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A Qualitative Study of Business Ethics Education:

Preparing Leaders to Make Ethical Decisions

University of St. Thomas

Rev. Karen L. Schuder

UNIVERSITY OF ST. THOMAS, MINNESOTA

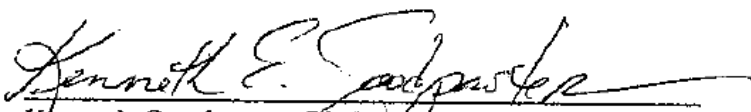
Qualitative Study of Business Ethics Education:  
Preparing Leaders to Make Ethical Decisions

We certify we have read this dissertation and approved it as adequate in scope and quality. We have found it is complete and satisfactory in all respects, and that any and all revisions required by the final examining committee have been made.

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## Acknowledgements

I have considered this dissertation journey to be like climbing a mountain. At times the mountain has loomed very large with many obstacles and progress seemed agonizingly slow. Now as I approach the top of the mountain I am mindful of the many individuals who made the climb possible. It is only with the encouragement, guidance, and connections from others I can hand over this piece of work with a hope it will help make the world a better place.

Foremost I acknowledge the business leaders who participated in this study. Their openness and orientation to working in the spirit of ethical, socially responsible ways is an inspiration. They represent the hope we can have for businesses behaving in ways that positively change the world. I am grateful for the insights these leaders shared and the ways they lead.

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## Abstract

While many business schools have taken steps to increase a greater sense of ethical values and social responsibility in response to public concern, results have been questionable as can be seen by continued unethical behaviors (Assudani, Chinta, Manolis, & Burns, 2011; Izzo, 2000; Khurana, 2007). Can ethics education help business students and professionals deal with moral dilemmas and make ethically conscious decisions in the business world? There is some contemporary research and literature assessing students and business school programs, but there is very little research connecting the business world with higher education.

The purpose of this study was to discern the relevancy of business school ethics in the business world. Through interviewing 29 business leaders, this qualitative study focused on the perspectives of business professionals regarding ethics education. What do business professionals think is important in regards to ethics training? What can business schools do to help current professionals deal more effectively with moral dilemmas and ethical issues?

Using Grounded Theory coding techniques it became clear there were four categories of data including: teaching and promoting business ethics, understanding ethics, dealing with power and pressures, and pursuing professionalism. The theoretical framework I used to analyze the data included Kohlberg's Moral Development Theory, Dewey's Educational and Moral Imagination Theories, Schein's Organizational Culture Theory, and Bolman and Deal's Reframing Organizations Theory. With the four theories I analyzed the findings to discern the relevancy of business ethics education, possible benefits, and important elements of business ethics education from the perspective of experienced leaders.

## TABLE OF CONTENTS

<b>ACKNOWLEDGEMENTS</b> .....	iii
<b>ABSTRACT</b> .....	iv
<b>TABLE OF TABLES</b> .....	viii
<b>CHAPTER 1: INTRODUCTION</b> .....	1
Statement of the Problem .....	2
Significance of the Problem .....	4
Purpose of the Study .....	7
Research Question .....	7
Researcher Position .....	8
Definition of Terms .....	10
Overview of Dissertation .....	12
<b>CHAPTER 2: REVIEW OF BUSINESS ETHICS EDUCATION LITERATURE</b> .....	16
Literature Themes .....	17
Assessment of Ethics Education .....	17
Age and Educational Level .....	17
Effectiveness .....	19
Gender Differences .....	22
Goals of Ethics Education .....	23
Strategies for Teaching Business Ethics .....	24
Pedagogy .....	25
Service Opportunities .....	26
Modeling Different Business Perspectives .....	27
Addressing Interpretations of Theorists .....	28
Describing New Perspectives .....	30
Tensions and Gaps in the Literature .....	31
<b>CHAPTER 3: THEORETICAL FRAMEWORK</b> .....	35
Theory Descriptions .....	35
Kohlberg's Theory of Moral Development .....	35
Preconventional Level .....	36
Conventional Level .....	37
Postconventional Level .....	37
Methodological Implications .....	38
Dewey's Educational and Moral Imagination Theories .....	39
Social Context and Experiential Learning .....	39
Imagination .....	41
Dramatic Rehearsal .....	41
Collateral Learning .....	41
Methodological Implications .....	42
Schein's Theory on Organizational Culture .....	42
Artifacts .....	44

Espoused Beliefs and Values .....	44
Basic Underlying Assumptions .....	45
Methodological Implications .....	46
Bolman and Deal's Reframing Organizations Theory .....	46
Structural Frame .....	48
Human Resource Frame .....	49
Political Frame .....	50
Symbolic Frame .....	51
Methodological Implications .....	52
Summary .....	53
<b>CHAPTER 4: METHODOLOGY .....</b>	<b>57</b>
Data Gathering and Processing .....	58
Ethical Considerations .....	62
Variability and Validity .....	62
Researcher Biases .....	64
Summary .....	64
<b>CHAPTER 5: FINDINGS .....</b>	<b>66</b>
Participants .....	67
Participant Demographics .....	67
Professional Experiences .....	70
Educational Experiences .....	72
Data Categories and Properties .....	73
Teaching and Promoting Business Ethics .....	74
Role and Responsibilities of Business Schools .....	74
Teaching Strategies .....	87
Creating Ethical Cultures .....	95
Understanding Business Ethics .....	100
Dimensions of Ethics .....	101
Moral Foundation of Individuals.....	108
Role of Ethics in Career .....	112
Dealing with Power and Pressures .....	117
Leadership .....	117
Organizational Culture .....	121
External Forces .....	134
Pursuing Professionalism .....	142
Strategies .....	142
Beliefs and Values .....	152
Work Perspectives .....	159
Summary .....	164
<b>CHAPTER 6: ANALYSIS .....</b>	<b>166</b>
Teaching and Promoting Business Ethics .....	166
Business Schools Role and Responsibilities .....	167
Teaching Strategies .....	170

Creating Ethical Cultures .....	176
Summary .....	181
Understanding Business Ethics .....	183
Dimensions of Ethics .....	183
Moral Foundation of Individuals .....	187
Role in Individual's Career .....	191
Summary .....	192
Dealing with Power and Pressures .....	193
Leadership .....	194
Organizational Culture .....	196
External Forces .....	200
Summary .....	204
Pursuing Professionalism .....	205
Strategies .....	206
Beliefs and Values .....	213
Work Perspectives .....	216
Summary .....	221
<b>CHAPTER 7: SUMMARY, CONCLUSIONS, RECOMMENDATIONS .....</b>	<b>224</b>
Summary of Research .....	224
Major Conclusions .....	226
Benefits of Business Ethics Education .....	226
Benefits for Business Students and Professionals .....	226
Benefits for Organizations .....	229
Need for Business Ethics Education in Business Schools .....	232
Recommendations .....	234
Limitations .....	237
Implications for Theory and Research .....	239
Theory .....	239
Suggested Research .....	239
Concluding Remarks .....	240
References .....	243
APPENDICES .....	255
Appendix A: CONSENT FORM .....	255
Appendix B: INTERVIEW QUESTIONS .....	257
Appendix C: RECOMMENDATIONS FOR BUSINESS ETHICS EDUCATION .....	258



## TABLE OF TABLES

Table 1: Kohlberg's Stages of Moral Development .....	36
Table 2: Schein's Levels of Organizational Culture .....	43
Table 3: Bolman and Deal's Frames.....	47
Table 4: Theoretical Framework .....	54
Table 5: Participant Demographics .....	68
Table 6: Business Ethics Education Categories and Properties .....	74

## CHAPTER 1 INTRODUCTION

Scandalous corporate behaviors frequently make the news and cause economic instability at national and international levels. For example, companies that used to have financial influence such as Enron, Arthur Anderson, and Fannie Mae are now associated with grandiose lapses of ethical behaviors that financially affected large numbers of people (Abend, 2014; Ferrell, Fraedrich, & Ferrell, 2008; Mullins Beggs & Lund Dean, 2007; Waples, Antes, Murphy, Connelly, & Mumford, 2008). In November, 2012 a fire at a Bangladesh garment factory killed 111 people and called attention to irresponsible behaviors of American corporations, such as Walmart and the Gap, who were doing business with producers condoning unsafe working conditions (Bajaj, 2012). Unethical behaviors leading to such scandals and tragedies have reflected unhealthy corporate cultures affecting people all over the world and signify a need for greater emphasis on business ethics (Chen, Sawyers, & Williams, 1997).

It is easy to blame corporate structures and leaders for such behaviors, but many members of society have also directed attention to business schools claiming a lack of ethics education contributes to unhealthy corporate behaviors (Abend, 2014; Laczniak & Murphy, 2005; Mele, 2008; Mullins Beggs & Lund Dean, 2007; Waples et al., 2009). Business school accrediting organizations have responded by including ethics requirements in their accrediting standards and encouraging greater inclusion of ethics in business programs. With continued unethical behaviors resulting in corporate scandals, however, many business professionals and business school faculty have questioned the effectiveness and practicality of business ethics education (Alsop, 2006; Arya, Cunningham, & Gupta, 2009; Grant, 2008; Lewis, 2004; Mele, 2008; Swanson, 2005; Tang & Tang, 2010).

### **Statement of the Problem**

American colleges started in the colonial era with the ideal of educating and shaping the country's future leaders (Thelin, 2004). Moral education and character development were primary goals of early higher education (Felton & Sims, 2005). In fact, developing character and sensitivity to moral responsibility by teaching ethical thought and action was central to college curriculum and environment (McNeel, 1994). This changed, however, because industrial transformation, social upheaval, and altered understandings of capitalism over the twentieth century heavily influenced collegiate activity (Ferrell et al., 2008).

American society turned towards social causes in the 1960's with activists frequently attacking corporations for the economic and political control they used for their own benefit at the harm of others (Ferrell et al., 2008). Such activism regularly occurred on college campuses and shaped educational opportunities (Thelin, 2004). During this era, political leadership countered public negativity towards corporations with increased expectations of including public interest in corporate activity (Goodpaster, Carroll, Lipartito, Post, & Werhane, 2012).

In the 1970's President Jimmy Carter focused on an effort to increase ethical standards in government and business (Ferrell et al., 2008; Goodpaster et al., 2012). During his administration the Foreign Corrupt Practices Act (FCPA) was passed, making it illegal for U.S. businesses to bribe foreign officials. Such legislation was significant, and by the end of the twentieth century "business ethics" was a common expression. At this time society became more aware of ethical issues such as bribery, deceptive advertising, product safety, and environmental damage.

With this newfound awareness of ethical issues, business ethics became an emerging field of study in higher education in the 1970's (Ferrell et al., 2008). Business school faculty

began teaching about corporate social responsibility (CSR) and philosophy faculty increased involvement by applying ethical theories to business disciplines. Academic researchers worked towards identifying problems and developing ways to help business professionals make socially responsible choices. However, a general lack of knowledge regarding the history of business ethics has led to ignorance of previous debates and solutions, as well as the repetition of problems produced by unethical behaviors (Abend, 2014).

The emergence of business ethics as a field of study was affected negatively, however, by higher education's increased engagement in market behaviors paired with reduced interest in serving society (Boyer, 1994; Slaughter & Rhoades, 2004). Competitiveness of the business world and higher education created a tension with long held ideals of education as a public service. By the end of the twentieth century many business school faculty members focused on helping business students and professionals develop strategies to fully engage in competitive market behaviors (Mangan, 2002). Porter (2008) noted competition is one of the most powerful forces in society, and has increased dramatically over the past several decades. Some experts claim a focus on competitive strategies has resulted in a lack of exploration and direction in the field of business ethics education (Felton & Sims, 2005).

The history of business ethics education in higher education shows a continued struggle between the competitiveness of the free market and the need for moral consideration in the midst of market participation. Boyer (1994) pointed out "higher education and the larger purposes of American society have been – from the very first – inextricably intertwined" (p. 1). The challenge for business ethics education is to become more creative and original, while developing the capacity for connecting theory with practice. An important piece of this is overcoming a lack of agreement on how to teach business ethics effectively so students,

professionals and organizations can apply what is learned in moral dilemmas they face. Such challenges of disagreement and disconnect point to the need for critical examination and research.

### **Significance of the Problem**

Despite a movement in higher education towards market participation and focus on competitive strategy in what schools teach and illustrate through activities such as student recruitment and research patents, societal interest in business ethics continues to increase with heightened media coverage of unethical business behaviors (Trevino & Nelson, 2007). While some experts have suggested ethical lapses are caused by a few “rotten apples,” many are advocating for increased ethics education in business schools (Alsop, 2006; Assudani & Chinta, 2011; Engelman-Lampe & Lampe, 2012; Felton & Sims, 2005). Scandals in the early twenty first century revealed corporate resistance to the public’s desire for increased ethical standards and pressure was put on business schools by politicians, business professionals, and educators to increase ethics education (Alsop, 2006; Ferrell et al., 2008; Windsor, 2005).

With ongoing unethical corporate behaviors affecting national and global economies, however, questions regarding the role of higher education and lack of ethics education continue (Laczniak & Murphy, 2005; Mele, 2008; Waples et al., 2009). Colleges and universities are an integral part of the larger social system, and being a part of the system implies that what business schools teach affects society (Moore, 2008; Piper, 1993). This holds true despite the debatable status of management as a profession (Khurana, 2007). Whether or not this role is acknowledged, educational systems either contribute to, or detract from, society’s well-being. Experts contend that because business schools influence students’ decision making processes

there is at least an indirect link between higher education and corporate irresponsibility (Matchett, 2008; Mele, 2007; Piper, 1993; True & Pelton, 2005).

The Association to Advance Collegiate Schools of Business (AACSB), a primary accrediting organization for business schools, has responded by requiring the inclusion of ethics and corporate social responsibility in business school curriculums to receive accreditation (Business Roundtable Institute for Corporate Ethics, 2007; Grant, 2008; Mele, 2008; Mullins Beggs & Lund Dean, 2007; Waples et al., 2008). Experts have pointed out, however, that the AACSB has failed to provide direction and business schools have been able to avoid providing strong business ethics education (Laczniaik & Murphy, 2005; Swanson, 2005). Christensen, Peirce, Hartman, Hoffman, & Carter (2007) looked at ethics, CSR, and sustainability in the top fifty global business schools and found that only 25% of the 44 responding schools required MBA students to take an ethics course, and 27% reported they have taught ethics with corporate social responsibility and sustainability. Such low numbers revealed resistance to the inclusion of ethics in business education programs.

Reluctance to include business ethics in business programs, however, cannot be blamed on student preferences. A number of studies and surveys revealed that students desire the inclusion of ethics in business education programs (Christensen et al., 2007; Lee & Padget, 2000; Oblinger & Verville, 1998). In one study more than 65% of 707 students felt taking an ethics course could help them include their values in decision making (Lau, 2009). When asked if they thought a business ethics course should be included in the curriculum more than 68% of the students who had not yet taken an ethics course and 88% of the students who had taken a course said “yes.”

While many business schools have taken steps to increase a greater sense of ethical values and social responsibility, results have been questionable (Assudani, Chinta, Manolis, & Burns, 2011; Izzo, 2000). Experts do not deny the role business schools have in shaping societal values and norms, but understanding how ethics is a part of the education provided is problematic (Laczniak & Murphy, 2005; Mele, 2008). As can be seen in the literature, debate continues on whether business higher education is doing what it needs to adequately prepare students for moral dilemmas they will face as professionals.

Much of the literature on business ethics education is descriptive and prescriptive. Most authors have given a discourse on the need for business ethics education and offered strategies on how to provide ethics education in a business school context (Alsop, 2006; Assudani et al., 2011; Engleman-Lampe & Lampe, 2012; Felton & Sims, 2005; Ferrell et al., 2008; Mele, 2008). Some authors considered goals for teaching and integrating ethics into business school programs (Felton & Sims, 2005; Hildebeitel & Jones, 1992; Laczniak & Murphy, 2005, Smith, 1996; Trevino & McCabe, 1994). A bulk of the research has looked at the moral impact of ethics education on students while they are in school (Assudani et al., 2011; Borkowski & Ugras, 1998; Lau, 2009; Lawrence, Reed, & Locander, 2011; Lopez, Rechner, & Olson-Buchanan, 2005; Waples et al., 2009). However, the research does not evaluate what pedagogical techniques or outcomes are practically useful for graduates in professional business roles.

