

# Personally RESPONSIBLE

The basis of an ethics education revolves around teaching business students a sense of individual responsibility.



**T**wo years ago, one of our top students reneged on a job offer she had accepted. She explained that she had initially accepted the position because she was a foreign student and felt the need to take a job to obtain a visa; she also felt pressured by the employer to say yes. Neither of these reasons made her actions right. I think she knew it, too.

It's easy to say that reneging on a job offer is wrong. It's more difficult to know what we might do under similar circumstances. Every day, all of us face situations that cause us to rationalize our actions or incrementally blur the line between right and wrong. Such rationalizations create a slippery slope that, in extreme cases, can lead to the kinds of corporate misconduct we have seen in recent years.

This is not the first time corporate ethics have been at the center of news stories and academic debate. However, this most recent round indicates that the problems are not isolated to just a handful of individuals but may involve layers of management operating in a culture that encourages success by any means. Such a culture is enabled by corporate governance that fails to provide checks and balances and by directors who themselves breach codes of conduct. As a result of these scandals, investors and shareholders are developing almost unprecedented levels of skepticism. Many people have referred to the current abuses as "systemic." They have noted that wrongdoing is actually embedded in the system.

While it's sobering to contemplate the actions of the big offenders, I am even more troubled by all the smaller instances of moral conflict, like my student's decision to renege on her job. It is within these smaller arenas that most of us operate every day. As educators, one of our primary goals should be to help students understand how they might react when presented with an ethical conflict, no matter how big or how small.

### **Holding the Line**

When investment genius Warren Buffett spoke to our students last spring, he commented that most people want to toe the line, but that the line has been drifting. Collectively, did we let the line drift? In this case, "we" are not those who aim to break the law, formulate schemes to defraud investors, or provide accounting disclosures to mislead the public. "We" are the majority of managers and professionals who want to do our jobs, give our best, and abide by principles we hold dear. But "we" are often faced with small-scale ethical dilemmas that we may not handle as well as we'd like.

Did we acquiesce before we got an answer that resolved

our problem? Did we look the other way because everything seemed to be going so well and everyone seemed to benefit? Did we push for more efficient and expedient policies that consequently weakened the system of checks and balances? Did we promise that we would police ourselves—and then follow up half-heartedly? Did we cultivate loyalty through cronyism and trading favors, and did this breed out independent thinking? Did we participate in questionable practices because everyone else did?

In so many situations, it is much easier to acquiesce than to take a stand. As I was writing this essay, I thought of the TV game show called "The Price Is Right." Does everyone have a "right" price? We might be convinced that we don't, but what do our students believe?

Even individuals who never sell out are required to do more than simply stand firm. To exercise moral agency, a person must first abstain from wrongdoing. But he also must *act* by raising

questions or taking a stand. Do we have the will to act? Will our students have the will to act once they're in the corporate setting?

Some students think they won't. A recent study by the Aspen Institute Initiative for Social Innovation through Business tracked the development of MBA students over their two years of study. The poll examined students' sensitivity to ethical issues and asked how they would resolve ethical dilemmas. The results showed that most students believe they will encounter conflicts of values in the workplace and that they expect to be highly troubled when these situations arise. When asked what they would do in such situations, the majority responded that they would leave their jobs rather than try to change the corporate culture. A much smaller percentage would take action, advocate changes, or organize other people to take up the cause.

### **The Benefits of an Ethics Education**

In response to corporate scandals and the realization of what is at stake, many schools of business have begun to review the role of ethics in their curricula. Many have initiated new business ethics courses, developed cases, conducted workshops, and held seminars to put the spotlight on the need for principled leadership. These efforts have also invited honest questioning regarding the effectiveness of ethics courses. After all, can business schools teach MBA students right from wrong when the average student is between 26 and 28 years old? Besides, is it our right to define these boundaries for others when we live in a highly pluralistic society where individuals are entitled to their own opinions?

**by Carolyn Y. Woo**

illustrations by Jim Frazier

I find such questions to be legitimate, but they mischaracterize what we can achieve in business ethics education. I think most people—and students are no different—know right from wrong. I believe they care about doing right. But even those of us with a rudimentary moral sensibility aren't always able to evoke those basic principles when dealing with fairly routine business decisions. For instance, we may do an enthusiastic sales pitch and promise things our company isn't quite ready to deliver, or we might highlight the positive aspects of our products and downplay the negative ones. We might formulate financial projections to favor the outcome we advocate. We might overstep the boundaries when advertising to children or go overboard when we use personal data to target customers.

Ethical dilemmas do not arrive bathed in red lights. There is no sign that says, "You're about to enter an ethical zone." Therefore, ethics education is not about defining for students what is right and what is wrong. Ethics education should aim to raise our students' antennae for recognizing ethical implications, conflicts of interest, and exercises of asymmetric power when such dilemmas pop up without warning.

