

BUSINESS ETHICS EDUCATION: HOW WELL ARE WE PREPARING STUDENTS TO HANDLE ETHICAL ISSUES AT WORK?

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Corporate scandals have rocked the business world in recent years and put business ethics in the spotlight. It is easy to recognize such names as Enron, Tyco, WorldCom, Morgan Stanley, Arthur Andersen, Martha Stewart, and the financial market in general - Merrill Lynch, Bear Sterns, Goldman Sachs, Fannie Mae and Freddie Mac, Citicorp, Bernard Madoff, and American International Group (AIG) as evidence of past and current crises in lapsed or abandoned ethics.

Other events or situations such as not telling the truth about work experience, falsifying résumés, misrepresenting professional or academic credentials, covering up for others, misappropriating company property, personal use of the Internet on the office computer may also be characterized as ethical misconduct. But the major question is do they qualify as ethical dilemmas? From an ethical point of view the answer is “yes.”

ETHICS, JUDGMENTS, PRINCIPLES AND VALUES

Ethics can be viewed as the study of the justification of ethical value judgments based on ethical principles. An ethical value judgment is a judgment of right or wrong, good or bad, better or worse, virtue or vice, or what ought or ought not to be done. Justification involves giving reason or evidence for the truth or falsehood of a given judgment.

However, acting ethically is more about clarifying ambiguity than about choosing “right” over “wrong.” Recent “ethics” scandals are more about misconduct than about making morally ambiguous or difficult choices. Though the unethical acts of one employee can take down the whole company, the employee’s “dilemma” is not necessarily about having the moral framework to know what to do. Instead, it is about the moral courage to do what is right – even if what is right is unpopular, or earns the individual less money or slows down professional advancement within the company.

Ethical dilemmas require courage because they involve morally ambiguous choices between two goods rather than between a good and a bad. For example, the employee who isn't sure whether or not to cover for a coworker must decide which is the higher good – telling the truth, or protecting a friend. In either case, there is likely to be an unpleasant consequence. In general, a dilemma presents an interesting paradox: how to deal ethically with ambiguity.

WHAT IT MEANS TO BE ETHICAL IN BUSINESS

Business ethics today means first recognizing there is no separation between business and ethics. That is, business ethics is not significantly different from medical ethics, teaching ethics, legal ethics, or any other ethical specialty. An examination of various industry ethics codes shows that, regardless of industry, most codes address the same issues: conflicts of interest, gifts, and things like vendor relationships. They may use the word 'customer' in one and 'patient' in another but they are all about doing the right thing because it's the right thing to do.

Second, business ethics today represents going beyond simple compliance to integrity and value-based ethics – bringing together the mission and values of the organization into an integrity and compliance program. The objective is to ensure clear expectations for employees, deliver a high-quality product or service, and serve the community according to the highest ethical standards. Today, companies are moving toward values-based ethics; an indication that more companies are beginning to take ethics seriously.

Companies are re-conceptualizing enlightened self-interest: a commitment toward ethical behavior in business and to study the impact of their activities on local and global communities. Though there is some question about how one identifies socially responsible companies, there are companies that reinforce their ethical standards to a greater extent than others, for example, McDonald's Corporation, NIKE Inc., Coca-Cola, Johnson & Johnson, and Hewlett Packard (HP).

Responsible corporate citizenship is another example of a stance toward ethical behavior in business. The trend is to tie responsible corporate citizenship to a positive bottom line – what we could call a "win-win" outcome. An example of this principle in action is Fortune 100 Company Marriott Corporation. The company established a "Pathways to Independence" program in the U.S. in 1991 as a welfare-to-work initiative that hires people who are on welfare, trains them in workplace-related skills, and guarantees them a job if they complete the program.

Periodic bursts of pursuing white collar crimes may also signify that we are actually engaged in cleaning it up. While these efforts should not be ridiculed, the perceptions are that these "bursts" of pursuing white collar crimes are far and few in between and have drastically contributed to the current global economic meltdown.

But these crackdowns on corporate scandals should not be ridiculed. While perhaps not yet curbing their depth and breadth, they have contributed to ethics codes that are detailed, understood, and enforced. Enforcement is crucial and vital, for codes are only a first step – companies are judged not solely on their code and commitments but by their leadership, conduct, and practice. Ethical leadership requires strong ethics codes and appropriate disciplinary action when required. The

message must be initiated at the top of the management hierarchy and disseminated throughout the organization: ethical violations will not be tolerated or ignored.

Companies are posting their codes of ethics in employment handbooks and publicizing this fact through their public relations media, i.e., the Corporate Annual Report. Furthermore, they are posting the codes on their websites and around their offices. Companies want their employees and their customers and suppliers to know that they have standards and will act on them.