Despite the literature available, little clarity is given on what actually does help business students and professionals in regards to business ethics. While there is much argumentation for including ethics in business school programs, there is little critical examination of effectiveness and relevance. A qualitative study looking at the relevance of business ethics education from the

perspective of business professionals can provide much needed examination of what business schools are doing and help close the gap between higher education and business.

### **Purpose of the Study**

The purpose of this study was to assess the need for business ethics education and if this is validated, to provide direction in developing effective ethics education to help professionals deal with moral dilemmas and make ethical decisions. I am aware of the debate on management as a profession (Khurana 2007), but to keep the scope of this study manageable I focused on how to help business leaders engage in ethical practices. Relevancy for professional business work and engagement with the business world were essential factors, so an additional purpose was to provide a link for higher education with the business world. After reviewing literature I saw a gap between higher education and the business world in that there was no research learning from experienced business professionals who have had to deal with moral dilemmas and have a good sense of what could help professionals make ethical decisions. For this reason I focused my research on interviewing business leaders rather than on business school faculty or students. Business leaders with decades of experience were able to provide useful insight as to what can help professionals deal with moral dilemmas and consciously make ethical decisions.

### **Research Question**

Can ethics education at business schools help graduates deal with moral dilemmas and make ethically conscious decisions in the professional business world?

A qualitative study focusing on the perspectives of business professionals regarding ethics education can begin to answer this question as well as other relevant questions. What do business professionals think is important in regards to ethics training? What teaching strategies and experiences are the most helpful in preparing business students for dealing with moral dilemmas in professional work? What can business schools do to help current professionals deal



more effectively with moral dilemmas and ethical issues? This study provided answers to such questions and can bring a practicality to ethics education enabling business schools to have a more positive influence on business contexts.

### **Researcher Position**

Does business ethics education help business professionals deal with moral dilemmas in more ethically conscious ways? What role do business schools play in shaping the character of national and international business activity? Such questions gained my attention several years ago when I became aware of the field of business ethics. It was in 2008, when a 'bubble had burst,' financial crisis had hit, and negative consequences of corporate behaviors shook communities around the world. Like so many people, I was tired of unethical corporate behaviors putting the rest of society at risk, but rather than just complain about it I decided I wanted to make a difference. The question was how could I, a mother, wife, pastor, and small business owner make a difference?

The answer came unexpectedly when I was finishing coursework at a small private college's business school for a Masters in the Arts of Management. Business school administrators were interviewing candidates for an endowed ethics chair position and I was compelled to attend an interview. Before this I did not know there was such a field as business ethics. I was almost finished with a business graduate degree and yet there was almost no involvement of ethics in the coursework. In response to observing the school's struggles to increase ethics in its programming, I decided to help by doing some research on the integration of ethics, and that has opened up a whole new field of interest for me.

As a small business owner I am routinely reminded of the need for ethical consideration in business operations. For large corporations this need is compounded due to the larger

numbers of people affected by business decisions and actions. There are many factors influencing corporate decision making including what is modeled and taught in business schools. While engaged in research on the integration of ethics in business education, I became aware of the need for influencing business students and professionals to include ethics as an important component of ‘good business.’ After going through the literature on business ethics education, it was clear there are a number of gaps in the field including a critical look evaluating the relevancy of business ethics education and what strategies are the most effective. My passion to promote business ethics and interest in qualitative research can benefit the field of business ethics education by providing research working to fill in the gaps.

A pragmatist at heart, I believe like Dewey that practical education needs to include contextual elements, opportunities to use imagination, and experiences allowing students to apply what they learn in the world (Dewey, 1938). Deweyan concepts I resonate with include social context, experiential education, moral imagination, and dramatic rehearsal. When it comes to moral conduct, moral laws and customs are factors, but so is the “social soil” from which individuals come (Fesmire, 2003). People do not make moral decisions in isolation, but moral behaviors involve interactions with the social environment (Dewey, 1903, 1922).

Consideration of social context is vital and includes looking at greater system relationships. For this reason, Systems Theory is core to how I understand the world and why I pursued this research. Systems Theory begins by acknowledging that every living organism is an open living system in relation to other systems (von Bertalanffy, 1968). Organizations and businesses can be seen as systems bound by interrelated actions and patterns of behaviors just as living organisms are (Senge, 2006). Leaders with a systems perspective are able to see their work as part of something bigger. When leaders fail to see their role in the larger system, they

are less likely to use creative and collaborative solutions to deal with moral dilemmas and make ethical decisions. Influenced by Systems Theory and Dewey's pragmatism, I believe we need to acknowledge our role in society and use our imaginations to make ethical decisions based on social responsibility.

I am tired of hearing about tragedies or scandals related to unethical corporate behaviors lacking social responsibility, and I believe that by filling some of the gaps regarding business ethics education I can champion for a more ethical business world. My background is not in the corporate world, but surrounded and inspired by stories of everyday people who reveal there is more to strive for in the world than financial power. Such stories give me the passion to be a voice calling for national and international organizations to work with a perspective fostering a healthier sense of sustainability for the world as well as their own functioning.

One way to do this is through helping business schools influence students and professionals to incorporate their values in how they work and develop skills to deal with moral dilemmas in ethical ways. However, this can only be done effectively when there is a critical understanding of the gaps between higher education and the business world, and visionary work closing those gaps. Before going further, clarification of key terms as applied to this study helps to minimize assumptions regarding business ethics education.

### **Definition of Terms**

Ethics is a moral philosophy involving the practices and activities considered right or wrong, along with the embedded values and rules governing those activities (Fisher, 2004). Simply put, ethics is thinking about what is right or wrong, and the results from this thinking (Pepper, 2010). Fasching, Dechant, and Lantigua (2011) claim it is the combination of reason and empathy that lead to ethical insights. John Dewey believed ethics includes understanding

the “art of helping people to live richer, more responsive, and more emotionally engaged lives” (Fesmire, 2003, p. 93). Context and moral imagination are central to the process of ethical deliberation. Business ethics, therefore, involves principles, values, and standards guiding behavior in the business world that can help people work with the richness, responsibility, and moral imagination allowing healthy emotional engagement (Ferrell et al., 2008; Fesmire, 2003). It considers the rules and principles within a commercial setting, the moral problems that arise in business, and responsibilities applying to people in commerce (Christensen et al., 2007).

Business ethics involves a variety of moral issues and behaviors, including sustainability and CSR. Contemporary studies acknowledge a relationship among the three topics, but define them as distinct fields of study. CSR refers to actions taken by a company addressing the impact of operations on economy, environment, and social structure (Christensen et al., 2007). A company’s dedication to CSR shows continued commitment to behave ethically and contribute to society (Cornelius, Wallace, & Tassabehji, 2007). Similar to CSR, sustainability refers to a company’s contributions to an ecologically sustainable economy (Christensen et al., 2007). A sustainable business provides products and services fulfilling society’s needs while contributing to the planet’s well-being. For this study, business ethics includes CSR and sustainability. Doing so honors the relationship among all three, as consideration of business ethics invariably involves CSR and sustainability.

Inclusion of CSR and sustainability in understanding ethics nurtures a communal sense, which is important because ethics is about relationships and the obligations we experience when “another person’s life makes a claim on our own” (Fasching et al., 2011, p. 23). Seawell (2010) explained business ethics is about community and “creating a culture that gives to its participants a sense that they are valued” (p. 205). Businesses operate in a market economy, but they also

need to exist in an ethical society of social beings who are more able to create and work when feeling valued (Robin, 2005; Seawell, 2010). When seen in this way ethics is understood as much more than individual values and decisions, it is foundational to a corporation's profitability and sustainability. For the purposes of this research, business ethics includes the rules and principles within commercial settings, moral problems that arise in business, and responsibilities applying to people in commerce from both community and individual perspectives.

### **Overview of Dissertation**

This first chapter looked at the problem and significance of lacking business ethics education in today's society. Many experts contend that because business schools influence students' decision making processes there is at least an indirect link between higher education and continued corporate irresponsibility (Matchett, 2008; Mele, 2007; True & Pelton, 2005). Despite the inclusion of ethics in accrediting organizations, there seems to be a lack of effective ethics education in American business schools given the continued corporate scandals. The purpose of this study is to answer the research question: Can ethics education at business schools help graduates deal with moral dilemmas and make ethically conscious decisions in the professional business world? If so, then how can ethics education become more effective? Interviews with business leaders who have experienced dealing with moral dilemmas can help answer this and other relevant questions. I followed up discussion of the research purpose and question with a glimpse of my experiences and views, and definitions of important terms.

The second chapter provides a look at the literature focused on business ethics education. Themes of the literature include assessment, goals, and strategies. Research literature has predominantly focused on the assessment of students before and after participating in business ethics education. This assessment literature looks at age and educational levels, effectiveness of ethics education, and gender differences. While many authors agree on the need for ethics

education, they differ on what the goals of that education should be. Teaching and program strategies also dominate the literature. Some of the strategies include specific pedagogies, service opportunities, and modeling different perspectives of business. The chapter concludes with a look at the tensions and gaps I perceived in the literature.

The third chapter focuses on the theoretical framework used in this qualitative research study. I give a description and methodological implications for each of the four theories used to analyze the data. The first theory, Kohlberg's (1981, 1984) Theory of Moral Development is commonly used in business ethics education literature with its three levels of development. The second piece of the theoretical framework is Dewey's theory on education and moral imagination. Dewey emphasized the importance of considering all factors affecting learning and behavior including social contexts (Fesmire, 2003). The third theory, Schein's (2004) theory on organizational culture has informed work by many in the business context. This theory looks at different levels of culture including artifacts, espoused beliefs and values, and basic underlying assumptions. The fourth theory is Bolman and Deal's (2008) theory on reframing organizations. This theory, often used for organizational development (OD), offers four perspectives including structural, human resource, political and symbolic. I conclude this chapter with a summary that considers the methodological implications of all four theories together.

In chapter four I go over the study methodology including data gathering and processing procedures. Long interviews with business leaders provided the bulk of data for this qualitative study using grounded theory techniques. In this chapter I also describe the 29 study participants with information on demographics, as well as professional and educational experiences. Ethical considerations, variability and validity, along with researcher biases are also articulated in this portion of the dissertation.

Chapter five includes findings from the interviews with business leaders, beginning with a look at the participants' perceptions of their ethics education. The remaining data is presented in the four categories of teaching and promoting business ethics, understanding business ethics, dealing with power and pressures, and pursuing professionalism. The first category of teaching and promoting business ethics considers the role and responsibilities of business schools, teaching strategies, and creating ethical cultures. Understanding business ethics includes consideration of the dimensions of ethics, morality of individuals, and role of ethics in a person's career. Dealing with power and pressures includes elements of leadership, organizational culture, and forces outside of the work organization. The final category of pursuing professionalism includes strategies, beliefs and values, and work perspectives. I conclude this chapter by summarizing the findings from the 29 interviews.

Chapter six includes my analyses with the data using the theoretical framework for the study. This chapter describes my analysis of data in all four categories through the perspective of Kohlberg, Dewey, and Schein's theories. Further analysis with Bolman and Deal's (2008) structural, human resource, political, and symbolic frames provides an even more informed look at data.

In chapter seven I offer a summary of the research along with recommendations and conclusions. I go over the benefits of ethics education, both for individuals and organizations, as well as the need for business ethics education. At this time I also discuss the study's limitations, theoretical implications, and suggestions for future research. In conclusion, this study looked at business ethics education through interviews with experienced business leaders who have dealt with a variety of moral dilemmas. With this research I offer insights to business schools and

other providers regarding their role in promoting ethical business practices and important components of effective ethics education helping individuals consciously make ethical decisions.



## **CHAPTER TWO**

### **REVIEW OF BUSINESS ETHICS EDUCATION LITERATURE**

Events in our society have led to an increasing demand for ethics in business schools (Mele, 2008). Most business educators do not argue about the need for ethics, but there is debate about the inclusion and effectiveness of ethics education in business school curriculums (Engleman-Lampe & Lampe, 2012; Mele, 2008). Although the concept of ethics has been studied for centuries, there has been disagreement regarding what business ethics education means and how to implement an effective program (Felton & Sims, 2005). Literature on the topic of business ethics education focused on three themes: strategies, goals, and assessment.

In the majority of business ethics education literature, authors addressed strategies of business ethics education including pedagogy, service opportunities, and perspectives business schools should model (Christensen, et al., 2007; Goodpaster, 2007; Mele, 2008; Smith, 1996; Swanson, 2005; Windsor, 2005). Some authors provided recommended goals for business ethics programs (Felton & Sims, 2005; Gentile, 2010; Grant, 2008). In a portion of the literature, researchers assessed ethics education with general themes including student age and educational level, effectiveness of ethics education in promoting moral development, and gender differences (Borkowski & Ugras, 1998; King & Mayhew, 2002; Rest 1994; Williams & Dewett, 2005).

The literature search was conducted using academic search engines such as Business Source Premier, Summon, EBSCOHost, and CLICnet. Academic data bases searched include JSTOR, ASAP, ProQuest Dissertations and Theses, and ERIC. Search words used in various combinations included business ethics education, business schools, moral development, higher education, assessment, and business ethics. After describing literature focused on assessment, strategies, and goals of ethics education in business schools, I conclude with identification of tensions and gaps that indicate potential research topics.

## Literature Themes

Strategies and goals can provide a driving force to any educational program, but it is important to know what direction that force is moving. This brings up questions regarding relevancy and effectiveness of business ethics education: can business ethics education make a difference? The first theme, assessment, reviews research addressing this question.

### Assessment

With continued corporate scandals questions have been raised about the effectiveness of ethics education (Lopez et al., 2005; Ritter, 2006; Williams & Dewett, 2005). The additional pressure placed by the AACSB, Accreditation Council for Business Schools and Programs (ACBSP), and other accrediting organizations on business schools to assess learning outcomes, including that of ethics education, has also brought the topic of assessment into the forefront (Lawrence et al., 2011). Relevant to assessment is the issue of whether or not moral development continues in adulthood, and for this reason age and educational level are key factors in the literature. Most researchers have focused on assessing effectiveness by looking at changes in student moral development throughout a course or program. Studies have also looked at gender differences among students in regards to moral development. Age and educational level, effectiveness, and gender differences make up the themes of assessment.

**Age and educational level.** A primary argument regarding the effectiveness of ethics education revolves around the belief that college and graduate students are too old to learn ethics (Piper, 1993; Trevino & McCabe, 1994; Williams & Dewett, 2005). Researchers have demonstrated that moral development continues into adulthood, and dramatic shifts of values within a professional education context are possible (Daloz Parks, 1993; Rest, 1994). Empirical

research has shown that young adults involved in moral development programs can advance more than children and teenagers (Trevino & McCabe, 1994).

One 20 year study following male participants showed progressive moral development throughout the time span ranging from 10 to 48 years of age (Rest, 1994). Borkowski and Ugras (1998) did a meta-analysis of studies looking at moral development from 1985 through 1994. Their analysis included 47 studies and confirmed continued moral development in adulthood. According to study results, attitudes and behaviors showed increased ethical reasoning with age.

King and Mayhew (2002) analyzed 172 studies investigating the moral development of undergraduate college students by using the Defining Issues Test (DIT), a moral development assessment tool. Their review of studies showed that development of moral reasoning does improve during college years. Development, they added, is contextual, and higher education settings offer excellent contexts for stimulating moral reasoning.