### Language and Ethics

Research has also shown us that *knowing* what is right does not necessarily lead to *doing* what is right. Moral consciousness does not necessarily lead to moral action. Writing in *Personality and Social Psychology Review*, Albert Bandura at Stanford University indicates that "self-regulatory mechanisms do not come into play unless they are activated, and there are many social and psychological maneuvers by which moral self-sanctions can be disengaged from inhumane conduct." What are some of these maneuvers? While there is extensive literature on this question, I would like to highlight the importance of language and mental frames.

We know the power of language: The "half-full, half-empty" colloquialism can lead us to think in positive or negative terms. The way we use language can lead us to accept or reject certain courses of action. Often in corporate settings, "synergy" is the code word for "reduction in force," which in turn is a less emotionally wrenching phrase for "employee termination." Language sanitizes; it can make us feel good about what we are doing. We see this in Scott Adams' daily "Dilbert" cartoons, where Adams expresses rancor for the silly, dishonest, and destructive actions that are thinly cloaked by various euphemisms.

I am concerned also by the language and conceptual frames that have come to dominate business education and research. The basic language of business is populated by ref-

erences to *value maximization, efficiency, gaming behavior, information asymmetry, contracts, networks, and resource optimization*. These concepts offer the theoretical foundation for hypotheses development and testing that allow good science to take place. On the other hand, the human element is somewhat lost in this lexicon. The danger of this language is that it encourages a certain degree of detachment, disengagement, and callousness.

Sanitizing language is injurious because it masks the potential consequences of difficult decisions and replaces self-censure with self-approval. The term "right-sizing" is an example of the latter. I can imagine few managers who will not have to reduce employment levels sometime in their careers. Such decisions have their place. However, the impact of such terminations on people and communities deserves careful consideration—which is more likely to happen with language that gives proper due to its seriousness.

### A Worthwhile Challenge

Providing a strong ethics education is clearly a challenge for today's business schools. It is not sufficient for business ethics education to develop awareness, sensitivity, and analytical capabilities in students. In fact, the use of cases can create a sense of self-satisfaction and glibness when students master the

## Deans Consider CSR

Because the topics of ethics and corporate social responsibility (CSR) are key issues for today's business schools, deans and other b-school leaders are wrestling with the question of how best to cover them in business classes. Almost 90 percent of business schools integrate CSR and ethics into the core curriculum of their MBA programs—a number that includes the 30 percent who combine a stand-alone course with core curriculum integration. Fewer than ten percent rely exclusively on a standalone course.

These are among the figures produced by an informal survey of the 239 deans registered to attend the 2003 Deans Conference sponsored by AACSB International. Nearly half the deans contacted replied to the survey. More than 90 percent were from the U.S. and came from an academic background. The survey was conducted by AACSB Knowledge Services and Aspen Institute Initiative for Social Innovation through Business (Aspen ISIB).

Asked which courses should include education on social



Whatever knowledge and analytical abilities students attain, they first must learn that the strength of our system depends on trustworthiness—their trustworthiness.

responsibilities, respondents indicated that these issues should be addressed in MBA courses—as many as applicable. Ninety-five percent of respondents noted that a course focusing on business ethics was the proper place to include such education. Other courses deemed proper for ethics and CSR topics were strategy (named by 89 percent of respondents), accounting/auditing (88 percent), general management (83 percent), business law (83 percent), marketing (82 percent), human resource management (82 percent), business/government relations (82 percent), international business (81 percent), and organizational behavior (80 percent). Other course categories were also named, but by a significantly fewer number of respondents.

Sixty-four percent of deans said they consider case studies and modules within courses as the best ways to teach social responsibility. Other approaches considered effective, in descending order, were core courses, guest speakers, and external/community projects. Deemed less helpful were consulting projects, topics for research papers, orientation, electives, recruiting sessions, and student clubs.

Deans also were asked to describe what one change they

would recommend to improve social responsibilities education at their schools. Almost 28 percent indicated that integration of these topics into core courses would have the most effect, and 22 percent would opt for a required course on the subject. Other suggestions, in descending order, were bringing in guest speakers, sponsoring student projects, conducting case studies, building an intellectual framework, increasing faculty interest, and encouraging student selection.

While 68 percent of survey participants *strongly agreed* with the statement “my business school is the kind of place where students feel free to raise issues related to the social responsibility of companies,” only 31 percent *strongly agreed* with the statement that “the faculty at my business school are interested in discussing the social impacts of business decision making.” Also, only 13 percent *strongly agreed* with the statement that “recruiters value noncorporate experience (e.g., volunteer work, government work) on a resume.” It seems clear, therefore, that while many communities on b-school campuses are in favor of promoting the theories of corporate social responsibility, more work needs to be done to make sure they are fully accepted by everyone.

ability to point out where others have gone wrong and what the better courses of action might have been. As I mentioned, there are extensive obstacles between knowing and doing.

