



The Myths and Realities of Teaching Business Ethics

There is an old joke in the field of BUSINESS ETHICS

about a young woman who finds that she has to take an ethics course as part of her business school studies. Although she has grown up in a business family — her father and her aunt Mary have run a small retail shop for years — she is confused as to what she will learn in her ethics class. So she asks

her father if he has any idea what the class might be about. Her father tells her to sit down and he would relate a story about what ethics in business are all about.

Imagine, he says, that you are minding the store and one day, a charming seven year old girl comes into the shop and announces that she would like to buy a picture frame for her school picture and give it to her grandfather. You show her the frames and she carefully chooses one, brings it to the counter, and gives you a \$5 bill for it. You give her change and wrap it in a package and she merrily skips out of the store. Just as she is leaving the store, though, you discover that stuck to the \$5 bill she gave you is a second \$5 bill. This is a question of business ethics: Do I have to split the extra \$5 with your aunt Mary?

In many ways, this story captures a good deal of how things can go wrong in business ethics research and teaching. We constrain the topic to a very narrow range of material, typically frame questions in some sort of dilemma, and then wonder why the answers given to emaciated questions seem to miss the point. In particular, three myths tend to plague the field: Conflating ethics and dilemmas, separating ethics from larger questions, and confusing post-secondary ethics education with spiritual transformation. The reality is

that few ethics courses really follow these myths, but it is hard to change the perception that the myths are reality. Instead, the myths are, well, myths.

First, dilemmas are dilemmas because there is no clear answer to them. Frequently, however, we don't think there are ethical ramifications to a business activity until we are in a dilemma and then, suddenly for the first time, we think we have an ethics question. Then we get frustrated because no one comes up with a clear answer and that makes us wonder if it is worth asking a question about ethics in the first place.

Well, if the first time you are asking a question about ethics is, when you are the executives of Exxon Valdez and oil is in the water, it's too late. There is no good answer to how to get it out. The best way to make sure that oil shipping doesn't harm the environment is to make sure it doesn't get into the water in the first place. That's a preventative question, not a dilemma question, and it is far and away the better way to address ethics issues.

Quality management provides a useful analogy. We all know that, if the first time a company performs a quality inspection is at the end of a manufacturing process, it is too late. Either the product passes quality inspection or it doesn't. If it doesn't, then you are in a dilemma with no good answer. Do you ship out a defective product or do you swallow the cost of remanufacturing? The way to assure quality is to build in quality tests throughout the manufacturing process. The same is true for ethics. The best way of assuring ethical performance is to build in ethical considerations throughout the daily life of business, not just when there is a dilemma. Yet companies are very likely not to do this

because they think ethics is too personal, too soft, too hard, or too time-consuming.

by TIMOTHY L. FORT,
Lindner-Gambal Professor of Business Ethics

The result is ethical quagmires, because changes to prevent the dilemmas have been missed and because people haven't gotten very good at thinking about ethics.

Aristotle said that most of our ethical decisions are not dilemmas, they are habits formed by the communities we live in. The habitual consideration of ethics allows us to get good at doing ethics, so we tend to catch problems before they become dilemmas or when there is a problem, the company is skilled enough to know how to solve it. Like anything else, the first time or two through any discipline is pretty awkward, which is why, if companies only ask about ethics when there is a mess, they are highly likely to create an even bigger mess.

Further, since studies show that businesses help to form the moral character of their employees, we would do well to think of how businesses are communities and how, as communities, they can foster moral development that prevents ethical quagmires from developing in the first place.

Second, contemporary scholarly life tends to drift toward narrow research questions. Unlike the great ethics scholars like Aquinas or Aristotle or Kant, we separate ethics questions from political, economic, anthropological, and other disciplines. There is much to be gained by specialization, but at some point, there is a gaping need for scholars who try to holistically put things together. The interface of business with the world raises many moral questions that cannot be resolved without thinking of issues of political economy, foreign policy, and human development. For instance, in the work I have done on how businesses can foster stability, my co-author and I found correlations between certain ethical business practices and less violence. We discovered those correlations, however, not by solely relying on refined philosophical and legal theory, but by delving into political, economic, and anthropological literature and then applying ethical and legal theory to the results.

Third, does teaching business ethics really make a difference to the moral development of executives, say at Enron? Well, maybe, but I don't walk into my classes expecting that my students are going to undergo a spiritual transformation when they take a seat. No one would expect a liberal arts major who takes an accounting class to thereafter fall in love with numbers or to become an accounting expert, so it is a little unusual to think that, in taking an ethics course, someone whose primary training is cost-benefit analysis would suddenly reincarnate Socrates. Actually, such transformations do take place in ethics classes as "aha" moments really do occur. I have certainly seen them, but I don't plan my class expecting them.

What a good ethics class can do, however, is to make business students aware that society has insisted that managers pay

attention to public demands. They do that through a variety of legal provisions that essentially require that companies implement ethics programs and, as of November 2004, develop "organizational cultures" that lead to "ethics" as well as compliance. Managers may not like the fact that society has such demands, but the reality is that they and their company can end up in serious career- and company-ending disasters if they don't pay attention. Ignoring ethics in the 21st century is a prescription for managerial malfeasance and shareholder derivative suits. A good ethics course can teach what companies can do to attend

to societal expectations, it can teach how businesses do impact the world (in terms of social stability for instance), and it can teach people who believe that they should consider ethical issues how best to do so.

Ethics, while innate to some degree, is also a skill. Like playing a violin or throwing a football, the more one practices, the better one gets at it. Like a skill, what Aristotle called phronesis, ethical judgment, can be refined. It is more of a folk tale than it is substantiated research that values are set prior to graduate school and, therefore, one can't do much to teach ethics.

For instance, when the H.B. Fuller Company was faced with the problem that the glue it manufactured in Central America was being used by orphaned street children to, literally, sniff their brains out, the company tried to figure out what, as a self-proclaimed ethical company, it should do. Being a "good person" doesn't make the solution to that problem immediately apparent. Refined analysis, something an ethics class does teach, is necessary. Or, take the case of an M.B.A. graduate who was told that the way to get rid of bug-infested cookies at a department store was to sell them at a discount to a convenience store in the inner city. One could argue that the M.B.A. graduate should have simply told her manager to find another employee, but the company had designed their incentive policies to reward the manager for squeezing out any profit possible on inventory. Here, the bigger ethical question is how does one match values one aspires to with incentives to reward people for doing them. A managerial skill is necessary to address that problem, not an innate sense whose enculturation stopped at age six.

Good ethics teaching doesn't stay within the safe boundaries of asking whether to split the extra \$5 with Aunt Mary. It challenges students to think of ethics issues before they become dilemmas, it insists on seeing how a particular dilemma fits into a wider scope of business's role in the world, and it teaches a skill of how to resolve problems by utilizing a rich body of moral knowledge. When focused on those issues, ethics courses become not incidental, but capstone education for the next generation of business leaders.

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