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The Business Project: Teaching Business Ethics Through Student Entrepreneurship

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Abstract: Traditional case studies in business ethics ask students to evaluate others' decisions with hindsight and moral distance. The Business Project reverses this dynamic by requiring students to build companies they genuinely care about, make public commitments they must defend, and navigate ethical dilemmas emerging from their own choices. Over a semester, student teams pitch businesses grounded in ethical values, critique competitors' moral failures, and respond to custom dilemmas that force difficult trade-offs between principles and viability. The assignment integrates entrepreneurial action with ethical reflection, making moral reasoning routine rather than exceptional. By eliminating the comfortable distance of hypothetical scenarios, the project creates learning conditions closer to actual ethical decision-making: competing pressures, personal investment, and skeptical audiences demanding justification. This experiential approach trains students to identify moral problems before they become crises and to integrate ethical principles into strategic planning.

Keywords: entrepreneurship, experiential learning, case method alternatives, pedagogical methods.

1. Introduction

Business ethics instructors face a common challenge: we teach classes full of future accountants and investment bankers who wonder why they have to take a course about moral philosophy. Unlike philosophy majors who might relish debates about the categorical imperative or various forms of utilitarianism, business students often struggle to see how moral theory connects to their career ambitions. The usual tools in the philosopher's toolkit generally fail to create the engagement necessary for meaningful learning.

One common approach to connect with reticent students is to turn to case studies. The Wells Fargo fake accounts scandal, for example, provides a clear illustration of organizational ethics gone wrong: aggressive sales quotas drove employees to create millions of unauthorized customer accounts, resulting in widespread legal violations and the eventual termination of thousands of workers. Students grasp the ethical failures quickly, and a good group will note the perverse incentive structure, the absence of meaningful oversight, and the systematic betrayal of customer trust. There is real pedagogical value in analyzing such cases. But spotting Wells Fargo's mistakes involves no personal stake. Students evaluate decisions made by others, armed with hindsight and safe moral distance. Nothing depends on their judgment. No competing pressures cloud their thinking. The typical case study announces itself as an ethics lesson, practically solving itself.

In real life, moral challenges arrive unannounced, and those who face them usually have skin in the game. What if we could recreate that experience in the classroom by putting students in situations where they must make consequential decisions about companies they have built themselves? What if, instead of asking "Was Wells Fargo wrong?", we forced students to answer harder questions: "Will you take back the environmental commitments you publicly announced last month? Will you break promises to the employees you claim to value? Can you live with letting your company fail rather than compromising principles you articulated in front of your peers?"

The Business Project generates these uncomfortable but valuable learning opportunities by design.[1] Students spend the semester building companies they come to care about. They pitch their startup ideas to classmates who role-play as potential investors, defending their business models and value propositions. They publicly articulate corporate social responsibility commitments—not generic platitudes, but specific principles tied to their particular industry and business model. They analyze and critique the ethical shortcomings of real competitors, learning to identify moral problems in others' work before finally confronting similar issues in their own. Each presentation raises the social stakes: classmates evaluate them as media representatives skeptical of corporate spin, and as shareholders demanding results. By the time students face a custom ethical dilemma late in the semester, they have built something that feels real and made commitments that they feel the force of. The dilemma forces a difficult choice: honor your stated moral principles while watching profitability collapse, maintain generous employee benefits while competitors undercut your prices, or compromise the values you spent weeks defending. Most of the time something has to give, and in rare cases the right move is for the company to go out of business.

Over a dozen years of assigning this project in a required sophomore-level course, we have watched thousands of students pitch hundreds of companies. Some launched successful businesses based on their course projects. Others discovered ethical problems embedded in their own seemingly sound business models, blind spots that became visible only when they were forced to defend their choices. Both outcomes—and many results in between—are pedagogically

1. Jason Brennan describes a similar pedagogical approach in "The Ethics Project: Teaching Business Ethics Through Student-Created Entrepreneurial Action," *Journal of Business Ethics Education* 15 (2018): 285–302.