Essential to this critical step is the fact employees must believe that if they report some code violation to the company there will be some action taken. Employees must have confidence that somebody is going to do something about what they report without fear of the whistleblower syndrome – retaliation. The most noteworthy example is the NASA space engineer, Roger Boisjoly, who lost his job after expressing major concerns about defective rubber O-rings sealing rocket booster stages that led to the crash of the Space Shuttle Challenger in January 1986.

IMPEDIMENTS TO ETHICAL BEHAVIOR

If it is true that companies have been taking ethics seriously for at least a decade, then why do violations continue to occur? Contrary to what one might suppose, it's not a simple case of effective business ethics conflicting with effective competitive behavior as taught in business programs. It seems more a function of imperfect awareness and judgment about what requires an ethic-based response, combined with underdeveloped skills in recognizing and responding to an ethical dilemma and ethics-based situations. The following are two examples of impediments to ethical behavior:

- Not recognizing certain situations as ethical challenges. When students do not recognize issues as ethical dilemmas, they have no framework to think about them outside the sphere of their own experience or opinions. The challenge therefore is to focus on helping students recognize that troubling situations are often troublesome precisely because they contain ethical challenges.
- Going along to get along is another impediment to ethical behavior. Good ethics are not just a function of 'good character' but also of learned skills. Most individuals assume that people of 'good character' will automatically act ethically no matter how difficult the situation. This ambiguity is the kind of situation that makes ethics interesting, not the kind of thinking of ethics in terms of front-page corporate scandals.

MAKING A U-TURN IN BUSINESS ETHICS EDUCATION

Business educators are expected to prepare students to be competent employees and managers. They are also expected not only to instill an appreciation for ethical behavior in their students, but also to convey a sense of ethical and social responsibility. How can we do this effectively? Can ethics be taught? If yes, how do we teach students about ethics and ethical reasoning?

The general philosophy is that you can't teach ethics but you can teach ethical reasoning. There isn't a one-to-one correlation between ethical reasoning and ethical behavior. Preaching ethics in the classroom turns students off by ignoring the complexities of ethical situations. Business educators need to realize that developing in students the ability to successfully reason through challenging ethical dilemmas requires a combination of exposure to and duplication of ethical role models, knowledge of universal ethical principles, and a framework for making decisions.

No one disputes the influence role models can have on one's psychosocial development. Role models are just as important in moral development. These role models can be individuals or companies that are known for having high ethical standards and for doing the right thing if and when they fall short. Just as leaders shape the culture and ethics of a firm, so can educators serve as role models and exercise an immense influence in the moral development of their students.

Ethical decision making additionally relies on universal ethical principles for two main reasons. First, they express the most deeply held convictions of an individual. Second, ethical principles play an important role in the effort to arrive at a decision about what is best in a given case.

The following widely shared ethical principles or "rules" may help students in making decisions when faced with personal ethical conflicts or dilemma: honesty, the 'do no harm' principle, fidelity, autonomy, confidentiality, beneficence, reparation, self-improvement, gratitude, and the principles of lawfulness (justice). Applying the principles in a given situation helps students determine what their ethical convictions demand of them.

Teaching students to reason through ethical dilemmas involves having them examine four factors: identification of the issues involved, outlining facts, alternative courses of action, and consequences of a selected course of action. Of the four factors, generating alternative courses of action is often a sticking point. Many students tend to stop exploring options after the first or second option. For this reason, instructors need to encourage students to brainstorm as many options as possible, options that are grounded in sound ethical principles. The key is to create a safe setting for discussion and to be as respectful as possible of the ethics and values that students themselves bring to the classroom environment.

There is no reason to believe that the increasing importance of business ethics and ethical behavior will relent. The consensus among business leaders and academicians is that ethical behavior and reasoning can be taught.

STRATEGIES FOR TEACHING BUSINESS ETHICS ACROSS THE CURRICULUM

Educators at large constantly struggle to overcome curriculum and resources constraints to prepare students for everything within their specific academic program. The logical question to ask is whether the content of an ethics course aligns with the content of the ethical challenges students will face. While a strong case can be made supporting the mastery of classical approaches to ethical analysis, the touchstone for deciding what to include in a business ethics course or curriculum should reflect practicality and applicability as well as critical thinking. To build student awareness of ethics in real-time situations, both a conceptual foundation and ample interactive case practice is required.