Some researchers have distinguished that the “level of formal education is the strongest predictor of DIT scores” (Rest, Narvaez, Bebeau, & Thoma, 1999, p. 70). Such results have indicated people who have experienced higher education are more likely to score higher on moral development scales (Bigel, 2002). In one study, DIT scores of males and females from junior high through graduate school showed a progressive increase at each educational level with female students scoring consistently higher (Rest, 1994). Male student DIT scores ranged from 19.1 at junior high level to 61.0 at graduate level, and female student scores ranged from 19.8 at junior high level to 63.0 at graduate level.

Studies have affirmed the value of ethics education by showing positive moral development between college freshmen and college seniors (Lopez et al., 2005; Williams & Dewett, 2005). In an analysis of 25 studies assessing business ethics education, Waples et al.

(2009) found that not only did older students appear to be more ethical, but those who were working professionally while in school gained more from ethics education. Their analysis also confirmed that the inclusion of ethical principles and strategy is important for effectiveness.

Ponemon and Gabhart (1994) studied the relationship between ethical reasoning and professional behavior in accountants and auditors. In their meta-analysis and research they found that ethical reasoning determined ethical choice and behavior in many professional specific tasks. In another study accounting students and alumni were looked at to determine the role of higher education in ethical development (Ponemon & Gabhart, 1994). DIT scores indicated a progression of ethical reasoning development, and the researchers concluded that effective teaching interventions at both higher education and corporate levels can foster moral development of auditors and accountants.

As can be seen from the described studies, data have shown continued moral development changes in adults over time, especially related to educational experiences. The next question assessment literature has looked at is the actual effectiveness of ethics education. Can ethics education in a business program make a difference in moral reasoning?

**Effectiveness.** Researchers have been trying to assess business ethics education effectiveness since the late 1980's (Borkowski & Ugras, 1998). Studies have used a variety of methodologies and participation groups. While results have been mixed, the vast majority of studies have shown that business ethics education is helpful in advancing student moral development (Bigel, 2002; Borkowski & Ugras, 1998; Lau, 2010; Lawrence et al., 2011; Lopez et al., 2005; Lowry, 2003; Ritter, 2006; Waples et al., 2009; Williams & Dewett, 2005).

In their meta-analysis of research conducted from 1985-1994, Borkowski and Ugras (1998) looked at 47 different research studies focused on the effects of business ethics education.

The empirical research they used focused on business students, and data were based on assessment instruments such as the Defining Issues Test (DIT). They concluded “additional exposure to ethics theory and ethical dilemmas would benefit the business community, whether in practice or in academia” (p. 1124). In addition, the earlier students learned that the business community values ethical behaviors, and the more ethics is integrated into business courses, the sooner they demonstrated ethical behaviors and attitudes. The idea that students benefit from ethics education early in a program is also confirmed by other researchers (Lowry, 2003).

More recently, Waples et al. (2009) conducted a meta-analysis of research focused on business ethics instruction. They looked at 25 studies based on empirical investigation, descriptions of approaches, and descriptive or inferential statistics. According to their analysis, evidence has shown that business ethics instruction is “minimally effective in enhancing ethics among students and business professionals” (p. 146). Waples et al. revealed key variables to be considered when developing a business ethics education include: business ethics instruction studies must specify criterion of interest and tie this to instructional content, and instructors must consider course design, content, and evaluation. Inclusion of general ethical rules, guidelines, principles, and strategies seemed especially important in regards to content.

In their research assessing ethical perceptions and business education, Lopez et al. (2005) gathered data from 353 business school students at various stages in their education. Business ethics instruction at the school they studied is integrated throughout the core curriculum. In this study students completed a survey made up of 15 different scenarios. Results showed that formal business education including ethics integration decreases tolerance for unethical behaviors, and they concluded students are positively affected by formal ethics training.

Another study looked at the effects of including the decision-making model, JUSTICE, in a course (Lau, 2010). Results showed that students with ethical education have a higher ethical awareness of moral issues and students generally want ethics to be included in business school education. Lau concluded that ethics education in business schools does have significant value in developing student ethical awareness, sensitivity, and reasoning.

One study assessing the integration of ethics in a management class with 103 student participants over a semester period showed contrary results (Assudani et al., 2011). Data showed that integration of an ethics component into a management course did not help students effectively involve moral philosophies into decision making. Assudani et al. have questioned the assumption that ethics integration affects all students positively and equally.

While literature has offered strategies for providing business ethics education, there has been little consideration given to faculty member's experience. However, one study (McNeel, 1994) looked at the development of faculty and how it impacted students. At a small Midwestern college more than half of the faculty members were exposed to a year-long training program introducing developmental concepts and models they could use, with moral development being part of the program. Data showed a positive relationship between faculty development and student moral development. Students who had moderate and high contact with trained teachers and focused classes showed greater increase on DIT scores than students with low exposure. Such research has pointed to the importance of faculty training.

Much of the research has shown that ethics education and integration in business school programs can positively affect moral development. Students do benefit from exposure to business ethics theories and moral dilemmas. Faculty training and continuing education in

regards to integrating ethics in their discipline of study is most likely a factor in just how effective a program is (LeClair, 2005).

**Gender differences.** Moral development differences between female and male students are another significant factor considered in studies assessing ethics education (Arya et al., 2009; Bigel, 2002; Borkowski & Ugras, 1998; Davis, Ruhe, Lee, & Rajadhyaksha, 2010; Lau, 2010; Lopez et al., 2005; Persons, 2009; Quesenberry, Phillips, Woodburne, & Yang, 2012; Ritter, 2006; Ruegger & King, 1992). One study did not find any gender differences, but acknowledged it is a contested issue (Lowry, 2003). While a majority of studies found gender differences, they often varied in how to define and interpret the differences.

Gender differences were seen in attitudes, behaviors, moral development and awareness, as well as receptiveness to ethics education. Women generally scored higher in an ethics awareness assessment showing they tend to more readily perceive moral dilemmas (Davis et al., 2010; Quesenberry et al., 2012; Ruegger & King, 1992). Researchers explained this as possibly resulting from sociological factors encouraging women to be more thoughtful of others (Quesenberry et al., 2012). Female students also tended to show more ethical behaviors and attitudes along with less tolerance for unethical behaviors (Arya et al., 2009; Borkowski & Ugras, 1998; Lau, 2010; Lopez et al., 2005; Persons, 2009). With such data it is not surprising that women have shown to be more receptive to ethics education (Davis et al., 2010).

Gender differences in moral development may be significant enough to warrant consideration of alternative strategies, goals, and assessment of business ethics education. What the research looking at gender and age differences has revealed is that not everyone approaches or responds to ethics education in the same way. Despite such differences the bulk of research has shown that moral development does continue into adulthood and business ethics education

can make a difference. Effective ethics education can help students gain greater awareness of moral dilemmas and learn how to deal with them in ethical ways. As in all educational endeavors, goals and strategy are critical to making sure business school programs are teaching ethics in ways that are practical for graduates.

### **Goals of Ethics Education**

Business schools have approached ethics education in a variety of ways and this is revealed in the disagreement on goals and desired outcomes (Felton & Sims, 2005). Some business school faculty and administrators have emphasized a need to focus on helping students develop decision making skills and an ability to talk about moral issues (Ferrell et al., 2008; Piper, 1993; Trevino & McCabe, 1994). Other programs have emphasized helping students define and articulate their own values (Gentile, 2010; Mintz, 1996; Tang & Tang, 2010). Business schools have also acknowledged the importance of helping business students and leaders redefine what good business means (Grant, 2008; Petocz & Dixon, 2011).

Along with developing a different business perspective, many believe ethics education should include a mix of knowledge and skills based learning (Felton & Sims, 2005; Matchett, 2005; Smith, 1996). Sims and Felton (2006) described four goals of an ethics course believing at the end of the course students should: a) understand personal core values, b) have a broader ethical understanding, c) understand ethics is a part of all business disciplines, and d) be aware of the importance of continuing education in ethics issues. In earlier work, Felton & Sims (2005) also pointed out goals focused on increasing stakeholder perspective, the ability to discuss moral issues, and awareness of long-term consequences and accountability.

Most business ethics education literature has listed sensitivity to ethical issues as a primary goal because ethical behavior depends on the ability to recognize ethical issues



(Assudani et al., 2011; Matchett, 2005; Quesenberry et al., 2012; Sims & Felton, 2006; Smith, 1996). Reasoning and reflection that stimulate moral imagination are also important (Matchett, 2005; Smith, 1996). Moral imagination helps people deal with the complexity of ethical issues by developing an ability to see and use competing insights to inform decision making. A combination of conceptual knowledge, skills, and enhanced ability to reflect on issues contributes to growth in moral deliberation.

Gentile (2010), author of the *Giving Voice to Values* curriculum, does not believe focusing on the awareness of ethical issues and decision making tools is sufficient to help people act morally. According to Gentile, important goals of ethics education need to include “building the skills, the confidence, the moral muscle, and, frankly, the habit of voicing our values” (p. xiii). Helping people understand their own values and practice articulating them can give people the courage to make decisions and take actions based on those values.

Gentile (2010) is not alone in recognizing that motivation, conviction, and implementation are critical components of an effective ethics education (Matchett, 2005). While few researchers directly addressed motivation, many acknowledged the importance of eliciting a sense of moral obligation and responsibility in students (Felton & Sims, 2005; Smith, 1996). Motivation points to an emotional component of ethical dilemmas that needs to be acknowledged in order for ethics education to be successful (Cassidy, 2010). Like any other academic discipline, the effectiveness of business ethics education is also dependent on the strategies used.

### **Strategies for Teaching Business Ethics**

There is agreement among business school faculty on the importance of teaching ethics, yet there is not one formula or set of strategies used to teach ethics in business schools. While the AACSB and ACBSP require ethics in the schools they accredit, no specific requirements are

given (AACSB, 2012; ACBSP; 2012; Swanson, 2005). As a result business schools are left with the task of trying to figure out how to include ethics in what they do and what the expected outcomes should be. Because there is ongoing debate about how to approach business ethics education, much of the literature has focused on strategies with sub-themes of pedagogy, service opportunities, and modeling different business perspectives.

**Pedagogy.** One thing many business school faculty have agreed on is the importance of providing stand-alone ethics classes along with integration of ethics in all business disciplines (Business Roundtable Institute for Corporate Ethics, 2007; Christensen et al., 2007; Goodpaster, 2007; Lawrence et al., 2011; Lopez et al., 2005; Lowry, 2003; Mele, 2008; Mullins Beggs & Lund Dean, 2007; Swanson, 2005; Windsor, 2005). Some ethics experts have recommended business schools have a foundational ethics course at the beginning of undergraduate and graduate programs (Goodpaster, 2007; Lawrence et al., 2011; Matchett, 2008; Swanson, 2005; Windsor, 2005). Ethical knowledge and skills taught in the foundational course are then built on throughout the curriculum in all of the business disciplines. An important outcome of integrating ethics throughout the disciplines is helping students learn that ethics is involved in all aspects of business (Mele, 2008; Piper, 1993; Sims & Felton, 2006).

Discussing case studies is a common strategy used to integrate ethics in the various disciplines (Burton, Dunn, & Goldsby, 2005; Christensen et al., 2007; Goodpaster, 2007; Mintz, 1996). Case studies can be drawn up within all business disciplines, apply to real life scenarios, and engage students in discussions. Incorporating a decision making model to be used by all faculty in their teaching has been an additional way business schools are integrating ethics (Piper, 1993; Bandsuch & Winsor, 2005). Other examples of creative ways business school faculty have incorporated ethics include off campus experiences, discussions with white collar

criminals, guest speakers, and business ethics competitions (Christensen et al., 2007; Goodpaster, 2007; Seawell, 2010; Swanson, 2008). Supporting the development and growth of student programs focused on ethics related issues, such as Net Impact, has also been considered an important way business schools can empower students to take initiative in applying moral consideration to business (Christensen et al., 2008; Waller Vallario, 2010).

**Service opportunities.** Many business schools have recognized the value of service learning (Christensen et al., 2008; Newman, 2005; Piper, 1993; Smith, 1996; Williams & Dewett, 2005). Service opportunities can be found within the campus, surrounding communities, or internationally. An important aspect of service activities is the inclusion of tasks drawing from business knowledge and skills taught in the classrooms.

Examples of how business schools have integrated service into their curriculum have revealed the benefits for students, faculty, and communities. The University of Denver's Daniels College of Business had MBA students work together in teams to identify and address a need in the surrounding community (Seawell, 2010). At the end of the team projects a Community Capital Fair was held in which college and community members could see what the 50-60 teams of students had done in the community.

Such service learning opportunities expand student perspective and increase awareness of how decisions affect other people (Newman, 2008; Piper, 1993; Smith, 1996; Williams & Dewett, 2005). Participating in service oriented tasks also encourages a systems perspective that helps students and faculty remember they are a part of something bigger. Newman (2008), director and founder of the Yale University Office of Sustainability, has proposed a pedagogical framework based on service learning in which the campus itself can be used as the classroom and client. Student projects focused on helping the campus become more sustainable set into motion

increased cooperative work between departments across the campus and the importance of being attentive to the larger system's vitality.

Maintaining a greater systems perspective and helping students learn the same thing at a personal level is considered an important need by many business educators and professionals (Moore, 2008; Oblinger & Verbillie, 1998; Piper, 1993; Waddock, 2005; Werhane, 2005).

Service experiences can often be empowering and transformational in that they advance moral capacities and develop a sense of personal responsibility (Smith, 1996). North Central College instituted a service internship based program as part of its commitment to "leadership, ethics, and values" (Smith, 1996, p. 61). After taking a leadership theory course, students were placed according to interests and skills in organizations that were typically non-profit. Former director of the program, Smith (1996), often saw transformative results and acknowledged the service internships exposed students to choices regarding how they will use legitimate power and authority in future managerial careers. Smith went on to say, "It is time to think of service not just as doing good but as a good basis for pedagogy" (p. 65).

Business schools as a whole can benefit from service opportunities. Service opportunities foster team cohesiveness among students and faculty, as well as increase a sense of altruistic purpose (Newman, 2008). Encouraging and participating in service is also one way higher education institutions, business professionals and organizations can prevent an unbalanced pursuit of a purpose (Goodpaster, 2004). Developing an orientation towards service often requires business schools to model a different business perspective, which is also seen as a valuable strategy in promoting business ethics.

**Modeling different business perspectives.** While business schools look for strategic ways to teach business ethics, an underlying factor needs to be the business perspective

promoted by the school's programming. Does the school promote a perspective encouraging service and social responsibility, or does it solely focus on profit maximization? There has been a call from leaders in higher education and society for business schools to take responsibility by modeling and helping corporations gain a broader perspective of what good business involves (James, 2000; Piper, 1993; Stablein, 2003; Swanson, 2005; Waddock, 2005; Waller Vallario, 2010). Authors have approached the issue by looking at interpretations of well-known business theorists or describing new perspectives of good business.

*Addressing interpretations of theorists.* Many contributors to business ethics education literature have recognized the influential role of business perspectives created by corporate leaders and theorists in shaping organizational culture and the role of ethics in that culture (McAlister & Ferrell, 2005). Profit maximization is a widely accepted business goal and many believe classical economic theories are based on selfish interests (Davis et al., 2010). However, some have argued this is an inaccurate view of business that can lead to negative practices, and they pointed out many business schools have modeled a narrow focus on financial performance leading to business scandals (Davis et al., 2010; Laczniak & Murphy, 2005; Swanson, 2005; Waddock, 2005; Williams & Dewett, 2005).

In their work articulating a review on business ethics education, Williams and Dewett (2005) looked at the theories of Adam Smith and Milton Friedman. Both Smith and Friedman's work have heavily influenced our current economic system, and are often cited to support a view of selfish corporate behavior. Business school faculty and professionals sometimes turn to their theories to guide business decisions without involving a moral compass. Williams and Dewett contended focusing on Smith's and Friedman's theories in such a way incompletely represents what they believed.

