potential advantages it offers, which include (1) a schematic for ordering one's thoughts about the levels and areas of ethical responsibility confronting business decision makers, (2) the emphasis on a middle level between customary micro and macro level concerns of ethical responsibility beyond the concept of corporate social responsibility, (3) the expansion of previous theoretical frameworks on moral behavior with the inclusion of industrial relations system theory and moral issue characteristics, and (4) an emphasis on the validity of interdisciplinary instruction, with concrete examples of useful additions to class reading lists. I continue with course structure and content, then present several implications of my approach and conclude with a few final remarks.

2. Literature Review

Many candles have been spent identifying various business ethics pedagogies. And while there is strong intuitive appeal for the efficacy of collegiate business ethics training the research is not quite as sanguine. For example, earlier scholarship examined degree, major, and student type, to mention just a few. This variety is illustrated by the following: the use of a case study pedagogy positively influenced student ethical perception (Cagle & Baucus 2006), education was unrelated to one's moral philosophy or standards of conduct (Marques & Azevedo-Pereira 2009), and taking an ethics course positively influenced moral judgment in business decision making (Awasthi 2008). Additionally, experiential and action learning have positive impacts on business ethics education (Chavan & Carter 2018) and employing sociological perspectives as theoretical backdrop (Brinkmann 2019), an economic framework (Hirschauer, Jantsch, & Musshoff 2018), instruction rooted in Catholic Social Teaching (Ryan 2018) have all been offered to improve collegiate ethics education. A recent article suggests case study, group assignments, and an ethical model have a positive influence on student beliefs about course efficacy (Mladenovic, Martinov-Bennie, & Bell 2019). Also, a stress on personal values and student perceptions have animated research of late suggesting students are hindered in ethical maturation due to their own past and culture (Macy & Ritsema 2018; Pallavi & Kaushal 2017; Sarkessian & Nguyen 2017). But more importantly for my purpose are the conclusions from four prior literature review articles on the breadth of educational influences on business ethics.

In one form or another several review articles expertly craft their findings by independent variables and their potential impact on the four-phase model of Rest *et al*, awareness, judgment, intent, and behavior (see below). Ford and Richardson