An effective way for students to explore the impact of ethical decision making in business classes is through case studies. Cases provide illustrations of real people, companies, and problems, and the reader participates in decisions that business people make on a variety of real problems. In discussing the case, students have an opportunity to:

- Observe that the actions of one individual can have significant and long-term repercussions or consequences
- Scrutinize a corporate code of ethics and its viability
- Examine the importance of good personal decision making and accountability
- Consider the importance of organizational culture in determining values and corporate responsibility
- Develop a checklist of trouble signs in a personal decision as well as in a corporate decision
- Discuss the long-term financial, management, and marketing implications of the original decision and options examined

ETHICS COURSE, CASES, AND SCENARIOS AT HOSTOS

There has been considerable debate about whether business ethics should be taught as a separate course or whether it should be integrated into all business and liberal arts courses. Based on research and recommendations, this is not an “either/or” question. The consensus appears to be that it is valuable to teach business ethics as a separate course, and such a course should include a discussion of philosophical and analytical frameworks as well as coverage of ethical issues that include both societal and personal ethical dilemmas that students may face.

While ethics cases and scenarios are an integral part of the Business and Accounting curriculum at Hostos, the depth of a Business Ethics course, however, is far greater than what can be covered in basic business or accounting courses. Our BUS 110, Business Ethics, is a survey course that examines the origins, principles, and practices of business ethics within the context of the work environment. Students examine, analyze, and discuss ethical issues concerning consumerism, civil rights, ecology, technological change, cyber ethics, and social responsibility from a moral and philosophical perspective. The course is designed to assist the student as a potential business person to make informed ethical decisions on a daily basis. Topics developed in class cover contemporary conceptual frameworks for business ethics, the corporation in society, business in its diverse moral contexts, marketplace and workplace issues, and the moral manager. Inherent in the course is the in-depth analysis of descriptive and interactive case studies of unethical decision-making in business. These scenarios help the instructor focus on the following end-of-course objectives for the students:

- Explain how individuals develop their personal codes of ethics and why ethics are important in the workplace

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- Identify and recognize ethical issues in business and the work environment
- Understand and relate the relationship between ethics and social responsibility
- Select, articulate, and defend choices in making ethical decisions
- Examine and evaluate the consequences of their decisions on business and society

This Business Ethics survey course is also available to students from other disciplines that wish to develop an appreciation and knowledge of the framework and practical application of ethics to organizational and personal ethical dilemmas.

SUGGESTIONS FOR EDUCATORS

The following suggestions are offered as a way to begin addressing the ethical concerns of society and organizations that wish to see colleges and universities do a better job of preparing graduates for the realities of work. The complexities of globalization, concurrently with the need to leave behind a world in as good shape as the one we found (called sustainability), will dominate strategies and actions of business and government leaders in the coming decades.

The first suggestion is that students should be educated about codes of ethics. This can be approached from two directions. First, students should learn about the development and implementation of organizational codes of ethics in organizations. Students also need to learn about the importance of managers' role-modeling of ethical behavior if a truly ethical culture is to be created in an organization.

Secondly, those students who are studying in professions where professional codes of ethics have been created should be exposed to their professional code of ethics as early as possible. In other fields of study, students might discuss what a code of ethics might be like for their particular profession. Students should be encouraged to think about how to prevent unethical behavior, and how to handle the result of unethical behaviors once they occur.

Finally, it is suggested that educators also think beyond the classroom in teaching about business ethics. This might include setting up panel series on ethics in the workplace. Or, it might include hosting a conference on workplace ethics and encouraging students' attendance. Speakers can also be invited into classrooms to discuss their organizations' codes of ethics or to speak at colloquia. Students can also be encouraged to form an ethics club with faculty support and supervision. These suggestions might help bridge the gap when it comes to preparing our students for the realities of the work environment.

SUMMARY

The realities of work are a given: students will face troubling and challenging work situations that pit one ethical good against another. These situations are also excellent training grounds for dealing with the dilemmas individuals may face as managers, supervisors, or entry-level employees.

Companies have an acute interest in students demonstrating not only their technical expertise, but also their qualifications in tackling tough ethical issues.

They are looking for these qualifications in ways they did not five years ago because, in light of recent scandals, these are the qualifications that interest top corporations.

Business educators who can help students recognize which situations call for an ethics- or values-based response, and who can help them acquire a sense of what it means to act ethically, will serve students well. They will be at the forefront in preparing business students to manage organizations in an ethical manner. For students the real ethics question is not just “What do I do?” but “What do I become if I do this?”

Companies and educators agree that there is a need to improve business ethics education as one way to prevent the excesses of the past decade from continuing to occur in the future. One day soon today’s students will be our bankers, lawyers, accountants, teachers and college faculty, business leaders, mechanics, doctors, and elected officials. As educators we must step forward and meet the challenge of preparing our students to behave as responsible professionals.

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Bronx Terminal, Photograph by William Casari