Many people have looked to Adam Smith's *The Wealth of the Nations* for theoretical guidance, and forget his first significant work was on morality (Williams & Dewett, 2005). Smith acknowledged our propensity for selfishness, but claimed we also need to limit it with self-control, altruism, and a sense of justice. He valued the concept of a free market because he believed it promoted greater development of cooperative modes of behavior leading to more self-control and responsiveness to the needs of others (Muller, 1993).

Friedman acknowledged that many market activities have an impact on others, and harmful actions must be constrained (Williams & Dewett, 2005). Self-interests, he believed, must be exercised within the law and in accordance with ethical customs (James & Rassekh, 2000). For both Smith and Friedman "self-interest embodies an other-regarding aspect that requires individuals to moderate their actions when others are adversely affected" (p. 670).

Management theorists have also been blamed for promoting unethical business activity, but a closer look can reveal otherwise. Schwartz (2007) examined several popular management theories to analyze the gap between business ethics and business practices. He studied the early twentieth century management theories of Frederick Taylor, Chester Barnard, and Peter Drucker. Schwartz found significant ethical content in all three theories. For example Taylor urged managers to maintain proper personal relations with workers, and Barnard recognized the importance of external stakeholders, people outside of the company.

Peter Drucker, considered by many to be the founder of American management, was especially influential with his two books on management theory, *Concept of the Corporation* and *The Practice of Management* (Schwartz, 2007). Both books have a chapter on business ethics and his theory included three arguments directly addressing ethics: a) profits are important, but

not the purpose of a business; b) because corporations are social institutions they have social responsibilities; and c) businesses especially have responsibilities towards their employees. Failure on the part of business school faculty to understand and teach such implications of management theories is teaching without a fully informed theoretical foundation that can be misleading and result in negative lessons.

*Describing new perspectives.* Although a business perspective focused on profit is deeply ingrained, higher education can influence the business world and its leaders by encouraging new understandings of business including greater perspective of who is affected by corporate activity (Goodpaster, 2007; Grant, 2008; Lewis, 2007; Oblinger & Verville, 1998; Swanson & Frederick, 2005). Authors have claimed this is not only a possibility, but a responsibility (Lewis, 2007; Mele, 2007; Piper, 1993). Lewis (2007) explained higher education's responsibility regarding ethics in this way, "We owe it to society to see that the future business leaders, government leaders, lawyers, doctors, and teachers we produce will learn that their role in life is about something bigger than themselves and their personal success" (p. 70). Such opinions point towards developing perspectives of business accounting for a wider range of stakeholders and goals.

Many business ethics faculty have expressed the need for business and higher education to collaborate in developing perspectives and strategies more inclusive of ethics (Chen et al., 1997; Mullins Beggs & Lund Dean, 2007; Oblinger & Verville, 1997). Together they need to wrestle with the tough questions, look at existing structures, and challenge assumptions in order to bring about positive change and a broader perspective of business (James, 2000; Oblinger & Verville, 1997). Changing business perspective, some have contended, requires moving from a focus on organizational functioning and financial profit to more humanistic perspectives (Grant,

2008). One such theory is the *Stakeholder Theory* which urges consideration of all stakeholders affected by corporate decision making, not just shareholders (Freeman, Harrison, Wicks, Parmar, De Colle, 2010). Another example is the concept of *Triple-Bottom-Line* in which profit, people, and planet are considered when making corporate decisions (Savitz & Weber, 2006).

Helping business students and professionals embrace different ways of understanding business can shape how businesses interact with the world. Business schools can and should be creative in teaching different perspectives and encouraging ethical reasoning, but they also need to be relevant. Whether teaching in the classroom, through off-campus learning experiences, or service opportunities one important factor is that the lessons learned can be applied to real life experiences in the business world (Goodpaster, 2007; Piper, 1993; Waddock, 2005).

### **Tensions and Gaps in the Literature**

After reviewing the literature on business ethics education there are clearly a number of tensions and gaps. First and foremost, there is a substantial amount of literature proclaiming the importance of ethics education as well as strategies on how to provide such education (Goodpaster, 2007; Lawrence et al., 2011; Lopez et al., 2005; Lowry, 2003; Mele, 2008; Swanson, 2005; Windsor, 2005). A clear tension underlying this literature is skepticism negating relevancy and effectiveness stemming from competitive corporate theories and our economic structure. This comes from a natural tension between a capitalistic, free market system and moral, altruistic behaviors. The tension is profound in business ethics education partly because of significant gaps in research.

One such gap is in the fact that all of the studies assessing ethics education effectiveness use current students as participants. A couple of researchers point to the importance of studying business school graduates, but all current studies found assessed business ethics education by



testing the moral development of students (Lau, 2010; Ponemon & Gabhart, 1994; Waples et al., 2009). How can business schools know what helps professionals deal with moral dilemmas if they do not keep up on the needs of the business world (Oblinger & Verville, 1998)? In order to really assess the effectiveness of ethics education in business schools it would be valuable to find out what business professionals find helpful.

Another gap showing the tension surrounding relevancy and effectiveness is seen in the lack of critical debate and empirical research regarding strategies. Many writers have recommended how to integrate, implement, and assess ethics (Christensen et al., 2007; Goodpaster, 2007; Lawrence et al., 2011; Matchett, 2008; Smith, 1996; Swanson, 2005; Windsor, 2005), but few compare and contrast methods. For example, how does a program integrating ethics in all classes compare to one that includes ethics specific core classes? Do service opportunities lead to moral growth? Experience may give one a sense of how to answer such questions, but lack of empirical research makes it difficult to confirm answers.

A second significant tension in the literature arises from the specialization and relative isolation of business education itself. The study of ethics naturally promotes awareness of relationships with a greater systems perspective, but specialization reduces such awareness and participation in collaborative efforts outside of the business school. For example, ethics education involves different fields of study such as psychology and sociology, yet the most recent literature does not reflect cooperative research with experts from these fields.

A gap resulting from the tension between a greater systems perspective and specialization is also revealed in the lack of coordinated efforts with business organizations and corporations. While research has shown increased moral development with age and education level, there was no research looking at the value of cooperative work outside of the campus population (Rest et

al., 1999). Many business schools now have institutes trying to foster ethical business practices in the corporate world (Christensen et al., 2007; Waller Vallario, 2010), yet promotion of such work is seldom mentioned. Such gaps limit the possibilities of what higher education can do outside of routine strategies.

A third tension lies in a desire for uniformity in educational approaches, yet data reveals there is uniqueness to moral development and deliberation (Assudani et al., 2011; Borkowski & Ugras, 1998). The individualistic character of moral development challenges efforts to develop a uniform pedagogy, because people respond differently to various approaches (Davis et al., 2010). As with the other tensions, this one also reveals gaps in the literature. For example, there is a substantial amount of data showing that women and men treat ethics differently, but there is a lack of literature defining how this impacts business school ethics education. Data reveal a “one size fits all” approach may not be the best in regards to effective ethics education, yet this is what authors have presented (Assudani et al., 2011; Felton & Sims, 2006). Failure to examine differences in moral development, such as those based on gender, diminishes the overall quality of a program and reduces what different groups of people can learn from each other.

Another significant gap in the literature lies in the link between knowledge and action. Studies looked at perception, attitude, or decision-making in regards to ethics, but they did not consider the leap between thinking and doing (Gentile, 2010; Thoma, 1994). It is one thing to assess what a person thinks and another to assess what they actually do (Arya et al., 2005; Hunt & Vitell, 2005; Rest, 1994). Some authors acknowledged factors such as the impact of organizational cultures, but there is little empirical data examining the link between thought and action (Hunt & Vitell, 2005; Rest, 1994). More research looking at behaviors could define important elements of an ethics program enabling students to think and act ethically.

Although business ethics education has been considered a field of study since the 1970's much research is needed to make it a more viable, core component of business schools. Conducting research addressing the above tensions and gaps in current literature would be a place to start. Doing so could help business ethics education become even more relevant for business professionals and positively shape the world as many hope higher education will do. An important piece of this work includes examining the theories being used for contemporary research and developing innovative theories that can bring new perspective to the field.

## **CHAPTER THREE THEORETICAL FRAMEWORK**

Four theories that can enlighten data in the qualitative research on business ethics education include: a) Kohlberg's Cognitive Moral Development Theory, b) Dewey's Educational and Moral Imagination Theories, c) Schein's Organizational Culture Theory, and d) Bolman and Deal's Reframing Organizations Theory. The primary theory used by business ethics education researchers is Kohlberg's Cognitive Moral Development Theory (Ferrell et al., 2011; Grant, 2008; Lau, 2009; Lowry, 2003; McCabe, Persons, 2009; Waples et al., 2009; Williams & Dewett, 2005). Kohlberg's work has been foundational to research and pedagogy related to ethics and moral development. This theory is specific to moral development and is supplemented well by Dewey's theories since they have been significant in shaping educational systems and include concepts regarding morality (Fesmire, 2003).

The other two theories are not seen in current literature on business ethics education, but can benefit new research. Schein's (2004) work is helpful for understanding organizational cultures and developing practical tools for shaping cultures. Bolman and Deal's (1984, 2008) theory on reframing organizations works well in corporate and higher educational contexts, and gives four perceptual frameworks to work with. Each of the theories can offer a useful lens to interpret data and a framework for discussing findings (Merriam, 2009). Together the four theories can lead to relevant business ethics research in our postmodern society.

### **Theory Descriptions**

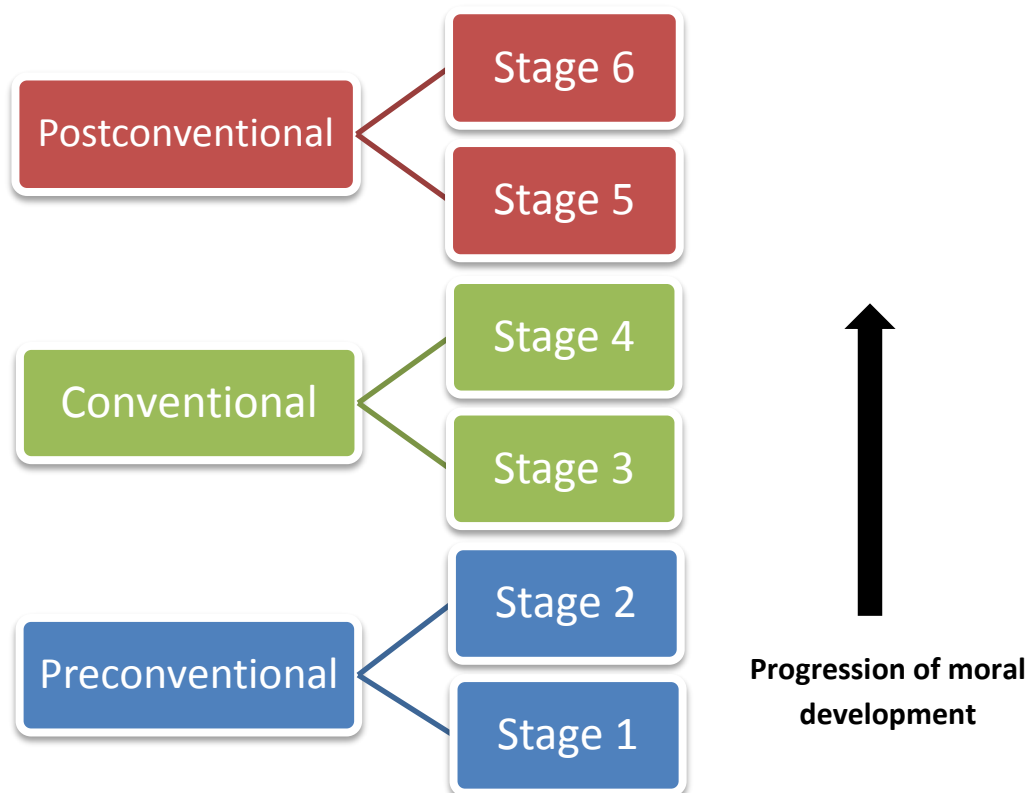
#### **Kohlberg's Theory of Moral Development**

Kohlberg's theory presents universal stages of moral development influenced by the work of Dewey and Piaget (Crain, 2005; Gibbs, 2010; Rich & DeVitis, 1985). Kohlberg developed his theory after studying 72 boys and later extended his research by also studying girls

(Crain, 2005). Kohlberg presented each participant with a series of moral dilemmas and analyzed responses by looking at the reasoning behind answers. Moral development, according to his theory, includes six stages within three levels. The stages are sequential, do not vary in order, and build upon each other so the higher stages are viewed as showing greater moral development (Kohlberg, 1981, 1984). Kohlberg believed his theory provides a philosophy of moral education that stimulates growth by promoting problem-solving and thinking (Rich & DeVitis, 1985). Table 1 illustrates the progression of the six stages.

**Table 1**

*Kohlberg's Stages of Moral Development*



**Preconventional level.** The first level of moral development is the preconventional level with stages one and two. Stage one includes an orientation to punishment, obedience and power

(Kohlberg, 1981, 1984; Rich & DeVitis, 1985). Children in this stage of moral development follow rules to avoid punishment and believe they must not question any adult authority (Crain, 2005). The second stage is characterized by recognition of individualism and exchange. A child in this stage begins to recognize there are multiple viewpoints given by authorities, everything is relative, and individuals can pursue personal interests. Children at this level conform to rules to receive rewards, and see punishment as a risk to avoid (Rich & DeVitis, 1985).

**Conventional level.** Level two of Kohlberg's theory is the conventional level which includes stages three and four. Stage three is typically seen in children entering their teenage years and is characterized by emphasis on good interpersonal relationships (Crain, 2005). People in this stage of moral development believe it is important to live up to family and community ideals of "good" behavior. Orientation is towards winning approval and maintaining group expectations (Kohlberg, 1981, 1984; Rich & DeVitis, 1985). Stage four represents greater moral development with concern about society as a whole (Crain, 2005; Gibbs, 2010). An individual in this stage obeys laws, respects authority, and performs one's duty to maintain social order (Kohlberg, 1981, 1984). Kohlberg believed that most adults operate in stages three and four (Rich & DeVitis, 1985).

**Postconventional level.** Finally, there is the postconventional level with stages five and six. Stage five has an orientation towards social contract with duties defined by respect for others' rights. Equality and mutual obligation are emphasized, and there is recognition of the relativism of personal values (Kohlberg, 1981, 1984; Rich & DeVitis, 1985). People operating in this stage begin to think about society in theoretical ways and believe a good society is one that works towards the benefit of all groups of people. With this understanding there is

acceptance that the health of a society is not just indicated by orderliness, and there may need to be social disruptions to improve society (Crain, 2005).

Stage six moves beyond conceptualizations of a good society, towards higher philosophical thinking. One's conscience, along with consistent, universal ethical principles, determines what is right and wrong. (Kohlberg, 1984; Rich & DeVitis, 1985). Kohlberg (1984) explained "Principles are universal principles of justice, the equality of human rights and respect for the dignity of human beings as individual persons" (p. 176). When laws violate these universal principles, one should act in accordance with the principles.

Kohlberg's six stages cover a life-span, although he believed most people do not reach the highest stages (Trevino, 1992). Kohlberg believed less than 25% of adults develop to the postconventional stage (Rich & DeVitis, 1985). Each stage shows a progression of knowledge and skill, but focuses on moral thinking, not action (Crain, 2005). People change decision-making priorities throughout adulthood and moral development can be stimulated through exposure to others more mature, thinking about moral dilemmas, and problem solving (Ferrell et al., 2011; Kohlberg, 1981; Rich & DeVitis, 1985; Trevino, 1992).