One of the most significant questions posed to me by a student was this: “Dean Woo, do you think that principled leadership is espoused by people who have made their way to the top of the pyramid? Will this work for people at the bottom fighting for recognition amidst many? Don’t the good guys end up paying?” The question was significant because it was honest and reflected deep and genuine fears.

At the time I was asked the question, I answered it. In the future, I will not. There can be no easy assurances, and the answer is meaningless coming from someone else. It is a question that deserves continuous reflection and observations of



## Ethics Education at Mendoza

Every business school will take a different approach to integrating ethics education into its curriculum. At the Mendoza College of the University of Notre Dame, ethics is integral to our mission. The founding dean of the Mendoza College, John Cardinal O’Hara, stated in the 1930s that “the College should send men into business with a sound knowledge of business theory ... with lofty ideals of citizenship, with sound conceptions of business morality ... and with a character that will put those principles into practice under whatever temptations the world may offer.”

At Notre Dame, the issues of compassion, community, stewardship, and virtues are very much a part of the outcomes we hope to achieve in our engagement of students at all levels. Though we have taught business ethics education for decades, I am often humbled by the need to do a better job and go deeper into the challenge of moral agency.

Our objectives for business ethics education include four components: sensitizing students to the ethical dimensions of professional situations; equipping them with various ethical frameworks to identify and appraise options; cultivating an appreciation for different cultural practices and country norms to determine when to apply or bend U.S.-based guidelines; and engaging students to reflect on their own personal values and boundaries and the scope of their personal and professional responsibilities.

The ethics initiatives at the Mendoza College vary across our programs and are made up of curricular and extracur-

ricular efforts, theory and service learning courses, and organizational and personal assessments. For example:

- The MBA program requires three credit hours of ethics. One-and-a-half credit hours are obtained in a foundation course; the other one-and-a-half hours can be selected from a portfolio of applied offerings. Our most recent efforts include an international ethics seminar and a series of discipline-based ethics courses. For the latter, an ethics professor collaborates with five faculty in each of four departments (finance, accounting, marketing, and management) to discuss emerging ethical issues in their respective areas of focus.

- The undergraduate program calls for a one-credit-hour, five-week business ethics course complemented by applied ethics and service learning electives. This is in addition to the university core requirements for 12 hours of philosophy and theology.

- The Executive MBA program offers a module on integral leadership that examines personal strengths and deficits along six dimensions of development: cognitive, emotional, interpersonal, moral, spiritual, and physical. We also offer an online enrichment experience for alumni on Work and Spirituality. In addition, our Gigot Center for Entrepreneurship calls for the development of infrastructure, training, and development to support startups in disadvantaged populations. The program now operates in our local neighborhoods in South Bend, Indiana, as well as in South Africa and Jamaica. It will add new initiatives in Chicago and Atlanta in the coming year.


## Research has also shown us that *knowing* what is right does not necessarily lead to *doing* what is right.

both inspiring and disappointing behavior. Such a question leads those who ask it on a journey of self-determination as they discover who they want to be and what they are willing to sacrifice to become the best versions of themselves.

I do believe that the faculty and adult communities on campus play very important roles as students make this journey. Our students will observe us; they will learn, not by what we tell them, but by how we act. For people to believe in goodness, they must see it in action; they must have experienced its benefits. When our students see decency, courage, integrity, generosity, and grace, they can believe in these attributes. Such observations are important antidotes to casual cynicism, and they build hope and idealism.

Sharon Daloz Parks deals with some of these issues in her book *Big Questions, Worthy Dreams*. She refers to faith—specifically in relation to the development of undergraduate students—as one’s view of how the world works. She writes, “To become a young adult in faith is to discover in a critically aware, self-conscious manner the limits of inherited or otherwise socially received assumptions about how life works—what is ultimately true and trustworthy, and what counts—and to recompose meaning and faith on the other side of that discovery. The quality of this recomposition and its adequacy to ground a worthy adulthood depends in significant measure on the hospitality, commitment, and courage of adult culture, as mediated through both individuals and institutions ...”

In education, we owe it to our students to engage them fully as people with talents, ambition, and the desire to do good. We cannot legitimize the abdication of personal responsibility through language and frameworks that foster a sense of detachment, indifference, and callousness. Whatever knowledge and analytical abilities students attain, they first must learn that the strength of our system depends on trustworthiness—their trustworthiness.

Most important, we cannot let students forget their own impact—their potential for both good and harm. We must teach them that the use of the power they will gain must be accompanied by a deep sense of care and that leadership cannot be sustained without competence, character, and courage. 

Carolyn Y. Woo is dean of the Mendoza College of Business at the University of Notre Dame in South Bend, Indiana. She is also chair-elect of the AACSB International Board of Directors and will become chair in July of this year.