**Methodological implications.** Kohlberg's theory has been widely used by business ethics education researchers to gather and interpret data (Bigel, 2002; Borkowski & Ugras, 1998; Lowry, 2003; Rest, 1994). Some researchers have used his interview model of having students talk or write about how they understand and interpret moral dilemmas (Hiltebeitel & Jones, 1992; Izzo, 2000; Rest, 1994; Swanson, 2008). The six stages are used as a lens to score and interpret the data (Bigel, 2002; Izzo, 2000; Lowry, 2003). A widely used tool in moral development assessment, the Defining Issues Test (DIT), was based on Kohlberg's theory. The

DIT is often used to assess differences in student moral development after exposure to business ethics education (Bigel, 2002; McNeel, 1994; Rest, 1994; Waples et al, 2008).

Some experts have used this theory to develop business ethics education classes or programs (Grant, 2008; Waples et al., 2008; Williams & Dewett, 2005). While Kohlberg's work is widely used, some researchers, including Gilligan (1982) and Rest (1994), have pointed out a number of shortcomings. Gilligan, an associate of Kohlberg's, felt his theory was biased against women (Crain, 2005; Rich & DeVitis, 1985). Gilligan's theory is not as extensive as Kohlberg's theory, but it asks important questions about differences between groups of people. While Rest heavily relied on Kohlberg's work, he also found there to be limitations in using a theory based on stages (Rest, 1994). For such reasons it will be important to consider more than just Kohlberg's theory when dealing with data on business ethics education.

### **Dewey's Educational and Moral Imagination Theories**

Dewey was a pragmatic philosopher and educator whose work has heavily influenced our education system (Rohmann, 1999). Deweyen concepts relevant to business ethics education include social context, experiential education, moral imagination, dramatic rehearsal, and collateral learning. In his theories on education and moral deliberation, Dewey emphasized the importance of considering all factors effecting human behavior including social contexts (Fesmire, 2003). When it comes to moral conduct, moral laws and customs are factors, but so is the "social soil" from which individuals come.

**Social context and experiential learning.** Acknowledging the impact of external and internal influences, Dewey promoted the integration of beliefs about the natural world with beliefs of values and social conduct (McDermott, 1981). Natural and social contexts genuinely shape how the world is experienced as well as what is learned from those experiences so Dewey



worked to eliminate barriers separating culture from nature (Fesmire, 2003). Due to biological and social influences, practical education needs to include contextual elements and experiences allowing students to apply what they learn in the world (Dewey, 1938). Because social contexts are always changing, there is ongoing need to change educational content and strategies.

Continually changing contexts affected by natural and social interactions influences moral deliberation as well as educational techniques, and means there isn't just one fixed rule or belief applying to every situation (Fesmire, 2003). Dewey identified three forces that should be considered when dealing with moral dilemmas. These forces include "individual ends, demands of communal life, and social approbation" (p. 56). Ethical theory, Dewey (1903) contended, is "two-faced, psychological and social; the psychological has to do with the agent and how he[*she*] operates as an individual; the social with what he[*she*] does in his[*her*] relation to the social whole" (p. 29).

People do not make moral decisions in isolation, but moral behaviors involve interactions with the social environment as much as "walking is an interaction of legs with a physical environment" (Dewey, 1922, p. 183). Just as situations differ, so does the need to apply different rules, standards, or understandings. Dewey believed educational systems have a societal responsibility to address the morality of students, saying "The common separation between intellectual and moral training is one expression of the failure to construct the school as a social institution" (Dewey, 1903, p. 30). This responsibility of educational institutions arises from their role of developing students as responsible citizens and shaping society's future leaders. Because of changing scenarios and complexities of ethical dilemmas, imagination and creativity play a prominent role in moral deliberation.

**Imagination.** Imagination enables people to project different ways of framing situations, exploring possible actions and outcomes, and change moral points of view (Fesmire, 2003). Two forms of imagination recurring in Dewey's writings include "empathic projection" and "creatively tapping a situation's possibilities" (p. 65). Being able to empathically sympathize with another person is expanded through intentional reflection, which includes creatively imagining possibilities for action and forecasting possible consequences. In this sense imagination allows people to see their present reality in light of different possibilities.

**Dramatic rehearsal.** One essential part of the imaginative process in moral deliberation is what Dewey called dramatic rehearsal (Fesmire, 2003). Dramatic rehearsal includes reflection and mentally working through various scenarios before taking action. Dewey explained people deliberate through dialogue, visualizing results, imagining doing something, and imagining other people's responses. Deliberating in such ways requires inhibiting action, using past experiences to analyze the current situation, and developing a thoughtful response. Imagination is a vital part of the process because it creates new understandings and reconstructs "frustrated habits" (p. 78).

**Collateral learning.** This concept of Dewey's educational theory simply addresses the fact that students learn more than the subject being taught in a class. In fact, some of the most powerful lessons students learn are not directly related to the subject or discipline being focused on. Dewey (1938) explained,

Perhaps the greatest of all pedagogical fallacies is the notion that a person learns only the particular thing he is studying at the time. Collateral learning in the way of formation of enduring attitudes, of likes and dislikes, may be and often is much more important than the spelling lesson or lesson in geography or history that is learned. (p. 48)

It is the attitudes, perceptions, and other collateral learning that most likely shape a student's future decisions and actions. This concept points out the importance of what students learn from how or what we teach.

**Methodological Implications.** Dewey's theories can work well with research on business ethics education. His emphasis on social context, experiential learning, use of creativity, dramatic rehearsal, and collateral learning may bring new paradigms of interpreting qualitative data. Dewey's efforts to show links between the natural and social world bring up questions regarding how business ethics education involves and affects the natural world. On a micro level, what biological processes participate in individual ethics learning and moral deliberation? On a macro level, what natural processes impact a group of people learning about and processing moral deliberation? The contextual component of Dewey's work fits well with Schein's emphasis on the powerful influence of social context and organizational culture.

### **Schein's Theory on Organizational Culture**

No matter what groups we are a part of we are surrounded, influenced, and constrained by culture (Schein, 2004). Culture is often an elusive phenomenon that is constantly at work and difficult to define. Schein's work provided a theoretical and practical understanding of organizational culture defining it as

a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. (p. 17)

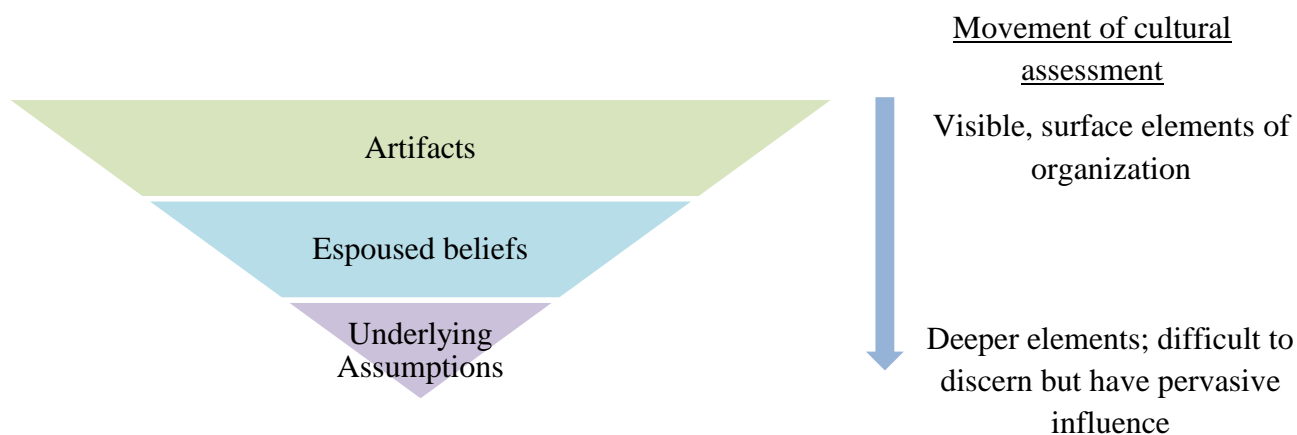
Schein proposed that organizational culture and leadership are deeply intertwined especially in the early development of a group. Leaders impose their assumptions and values,

and if the group succeeds, then the assumptions are taken for granted forming the organization's culture (Schein, 2004). When this happens, the assumptions govern group behaviors and determine the norms taught to newcomers. This culture is then transmitted through a socialization process for generations and defines what leadership is acceptable. However, when the group faces challenges new forms of leadership may be desired. Under these circumstances leadership needs to include the ability to step outside of the established culture to create transformation and a more adaptable culture. Understanding the dynamics and influence of culture can provide a powerful leverage in bringing about desired change.

With an awareness of how culture is developed and what it means, practitioners can observe culture at various levels (Schein, 2004). Schein differentiated three levels of organizational culture ranging from manifestations easily seen and felt, to assumptions that are embedded and unconscious. The three levels, as illustrated in Table 3, include: artifacts, espoused beliefs, and underlying assumptions. Cultural assessment moves from the more visible, obvious level to the deeper, less obvious levels of functioning.

Table 2

*Schein's Levels of Organizational Culture*



**Artifacts.** This level of organizational culture includes all that one can see, hear, and feel when encountering an unfamiliar culture (Schein, 2004). Artifacts include visible elements such as products, architecture, symbols, language, technology, artistic creations, dress codes, forms of greeting, emotional expressions, stories shared, published values and mission statements, ceremonies, and rituals. A group's climate is also an artifact of deeper levels and for the purpose of cultural analysis includes organizational processes, job descriptions, and structural charts.

Observation and impressions of a group's artifacts can enable identification of images and metaphors revealing deeper levels of culture (Schein, 2004). While it may be easy to describe an organization's artifacts, an outside observer cannot determine what they mean to the group or if they reflect underlying assumptions of the group's culture without looking at deeper levels. Inquiry into the group's espoused values, norms, and rules can provide greater understanding of what the artifacts mean.

**Espoused beliefs and values.** This second level of organizational culture represents the values and beliefs reflected in the activity, decision making, and problem solving of the group (Schein, 2004). Group members validate the applied beliefs and values of early leaders if those beliefs and values work in solving problems and promoting success. Over time the espoused beliefs and values become underlying assumptions supported by norms and operational rules. Understanding the beliefs and values can help leadership predict behaviors and demonstrations at the artifacts level.

A problem at this level occurs when what people say is not congruent with what they actually do or believe. In this case, what is done rather than what is said reflects more accurately the beliefs and values arising from underlying assumptions (Schein, 2004). When espoused

values and beliefs are aligned with underlying assumptions, articulating values to create an operating philosophy can help promote effective functioning. Social validation of shared values and a working philosophy can provide a powerful core mission and source of identity. To really understand beliefs and values that drive behavior patterns and predict future behaviors, it is important to look at the organization's underlying assumptions.

**Basic underlying assumptions.** Basic assumptions underlying organizational culture have become so ingrained and taken for granted that there is little variation among individuals within the group (Schein, 2004). Basic assumptions are the underlying theories guiding behaviors, and telling group members how to think and feel about things. They have developed because of repeated success, are non-debatable, and difficult to change. Reframing or relearning basic assumptions causes anxiety and destabilizes group members' perception of the world. Such anxiety may be destabilizing, but because changing underlying assumptions is so difficult, any change process needs to involve enough anxiety promoting the motivation to change.

Two important factors of successfully changing a culture include managing the anxiety accompanying relearning of assumptions, and assessing if it is even possible to cause change (Schein, 2004). This is true whether dealing with cultures of a group or trying to merge cultures between various groups. Culture is such a powerful force that in order to overcome cultural differences, change can only happen when the different cultural assumptions are honored, and a third assumption is developed. When working to discern the dynamics of this deepest level of culture, one can get greater understanding of group behaviors and how to work with other cultures.

Understanding organizational cultures requires a combination of examining group history and performing clinical research (Schein, 2004). Since culture is developed in a group context,

Schein contends that assessing cultures needs to include leadership commitment, group effort, and a problem motivating the process. Practitioners can develop a cultural assessment by leading group discussions identifying artifacts, espoused beliefs and values, and the underlying assumptions.

**Methodological implications.** Given its pervasive and powerful influence in all groups, culture is an important factor to include when considering the value of business ethics education. As Hofstede (1986), another cultural expert, explains because culture is such a big concept it is almost inadequate to limit it to one author's perception. While fairly comprehensive, Schein's theory lacks differentiation between what is unique about organizational culture as compared to other forms of culture, such as national, community, tribal, etc.. Despite such concerns, Schein's theory is one of the most concise and practical theories available when it comes to looking at organizational cultures. The connection between leadership and culture, and differentiation of levels has provided valuable insight to working with research on business ethics education. Bolman and Deal's frames also look at organizational culture, but consider it one of many elements important to acknowledge.

### **Bolman and Deal's Reframing Organizations Theory**

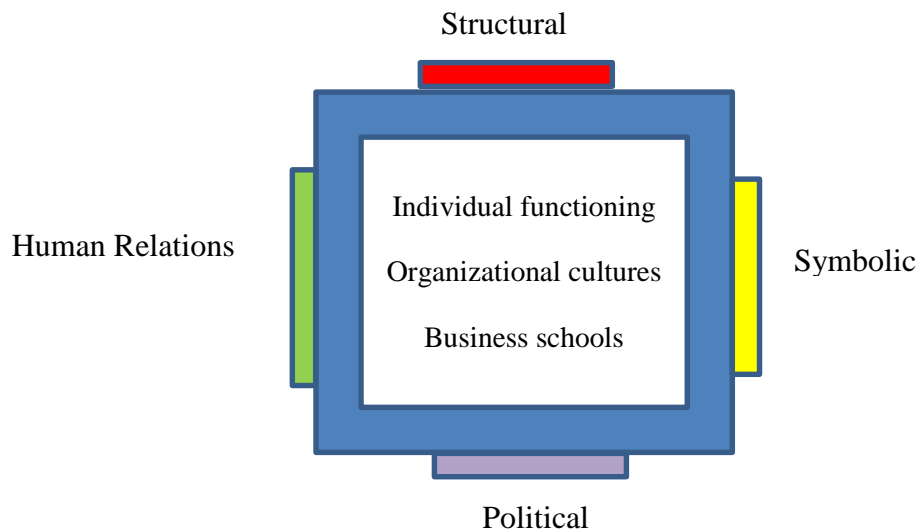
Over the last several decades numerous authors have presented theories promoting organizational development in a contemporary context. Bolman and Deal (1984) were among theorists providing innovative ways of understanding and leading organizations. They worked with experience in higher education institutions and a desire to enhance organizations in business and public sectors. Bolman and Deal found that material published in the later 20<sup>th</sup> century on organizational functioning and leadership came from theorists in four schools of thought: rational systems or structural, human resource, political, and symbolic. Theories from each perspective

develop recommendations based on a set of assumptions and concepts specific to its particular emphasis.

Each perspective is useful in understanding organizations, but offers only a partial understanding (Bolman & Deal, 2008). Bolman and Deal consolidated the four schools of thought offering what they considered a more complete way of looking at organizations. As illustrated in Table 2, each of the four different perspectives, called frames, offers a window to view something and tools to guide work. The structural, human resource, political, and symbolic frames prescribe different ways of looking at organizations, and using more than one frame allows a practitioner to reframe, or look at something in a new way. Reframing is important when trying to generate new understandings, creative approaches, and effective solutions. A brief description of the assumptions, concepts, and methodologies promoted by each frame can reveal how this theory brought depth to the research on business ethics education.

**Table 3**

*Bolman and Deal's Frames*





**Structural frame.** Throughout the 20<sup>th</sup> century theorists such as Frederick Taylor (1911) and Max Weber (1947) used a structural perspective to understand how organizations should be structured to promote the most effective functioning (Bolman & Deal, 1984). The frame is based on a core set of assumptions related to how an organization is structured and expected to function. The assumptions articulated by Bolman and Deal (2008) include:

1. Organizations exist to achieve established goals and objectives.
2. Organizations increase efficiency and enhance performance through specialization and appropriate division of labor.
3. Suitable forms of coordination and control ensure that diverse efforts of individuals and units mesh.
4. Organizations work best when rationality prevails over personal agendas and extraneous pressures.
5. Structures must be designed to fit an organization's current circumstances (including its goals, technology, workforce, and environment).
6. Problems arise and performance suffers from structural deficiencies, which can be remedied through analysis and restructuring (p. 47).

While structures from this perspective can be flexible, they are often hierarchical in power and rules-oriented (Bolman & Deal, 2008). The differentiation of needed tasks and coordination of the different roles performing those tasks are central when considering the structural design of an organization. Authority is allotted to various individuals to coordinate the different tasks and it is the designation of authority that creates the hierarchal structure. Leadership develops rules and policies to promote predictable behaviors and efficient

organizational activity. Due to factors such as size, leadership styles, and purpose, structures range in complexity and level of functioning.

More complex structures are made up of teams dedicated to carrying out specific tasks. Teams allowed to adapt to individual situations can often function at higher levels (Bolman & Deal, 2008). Working groups made up of a manageable number of people with complementary skills, a clear purpose, commitment, and accountability can perform extraordinary things. Participation in such teams allows for creativity, ownership, and clarity enabling groups to work with speed and efficiency. Looking at the structure of various teams and the organization as a whole can reveal strengths and limitations. However, just using the structural frame can lead to overlooking many of the humanistic characteristics considered by the human resource frame.

**Human resource frame.** This frame focuses on how people interact and function in an organization. Early pioneers working with a human resource perspective contended people are the most valuable resources in organizations and have rights based on fundamental needs (Bolman & Deal, 2008). Core assumptions of the human resource frame include:

1. Organizations exist to serve human needs rather than the converse.
2. People and organizations need each other. Organizations need ideas, energy, and talent; people need careers, salaries, and opportunities.
3. When the fit between individual and system is poor, one or both suffer. Individuals are exploited or exploit the organization – or both become victims.
4. A good fit benefits both. Individuals find meaningful and satisfying work, and organizations get the talent and energy they need to succeed. (p. 122)

Organizations functioning with a human resource emphasis see talent and motivation as critical to their success so they work towards hiring and retaining individuals with desired skill

sets (Bolman & Deal, 2008). Part of this effort includes satisfying the basic needs of employees to energize their work and promote a positive fit with the organization (Bolman & Deal, 1984). A good fit fosters maximization of talent, energy, and loyalty. When there is a poor fit between participants and organization, then there will most likely be problems with apathy, conflict, frustration, and sabotage. Where the human resource frame is geared towards the relationship between people and organizations, the political frame considers the relationship between people and power.

**Political frame.** The political frame focuses on power and political arenas in organizations (Bolman & Deal, 1984). While an organization may have a common goal, various groups and individuals within that organization engage in ongoing pursuits for power and resources (Bolman Deal, 2008). Five assumptions of this perspective include:

1. Organizations are coalitions of assorted individuals and interest groups.
2. Coalition members have enduring differences in values, beliefs, information, interests, and perceptions of reality.
3. Most important decisions involve allocating resources – who gets what.
4. Scarce resources and enduring differences put conflict at the center of day-to-day dynamics and make power the most important asset.
5. Goals and decisions emerge from bargaining and negotiation among competing stakeholders jockeying for their own interests. (p. 195)

At each level in an organization alliances form because of common interests and the belief that groups can accomplish more than individuals (Bolman & Deal, 2008). The political frame looks at allocation of power among individuals and groups, and how power is manifested. Significant forms of power in organizations come from authority, expertise, control of rewards,

and personal charisma (Bolman & Deal, 1984). Powerful leaders functioning as politicians exercise skills in understanding the organization's political terrain, networking, bargaining, and setting the organization's course.

Examining political struggles among leaders and group participants can give a vivid picture of how an organization operates. Looking at how the organization functions with other organizations and environments is also important when analyzing the political power at work (Bolman & Deal, 2008). This is especially true for organizations operating at a global level and exhibiting extensive power. Political power at all levels is affected by social forces and how people interpret the world, bringing us to the role of symbols in organizational functioning.

**Symbolic frame.** This frame focuses on the faith, meaning, rituals, and beliefs people apply to understand the world (Bolman & Deal, 2008). Symbols stand for some socially constructed meaning and are a part of every culture because people seek meaning in life. They can inspire hope, faith, motivation, and commitment. Assumptions of the symbolic frame include:

1. What is most important is not what happens but what it means.
2. Activity and meaning are loosely coupled; events and actions have multiple interpretations as people experience life differently.
3. Facing uncertainty and ambiguity, people create symbols to resolve confusion, find direction, and anchor hope and faith.
4. Events and processes are often more important for what is expressed than for what is produced. Their emblematic form weaves a tapestry of secular myths, heroes and heroines, rituals, ceremonies, and stories to help people find purpose and passion.

5. Culture forms the superglue that bonds an organization, unites people, and helps an enterprise accomplish desired ends. (p.253)

The symbolic frame points to organizational culture and how that culture manifests itself in daily activities, decorations, and other significant elements. Cultural norms within and outside of an organization create expectations of appearances and organizational drama that engage emotionality, playing an important role in outcomes (Bolman & Deal, 2008). While many organizations have articulated mission statements and goals, it is what the organization actually does that is important to examine. Looking at the symbols, including rituals and ceremonies, can give an informative view of what the organization really stands for and how participants operate.

**Methodological implications.** Using the symbolic frame along with the other three frames offers a unique way of looking at information and organizations. Bolman and Deal's (1984, 2008) theory of framing information through the four perspectives of structure, human resource, political, and symbolic offers an extensive model for understanding organizations. They have effectively brought together theory and practice (Scarselletta, 1994) to provide a tool that can be used for interpreting data relevant to organizations and how they work (Yi, 2012). Each frame by itself has strengths and weaknesses, but it is by using multiple frames that one can get a fuller understanding. The use of multiple frames, however, can be confusing and create conflict (Bolman & Deal, 2008). While it is ideal to use all four lenses, leaders tend to prefer and use one over all others (McFadden, Miller, Sypawka, Clay, & Hoover-Plonk, 2013).

Another shortcoming of the theory is the focus of organizational culture applied only in the symbolic frame. Organizational culture permeates all of organizational functioning and should be considered from the structural, human resource, and political frames as well.

## Summary

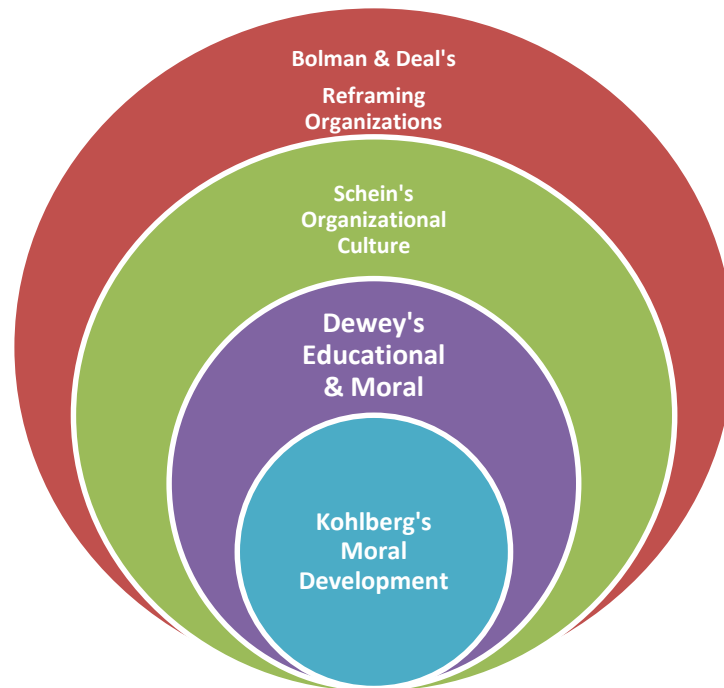
Kohlberg's theory is grounded in the cognitive moral development of individuals, whereas Dewey's theories address both individual and institutional concepts regarding learning and morality. Both Schein's, and Bolman and Deal's theories have a wider social context applying to organizations. In order to provide practical results it is critical to consider contextual influences and the effects of social exchanges as well as cognitive processes (Hunt & Vitell, 2005; Vermillion et al., 2002). Schein's focus on organizational culture fits well with Bolman and Deal's wider framing of organizations with four perspectives. Concepts from the work of Kohlberg, Dewey, Schein, and Bolman and Deal can provide a useful look at business ethics education in multiple contexts, including higher education and business. All four theories consider the role of cultural influences and sociological trends in organizational and individual behaviors.

It is important in qualitative research that each theory suggests different ways of looking at the data and determining what is significant (Anyon, 2009). Kohlberg's theory on moral development provides a useful lens to understand data relevant to individual professionalism and moral development. Dewey's theory is especially helpful for looking at concepts of individual learning and morality, as well as looking at larger educational contexts. Both theories can also inform assessment of organizational cultures in relation to ethical practices and work with Schein's theory to determine levels of organizational functioning. Schein's theory broadens understanding from a focus on individual behaviors to organizational behaviors. A primary analysis using Kohlberg's, Dewey's, and Schein's theories for relevant concepts provides a focus on the most significant data.

As illustrated in Table 4, Bolman and Deal's theory expands perspectives even more to encompass individual functioning, organizational cultures, and greater system relationships. This will be especially helpful when considering the relationship between business schools and the corporate world. Looking at the data and initial analysis through structural, political, human relations, and symbolic frames provides added understanding when considering individual professionalism and organizational behaviors. Using the four theories together can provide assessment and strategic planning related to both individual and organizational pursuit of ethical business behaviors.

Table 4

*Theoretical Framework*



Together the theories bring to mind a number of questions relevant for ethics education in business practice. Do organizational cultures influence moral development in a person's professional career? How can business ethics apply in the context of a competitive market influenced by social pressures to perform financially? What professional practices could be the

most ethical in a corporate context? What, if any, organizational cultural influences are important to understand when dealing with moral dilemmas? How can the structural, human resources, political, and symbolic perspectives inform business ethics education and higher education? What can help students and professionals apply creativity to moral deliberations thereby expanding possible actions? Together the theories offer a creative theoretical framework for interpreting data looking at business ethics education and its application in the business world.

Frequent corporate scandals caused by unethical business behaviors have revealed a need for ethics in business education and research. The trend of higher education accrediting organizations increasing requirements of business ethics education calls for greater assessment of what schools are doing to promote ethics. Can business ethics education effectively help business school graduates deal with moral dilemmas in the business world? In the literature there are many articles explaining why ethics education is needed and how to incorporate it into a business curriculum, yet there is little addressing underlying tensions regarding effectiveness and validity. Some researchers have assessed whether or not business ethics education influences students while they are in a business school program, but there is nothing looking at how business ethics education is helpful for students once they are professionals.

Theoretical frameworks for research in business ethics education have been limited to moral development theories that often do not take into account contextual factors or sociological differences among people. This reveals one of many gaps and tensions in the field of business ethics education. The limited amount of research comparing pedagogical strategies and assessing what helps students when they are business professionals reveals other significant gaps in the literature. Addressing such gaps could help business ethics education become more



relevant and effective in helping business leaders constructively deal with moral dilemmas.

Applying innovative approaches to research design and theoretical frameworks can give the field of business ethics education newfound integrity and greater influence in the business world.

## **CHAPTER FOUR RESEARCH METHODOLOGY**

I used qualitative research methodology in this study to give a more detailed sense of whether ethics education in business schools and organizations is beneficial for professionals, and what strategies are the most helpful for dealing with moral dilemmas. Of the five qualitative research approaches defined by Creswell (2007) I used grounded theory (GT). Creswell explained GT has a focus of “developing a theory grounded in data from the field” and works well for “grounding a theory in the views of participants” (p. 78). The goal of this study was to develop theory grounded in data from the business world. It may have been possible to use a phenomenological approach to study the lived experience of business ethics education and business practices, but it was more advantageous to use GT to gain a greater variance of data and develop a theory on effective outcomes and assessment of business ethics education.

More specifically, I used a constructivist approach to GT as described by Charmaz (2006) and Glaser (2004b) rather than the more systematic approach defined by Strauss and Corbin (Creswell, 2007). Charmaz (2006) has defined GT as having systematic, but flexible guidelines for collecting and analyzing data to construct theory based or grounded in the data. Glaser (2004a, 2004b) claimed GT is a highly structured, yet very flexible process, used from the first day in the field to a finished written theory generated from concepts, not facts or findings. From this perspective GT guidelines are tools and general principles to help researchers, not formulaic rules needing to be precisely followed. Using Charmaz and Glaser’s style allowed for more social constructivist perspectives enabling inclusion of multiple realities and different worlds. This was important because in order for my research to help bridge the gap between higher education and the business world, my data needed to be relevant for both contexts.

I developed GT from multiple sources of data, but primarily from interviews with business professionals. Rather than performing multiple interviews with each participant, I used a long interview format to gain insight as to how each participant perceives and experiences ethics in the business world (McCracken, 1988). As McCracken pointed out, the long interview is a powerful methodology that “can take us into the mental world of the individual, to glimpse the categories and logic by which he or she sees the world” (p. 9). However, I did not limit data to what was obtained in long interviews, but included other possible sources such as additional communications from participants and academic literature.

The use of such additional data is not unusual since qualitative researchers using GT techniques can add new pieces to the research arising in sociological contexts as data is gathered (Charmaz, 2006), and understand that all material can be data providing valuable insights (Glaser, 2004b). Methodology evolved throughout the research process allowing for openness and flexibility (Creswell, 2007). With this in mind, there were many sources of rich data available to answer my proposed questions regarding business ethics education.

### **Data Gathering & Processing**

After receiving IRB approval, the primary source of data came from long interviews with business professionals. Participants were grouped according to how many years they have been working in the business world. Group A consists of people who have worked in business for less than 20 years, and group B was made up of those with more than 20 years of experience. Participants were also grouped according to level of position currently held and level of education. If a participant or group was geographically close enough, I interviewed them in person at the participant’s location of choice. I held telephone interviews with individuals I was not able to meet with in person at a mutually convenient time.

A purposive sampling was done looking for business professionals through personal connections. I made initial contact with individuals I know in higher education and business through phone calls or email. When necessary, I followed-up after the initial email or phone call with another communication by email or telephone call to get feedback. With the help of contact people, I distributed communications electronically to potential study participants including a description of my research, ethical standards, IRB consent form (see Appendix A), contact information, and the study interview questions (see Appendix B).

After making initial contacts, snowball sampling was used when information about possible participants was given to me. Snowball sampling relies on networks and people passing on information about the research (Nardi, 2006). After connecting with individuals, I asked them to pass on the research information to other business professionals. Many research participants did so, and then sent me contact information for additional participants.

After receiving names of possible participants I contacted candidates to set up interviews. I interviewed 29 business professionals. Candidates for interviews included individuals who have had educational experiences at a business school, are currently working professionally in a business capacity or have recently retired, and have given permission for an interview. I met with 21 individuals in person, and conducted the remaining 8 interviews by telephone. Interviews were guided by a prescribed set of questions with allowance for additional comments and questions. The developed questionnaire was not meant to “specify precisely what will happen at every stage of the journey... but it does establish a clear sense of a direction of the journey and the ground it will eventually cover” (McCracken, 1988, p. 37). Study participants received the questions prior to the interview, along with a study description, permission form, and estimate of interview length. See Appendix B for the list of interview questions.

All but one of interviews were audio recorded, with permission from the participants, while I wrote abbreviated notes. One participant did not want to be audio recorded, but did give me permission for note taking. Audio recording ensured accuracy and provided for more reliable direct quotes. I used two audio recording devices to reduce the chances of data loss due to device failure. After each interview, I transcribed the audio recording and added observer comments to inform the data. Interview participants were given a chance to read through the transcript of their interview to check for accuracy. I followed-up with any changes, questions, or concerns participants had regarding the transcript. Dated and detailed notes were made of any follow-up events or conversations. Memos including theoretical notes made while considering data and connections between categories were also made throughout the study (Glaser, 2004b).

Information previously gained through a literature review and applicable experiences or searches informed the development of study questions. Literature reviews are critical to the interview process as they assist in defining the problems to be studied, developing interview questions, and assessing data (McCracken, 1988). After completing the interviews, I initially coded transcripts by comparing data and looking for recurring themes. The initial coding included asking questions such as those suggested by Charmaz (2010) “What is this data a study of? What does the data suggest? Pronounce? From whose point of view? What theoretical category does this specific datum indicate?” (p.47) Initial coding included open coding that involved line-by-line and incident coding to identify substantial codes within the data (Glaser, 2004b). Line-by-line coding (each line of the transcript is numbered) and incident to incident coding (comparing incidents) was done to encourage thoroughness and accuracy. These techniques divided the data into components easier to work with. Going over each line of data

also forced verification and saturation of categories, reduced overlooking a significant category, and promoted grounding of categories in the data.

After initial coding, selective or focused coding developed a more synthesized and developed understanding of the data (Charmaz, 2010; Glaser, 2004b). Using themes discovered in the initial coding, I went through the data to validate accuracy of codes or make changes. This step reduced or delimited (Glaser, 2004b) data to what is most applicable in dealing with the research problem. I did this coding by hand and by using the qualitative research software program HyperResearch. A third stage in the coding process, axial coding, helped to bring the data back together allowing for a deeper analysis (Charmaz, 2010). This involved developing major categories, properties of each category, and attaching data to properties. By comparing the different codes, theoretical coding provided understandings of how significant codes related to each other and led to hypotheses that may be integrated into theory. At this stage, I went through each transcript three times using the HyperResearch program to check for accuracy. As I coded, notes on each important point were added to a transcript summary. After coding, I developed a transcript summary of important notes for each of the 29 interviews.

Comparative methodology was used throughout the coding process and involved three forms of comparison: incidents compared to incidents, concepts compared to other incidents, and concepts compared to concepts (Glaser, 2004b). This coding comparative process was done between the transcripts after each interview took place. Data sets from the different participant groups were compared and contrasted. Comparative coding helped to reveal some of the gaps between higher education's business ethics strategies and the business world's practices, as well as providing some insight on how to close the gap. This methodology of data processing enabled me to consider the data from a variety of perspectives. During the gathering and coding

of data, it became clearer what established theories could help inform and interpret the data. In attempts to remain true to Charmaz' emphasis on the importance of flexibility, I tried to remain open to new possibilities of data input and analysis, as well as recruitment of participants.

### **Ethical Considerations**

All study participants were adults and not considered vulnerable from an IRB perspective. Participants gave written consent for interviews and verbal consent for audio recording the interviews. Before beginning each interview I informed participants the data would be kept confidential and their names or any institution they are affiliated with will not be used. Digital data has been stored on a password protected computer and data on paper kept in a locked file cabinet. My dissertation chairperson and I were the only people handling the identity sensitive data on notes, audio recordings, and transcripts. Pseudonyms for individuals and institutions were used to protect privacy in any written, visual, or oral presentation of data. Because of anonymity there was very little risk to participants.

Risks involved in participating include spending the time interviewing and not getting benefits from the study. Another possible risk is someone identifying a participant's story even though pseudonyms were used. Benefits from participating in the study include positive contribution to business ethics and gaining practical benefits from the study. Participants were given the option to decline answering any questions or withdraw from the study at any time. No participants withdrew.

### **Variability and Validity**

Variable factors of institutions or individuals enhancing data validity, but not compromising privacy, were used in the data analysis and findings. Examples of this include the size of company participants work for, number of years of experience, what level participants

occupy in their place of employment, and business school experiences. Having this information helps to provide the context and scope of data.

The detailed description of study methodology, participants and the institutions they represent given in this chapter ensured the data is not taken out of context. I articulated variations, along with possible explanations, to fairly represent all of the data retrieved. By doing this I made sure all participants were given voice in the study process and findings. Comparison of data sources helped ensure validity as well.

There are different perspectives on what validates qualitative research. Developing internal validity is critical, however, in defining the credibility of a study (Merriam, 2009). Four key criteria for validating a qualitative research study include: credibility, authenticity, criticality, and integrity (Creswell, 2007). Comparison of data sources and member checks of transcript enhanced credibility, or the accuracy in interpretation of interview data. Descriptions of data connections and thematic development were given in detail, along with any theoretical lenses used to interpret.

Including unusual or outlying data increased research authenticity by making sure all participant voices were heard. Limitations of generalizability were determined and communicated once I knew the organizations, experience, and locations of participant sampling. Clearly articulating research limitations provided the criticality needed to establish validity, and naming researcher biases provided an integrity needed for the research to benefit others. Member check of transcript accuracy and critical reflexivity of my own perceptions was critical to validating the integrity of the research relying on participant inquiry (Marshall & Rossman, 2011; Merriam, 2009).



### **Researcher Biases**

My background as a female Christian clergy and a small business owner creates biases that will need to be offset by a number of means. As a female I recognize that gender differences affect how business and ethics are understood. It is also important to note that religious values shape the morals used to make ethical judgments, and experiences of a small business owner are different than professionals who work in large corporations.

I worked to offset such biases through using a number of methods, such as member checks and feedback from other people. Participants had an opportunity to read the transcript of their interview and most responded with affirmation they felt good about the interview. One individual requested a number of changes. After I made the changes, the participant reviewed the revised transcript and responded favorably. Dr. Thomas Fish, my dissertation chairperson, provided feedback on my research throughout the process to promote identification of biases. Such measures helped to increase the study's neutrality and face validity.

### **Summary**

This qualitative study focused on data gathered from long interviews with 29 business leaders. I recruited participants through contacts in higher education or business, and several of the participants referred other individuals to me. All participants had more than nine years of experience in business and 25 had worked at an upper or executive level of management. They represent numerous industries, companies of different sizes, assorted educational backgrounds, and a range of geographical locations.

Using a constructivist approach to GT as described by Charmaz (2006) and Glaser (2004b) I coded the data at least six times to discern prominent categories and properties. This approach allowed for a systematic approach with some flexibility. To deal with researcher bias and ensure validity I audio recorded all but one interview, transcribed all interviews, and had

participants read through the transcript of their interview. Information gained from the literature review and interviews allowed for an abundance of findings regarding business ethics education.

## CHAPTER FIVE FINDINGS

As previously stated, the research reported in this study examined whether or not business ethics education is helpful. Can ethics education help business school graduates and professionals deal with moral dilemmas and make ethically conscious decisions? What do business professionals think is important in regards to ethics training? What teaching strategies and experiences are the most helpful in preparing business students for dealing with moral dilemmas in professional work? What can business schools do to help current professionals deal more effectively with moral dilemmas and ethical issues?

Twenty nine experienced business leaders participated in the study answering such questions. A description of the study participants with their demographics, professional experiences, and educational experiences, offers insight to the social context of data arising from the interviews. The interview questions as shown in Appendix B provoked thinking about experiences with moral dilemmas, positive professional practices, benefits of ethics education, and helpful teaching strategies. It was clear during the interviews that most participants took the questions seriously by thinking about them before we talked. Many had written down responses prior to meeting and referred to their notes during the interview.

This chapter covers what the 29 business leaders had to say and is divided into five sections with the first focused on study participants. The remaining four sections describe the data covered in four categories. Open, axial, and selective coding (Creswell, 2007; Merriam, 2009) of the interview data led to four categories: 1) teaching and promoting business ethics, 2) understanding business ethics, 3) dealing with power and pressures, and 4) pursuing professionalism. I provide a description of each category and their properties as shown in Table

6. The first portion of the chapter provides a glimpse of the study participants, including demographics, professional experiences, and educational experiences.

### **Participants**

To provide practical analysis and theory I interviewed professionals who have years of experience dealing with moral dilemmas in work situations. The study relied on purposive sampling, designating people to be selected because they have experiences relevant to the study (Nardi, 2006). After making initial contacts, snowball sampling helped me recruit individuals. Interviewing business professionals, especially those in leadership positions, was important because I wanted to close the gap between business education and business practice. Such professionals have a good sense of what is needed in regards to business ethics education and how to make it relevant for business practice.

### **Participant Demographics**

All 29 study participants agreed to participate in this study on business ethics education after hearing about my research from a mutual acquaintance. Business school faculty from several different schools or consultants recommended many of the participants, and in some cases study participants connected me with colleagues they thought would be interested in the research. A few of the study participants initiated contact with me after hearing about my research from a colleague. Most often referring individuals made initial contact with participants before passing on their information to me. I followed-up with email communications describing my research and included attachments with the IRB Consent form, IRB Introductory letter, and study interview questions.

Participant responses and willingness to take the time to talk with me showed their views on the importance of business ethics. During the interviews 14 participants talked about working

for organizations or leaders who placed pressure on them to do what they felt was unethical. Nine individuals shared their experiences working for companies that faced public disgrace or collapsed because of unethical behaviors. A large number (16) talked about consequences of unethical behaviors they saw other colleagues or businesses experience. All of the participants expressed an understanding of the negative consequences of unethical behaviors and the benefits of ethical behaviors. As one participant said about research on business ethics, “I think it’s a great topic. And I feel like in today’s day and age with so much corruption that it’s kind of nice to see someone doing that type of research.” While all participants expressed similar views on business ethics, they varied in experience, expertise, and industry as can be seen in Table 5.

Table 5

*Participant Demographics*


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Business school education	Undergrad = 16	Grad = 14
Ethics in business school	Yes = 9	No = 20
Years of experience	< 20 = 6	>20 = 23
Position level	Middle = 4	Upper/Executive = 25
Gender	Male = 21	Female = 8
Company size (# employees)	< 1000 = 8	1,000-10,000 = 7      >10,000 = 14
Publicly traded	Yes = 16	No = 13

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Most of the participants have had more than 21 years of professional business experience, often with multiple companies, and are currently working at an upper or executive level of management. They recalled moral dilemmas faced and lessons learned while working at various levels of management. These more experienced participants also talked more about available resources, power distribution, and the influence of organizational cultures than younger

participants. Many of these business leaders did not have any ethics education in their business school experiences, but were cognizant of the role of ethics in business and the ethical awareness of young professionals they hired.

Nine of the participants have retired from full-time professional leadership, but all remain actively involved in business to some extent. Two of the individuals retired from executive positions within two months of the interview, and five of the retired participants still work with businesses in their field of expertise. Three individuals have retired from business practice, but are teaching or working administratively at higher education institutions. Almost all of the retired participants are serving on boards for business organizations and remain connected with the organization they retired from.

Participants with fewer years of experience were able to reflect on more recent educational experiences in business school programs. One individual has had nine years of experience and the other five individuals have had more than 10 years of experience. All of these participants are in positions where they hire young professionals, and have a good sense of the role of ethical standards in business practice. Through their own educational experiences and what they have seen in new employees, they provided a glimpse of contemporary business school programs and the inclusion or exclusion of ethics education.

As can be expected from the high ratio of Caucasian men in business leadership, it was difficult finding an equal representation of women and minority leaders to participate in the study. Eight participants are female, with one of these from a minority group. Interestingly, all but one of the females have worked at an executive level even though most of them do not have a business specific degree. Although the purpose of this study was not to focus on gender

differences in leadership, the women did talk about some of the ethical differences they have experienced because of their gender.

One participant noted that people in higher level positions often hire similar people so there are fewer women at higher leadership levels. This participant said, “I don’t know that it’s necessarily fair in the upper levels of management.” Another leader addressed the lack of women in top leadership roles saying, “They have to move women up. Our problem is the pipeline. We don’t have enough women to put in the pipeline. Every time we lose good women we replace them with a man.” While there were a few such comments showing different gender experiences, the women more often talked about the same ethical issues, professional strategies, and wisdom that male participants brought up showing commonalities among leaders. A look at the participants’ professional experiences offers a deeper understanding of their perspectives on business ethics education.

### **Professional Experiences**

Study participants represented industries such as retail, manufacturing and design, insurance, medical products or services, energy, finance, and mining. Despite the different focus of their work, many of the professionals offered common insights to understanding ethics. For example, when discussing moral dilemmas they have faced almost all of the participants talked about issues related to bribery. One participant who is a golfer said he has received countless invitations by contractors to attend the Master’s Golf Tournament. Another leader had seen vendors offering to take employees on trips to the Superbowl game or to Alaska to go big game hunting. Participants also had similar insights to helpful business practices and what makes healthy business cultures. These insights are discussed in detail in the following data sections.

Variations that did show up were more likely related to the size and orientation of the organization they worked for.

Businesses represented by study participants ranged from employing less than 1000 people to more than 300,000 people. A significant number of 14 participants work for companies employing more than 10,000 people and having a global impact. Eight participants work for companies with fewer than 1,000 employees, and seven represent companies employing between 1,000 and 10,000 people. While company size was a factor in how people saw ethics promoted, a more significant factor seemed to be if the company was publicly traded or privately owned.

Sixteen participants in the study worked for publicly traded companies, and the remaining 13 participants worked for privately owned or non-profit organizations. Many of the latter, however, previously worked for publicly traded companies and were able to talk about the differences between the two. I provide details on the dynamic differences between publicly traded and privately held companies in the data section, but it is important to note this factor in the demographics of the participants.

Another factor to consider is geographical location of participants and the reach of the companies they work for. Twenty two of the participants are primarily located in the Midwest, although all of the companies they represented have a national or global reach. Many have worked with sites or contractors all over the United States and in other countries. The companies they work for have business relationships with companies all over the world, so they were able to talk about some of the complexities involved with business practices and ethics in a diverse world. A number of business leaders talked about the challenges of working with foreign companies or governments having different ethical expectations. Whether talking about other



cultural groups or their own organization, they all referred to the influence of organizational culture.

While almost everyone talked with some pride about the ethical culture of the organization they worked for, they were able to relate a variety of experiences with what they considered lapses of ethical behavior. Twelve study participants talked about experiences at previous places of employment that they felt had an unethical culture. One individual spoke about a company he previously worked for saying, “They have some ethical issues over there and they’re not honest about some things and oh my goodness... I couldn’t do it. I had to leave because I couldn’t do business the way they did it.” Participants who experienced multiple work cultures shared important insights into the differences between organizations operating with an ethics emphasis and those not doing so. Participant educational experiences is another important demographic to consider before looking at the interview data.

### **Educational Experiences**

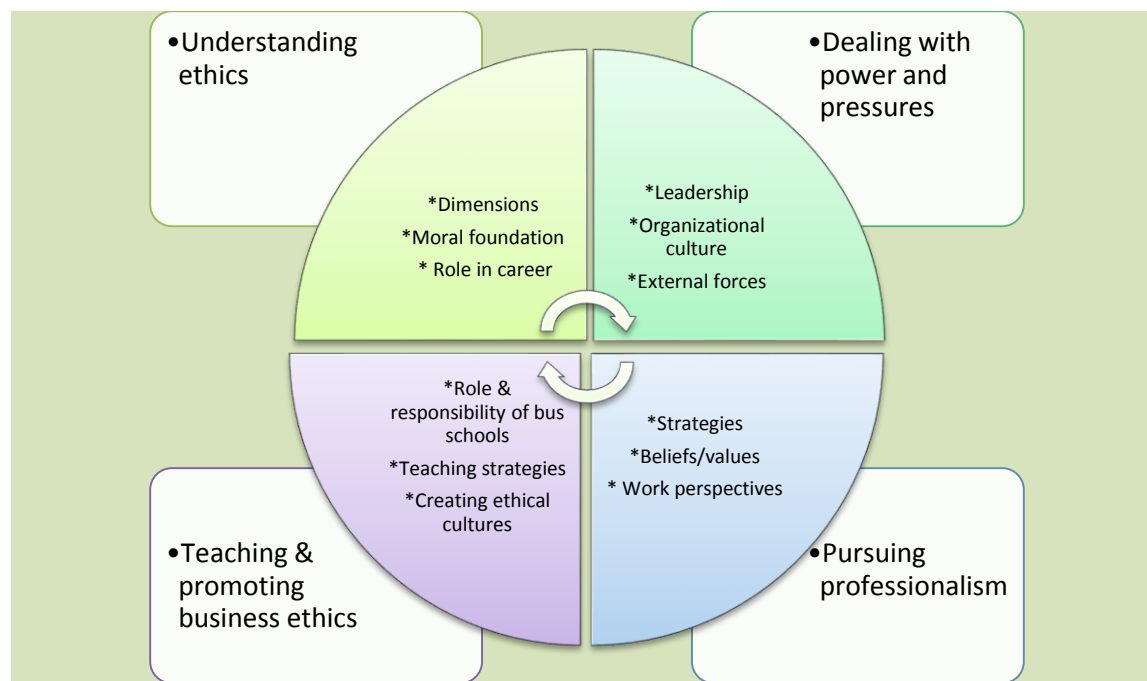
The Midwestern study location means that a majority of participants attended Midwestern higher education institutions. However, nine of the participants attended institutions on the East coast, Southwest, or West coast. Sixteen individuals have an undergraduate degree from a business school, and 14 have a graduate degree in business. There are seven study participants who did not have any business focused course work in undergraduate or graduate programs, but three of those individuals attended various business school leadership programs and three have professional connections with business schools. It is significant that all but one individual have had some experience or connection with a business school and business related coursework. Given this study’s focus on ethics education, it is important to look at what, if any, ethics was included in coursework.

**Ethics coursework.** Several participants talked about having a stand-alone ethics course, but most were exposed to some form of ethics through other core coursework. This ethics training was most often connected with education on business laws. Only nine individuals remembered having ethics coursework in either undergraduate or graduate programs. Some individuals did not have any ethics in business coursework connected to their degrees, but five have had ethics included in professional training through business schools. Whether or not the ethics training helped differed among individuals.

### **Data Categories and Properties**

Data from 29 interviews of business leaders fit into the four categories of: teaching and promoting business ethics, understanding ethics, dealing with power and pressures, and pursuing professionalism. Each category has three properties and as a whole provides a thorough glimpse of how the study participants viewed dealing with moral dilemmas and business ethics education. The first category focused on teaching and promoting business ethics includes the properties of the role and responsibilities of business schools, teaching strategies, and creating ethical cultures. The second category of understanding ethics includes the properties of dimensions of ethics, moral foundation of individuals, and the role of ethics in an individual's career. The third category of dealing with power and pressures has the properties of leadership, organizational culture, and external forces. The outside forces include, but are not limited to, societal pressures, legislation, and industry specific expectations. The fourth category of pursuing professionalism includes the properties of strategies, beliefs and values, and work perspectives. The four categories and properties are illustrated in Table 6.

Table 6

*Business Ethics Education Categories and Properties***Teaching and Promoting Business Ethics**

This first category includes data showing the business leaders thoughts on how business schools and other educational providers can be a part of promoting an ethical business climate in society. The three properties comprising this category include: 1) role and responsibility of business schools, 2) teaching strategies, and 3) creating ethical cultures. The place to start is by looking at how business leaders think business schools should participate in promoting ethical business practices.

**Role and responsibilities of business schools.** With decades of experience leading in the business world, all of the participants had thoughts on what business schools should be doing. While many made distinctions about undergraduate and graduate programs when talking about their own experiences, those distinctions were seldom made when talking about what

business schools should do. Whether participants felt attending business school was a positive or negative experience, they all expressed the belief that business schools do have a role in the corporate world.

*Perceptions of education and preparedness to deal with moral dilemmas.* When asked if undergraduate or graduate business school educational experiences helped prepare them to deal with moral dilemmas, only seven affirmed that they did. Two individuals said their business education helped because of teaching on topics such as human relations, communications, and data analysis. One individual who finished an undergraduate degree 23 years ago said, “I actually feel like my education prepared me very well for how to operate, how to act, how to behave, how to make decisions, how to contemplate alternatives, so I actually feel pretty well prepared.” He went on to say that he felt fortunate because the business school he attended included ethics courses in the curriculum and that provided a good foundation for understanding business ethics.

Two of the younger participants were wary of saying their business school experiences helped prepare them for dealing with moral dilemmas because they both expressed desire for additional ethics coursework. One professional who recently finished his MBA felt the program did not prepare him to deal with moral dilemmas and noted there was an ethics class in the program, but outside of that there was not any integration of ethics. He said, “You will never hear an ethics conversation in any of your courses. Only time you will have an ethics conversation is in the ethics class.” When thinking about what would be helpful, he did acknowledge that the ethics course he had taken helped him see that ethics is more than being legal and there are ethical complexities involved when engaging in global business.

Another participant finished his MBA three years ago, and was not sure if the ethics class included helped much, because the cases discussed were extreme. He explained, “So I’m not sure the ethics class really does a lot for you then, except to point out where there are obvious failures and to learn from their mistakes. But in the real world it doesn’t happen.” While these individuals talked about the desire to have had more ethics coursework in their MBA programs, they both acknowledged the ethics they did have was helpful by giving them greater perspective and impressing upon them the importance of ethical business practices.

Three other individuals who felt their higher education helped prepare them for dealing with moral dilemmas had extensive liberal arts coursework in ethics, philosophy, or theology. One CEO who graduated with a philosophy major focused on ethics enthusiastically replied that higher education helped prepare her for facing moral dilemmas. Another leader who felt her education prepared her for dealing with moral dilemmas by reading about history and leaders explained,

We read everything from the ‘March of Folly’ which is a history book....a liberal arts education that actually looks at the moral and ethical issues ... none of the classes except one was actually named ethics. It’s just that those programs really looked at that stuff. She reiterated the value of her education in regards to dealing with moral dilemmas and appreciation for discussions about ethics integrated into much of the coursework.

Fifteen of the 21 participants who attended business school undergraduate and/or graduate programs indicated they felt their business school experiences did not prepare them adequately for dealing with moral dilemmas. Undergraduate or graduate business coursework for 13 of these professionals did not include any ethics specific classes or integration of ethics.

One professional who graduated 16 years ago said when talking about the complexities of dealing with moral dilemmas,

It's shades of grey and I would say all those little, you know, death of a thousand cuts and where you have to draw the line. I don't think the company prepares people and I certainly would say business school doesn't prepare people for that at all.

Another executive leader with several business related degrees from different institutions does not recall there being any ethics course work or discussions in any of the programs. When asked if business education helped prepare her to deal with moral dilemmas she said,

No, all my ethics learning awareness came through my organizational development and just because I could compare the way it was with the way they were telling me things should be...I was just aware of things that I was doing that were not right and proper. That before I didn't have that sense.

One leader said there were not any helpful ethics coursework in the business school programs she had, but an undergraduate bioethics course was very helpful. The lack of ethics courses combined with a focus on wealth accumulation, she said, was counterproductive when it came to understanding and dealing with moral dilemmas. Although many of these individuals did not have any ethics education in their undergraduate or graduate business education, many of them have had some during their professional career so they do have a sense of its value.

Some participants are required to have regular ethics training because of their profession, and almost all are required to participate in ethics training for their job. Most often this training is an online course or test, but a few have attended sessions offered by their professional association or a business school. Many of these individuals saw the ethics requirements as a

positive experience. When asked if he finds the professional ethics training to be helpful, one executive leader said,

I do in that it does get me thinking again and re-evaluating where I am at with my moral and ethical standards, and how I think about the world and about people and about business. What we're supposed to be doing. So, yes.

He also pointed out that many professionals see the ethics training as an annoyance because they are measuring it by large scandals they will never be a part of, but there is a lot that can be learned to help with day to day operations. Another leader talked about the positive value of recently taking a short course including business ethics and spending a week just thinking about beliefs, perspectives, and dilemmas. Some participants felt strong enough about ethics education they became involved with developing company training programs.

Many business organizations require all employees to take an ethics training and an annual test. Almost everyone interviewed talked about this training, which is often very simplistic and done online. Although some said they found it annoying at times, everyone who talked about it said it was an important thing to do as it made them think about ethics and the company's expectations. More feedback on company online ethics training is covered in the section on creating ethical cultures.

Even though most of the leaders interviewed felt higher education could have done more to help them prepare for dealing with moral dilemmas, 14 of the business leaders had some form of ethics education in a higher education program (not just business school related), whether it was undergraduate, graduate, or professional courses. It is significant to note that 11 of these individuals said taking an ethics class or having ethics integrated into other courses was helpful in some way. Those leaders explained some of the helpful portions of ethics coursework

included learning how to apply theory to practice, discussing moral dilemmas, and clarifying their own values.

Looking at responses from the 29 individuals interviewed, it appears that most have found business ethics education to be helpful. The vast majority of people did not have ethics in undergraduate or graduate business school experiences, but all seven who did felt it was helpful to some degree. Even participants who thought there should have been more ethics education included talked about different ways the ethics they were exposed to changed their understanding about business practices. Most study participants who had some form of ethics training on a regular basis even after decades of professional experience, felt it helped them maintain a moral foundation and deal with dilemmas.

As can be seen in the literature review, authors have responded to business scandals by pointing out the lack of business ethics promoted by business schools. When asked if business schools should take some of the blame for scandals, 19 of the business leaders answered they should. One leader simply said, “Yes. I think the ethos of business schools can be very skewed to the goal of making a lot of money.” Another leader answered,

Absolutely. I don’t think they ever considered that as part of their remit or charge to teach that. A part of that is not because business schools are inherently evil, I just think most people didn’t have those considerations in the forefront of their thinking whether they were in academia or in the business world.

One former CEO and business school dean answered the question acknowledging the role and the limitations of business schools teaching ethics. He said,

If we can’t figure out how to really produce students who will ultimately say “no” in these kinds of contexts we are not doing a service, but I know what the pressures are like



in corporate environment. It's not enough just for business schools to change the way they teach ethics or social responsibility... These are complex situations and I've seen CEO's who don't care about these kinds of ethical situations or even violations of law... they see their responsibility as putting money on the bottom line and driving the share price. We have to say as a society, "That's not acceptable."

Like this business leader, another former owner and CEO related social issues to how business schools operate explaining,

I think there's probably a deeper root cause than that. The one thing that I don't like about business schools in that regard is the financial presumption that they start with and that is that the corporation's purpose is to maximize shareholder wealth. I understand the argument for that and in one sense there's truth to it, but it's such an inadequate purpose for life.

Most of the business leaders who said higher education should take some blame for business scandals also acknowledged the influence or need of other institutions to take responsibility as well. As this business leader noted, the need for change regarding business ethics goes much bigger than business schools. She said,

I think it's not only the business schools. It's the clarity of the organizations to teach and expect certain standards of behavior. I think it's in curriculum for undergraduate work. I think it should be in high schools, in elementary schools. This is lifelong education. I think it should be in our religious institutions. We do a great job of teaching concepts, but we don't do a very good job of aligning that then with action in the real world.

Changes in business practice need to be promoted by many different sources in society, but business schools need to more adequately accept their responsibility to promote ethics.

When expressing his views on the need for business schools to take responsibility and do more, one executive leader talked about some classmates who were convicted of illegal business behaviors. He believes business schools should be held accountable and said those people may not have behaved unethically if the schools really taught about the importance and risks of unethical behaviors. He said,

If the business schools had ethical training attached to case studies, had really driven home a framework for causing alarm bells to go off; help people to recognize, “Oh, if I make this deviation from that, it’s seemingly deviation from ethics today, then that will lead to a bit of a bigger one in the future; a bit of a bigger one after that.

Many of the business leaders interviewed stressed that business schools do have a role and responsibility in this endeavor. Due to lack of inclusion or emphasis on ethics, they stated, business schools can take some of the blame for scandals that are negatively affecting our society.

Six of the leaders who felt business schools should not be blamed for scandals followed up by saying there are things business schools can and should do differently to influence perceptions of ethics. One executive, who felt his business school experience did not help him prepare for dealing with moral dilemmas, felt strongly that business schools are not to be blamed for unethical behaviors, but they can make a difference. This leader said, “I think there’s things they could do, and they would make a positive contribution, but I don’t think they could be held accountable for stuff like that. I just think that’s unfair.”

Another leader acknowledged business schools should not be blamed because there is much they cannot teach. He recognized that many young professionals begin working with high expectations of financial rewards and believe school taught them everything they need to know.

This leader explained, “Once those beliefs run into the politics of business (and every day ethical challenges) young graduates need to make some tough on the spot decisions.” This same leader did not have any ethics coursework and expressed some skepticism about the value of his business school program saying it did not help him prepare to deal with moral dilemmas at all. It is important to note that 24 of the 29 business leaders interviewed expressed the need for business schools to do more in promoting ethical business practices and perspectives. This substantial number of leaders stressed that business schools have a responsibility to promote business ethics and can influence the corporate world by doing so.

Some of the leaders pointed out business schools are making a significant statement when they are teaching or omitting ethics. One former executive who now teaches at a business school said, “Business schools... cannot and should not remain passive in regards to ethics. Business schools should promote ethical behaviors, but most don’t do much. They pay lip service to the importance of ethics, and check boxes on requirements.” Passivity and lack of conviction about the role of ethics in business gives a powerful message minimizing the importance of ethics.

A couple of other leaders who had ethics in business school noted the positive statement made by that presence. One younger leader said the business school’s motto including business ethics made an impression on him, because he heard about it repeatedly throughout the program. Another experienced executive who graduated from business school almost 30 years ago said being required to take two ethics courses did make a difference. He explained, “I don’t know that any business ethics classes I took left a lasting impression on me. What I do think left a lasting impression on me was the school thought enough to institute them into the program.”

Business schools can be more influential by including a focus on ethics throughout programs and showing its importance by the amount of resources dedicated to doing so. One of

the 10 leaders who lifted this up said colleges should give more money for resourcing programs and centers focused on business ethics. She pointed out the negative statement being made when funding is insufficient saying, “Boy if they gave them, you know, they raised, I don’t know \$100 million and I guess they gave the center peanuts, like \$3 million. Huh – a joke. For a company to say this is our flagship differentiator!” As this business leader brings up, designating a small percentage of funding towards promoting ethics gives a negative message no matter what is being taught in classes. As the many people interviewed indicated there is room for growth in regards to business schools promoting business ethics.

Of the 21 individuals who had undergraduate and/or graduate experience at a business school, 15 said they did not feel the education provided adequate preparation in dealing with moral dilemmas. One leader who finished a graduate program within the last year explained, “Tying back to your work, nothing (I) ever took in school, had anything to do with the decisions I made. I still don’t even remember taking a business ethics class undergrad.” He later explained that while he did have an ethics class in graduate school, discussions in other core courses never included ethical considerations. Another executive leader felt business school actually made it harder to deal with moral dilemmas saying,

I feel like in the MBA program you are so wired to be on this track, to look like this successful whatever, that I think it makes you more narrow in your thinking and I think that screws you up from an ethical perspective over time. Because some people just don’t care.

Several other leaders said they did not think universities prepared them very well to deal with moral dilemmas, because of the focus on financials and lack of instruction on topics such as dealing with the emotional elements and pressures involved with crises.

A number of leaders felt business schools should be articulating and modeling the values they want to see fostered in the business world. If business schools are talking about business ethics are they also modeling it in their functioning? One CEO said,

One of the ways business schools could be more effective at ethics education is examining themselves and saying, “How can they be more ethical? What are really the inequity issues they are facing? ... How can they in a very activist, role model way demonstrate what it looks like to be an ethical organization and to have ethical leadership?”

Another former executive now teaching at a business school expressed his concerns about business schools contributing to societal problems because they are not modeling behaviors they are trying to promote. This leader said, “Business schools must raise funds and cannot afford to offend powerful interests, supporters; they come under pressures just as corporations do.” He has seen business schools focus more on raising money rather than promoting the principles given in their mission statements and providing a platform for positive social change.

Along with modeling desired business behaviors, many of the leaders expressed that business schools should help students recognize possible moral dilemmas and their ethical responsibilities. One executive leader talked about frustrating experiences he has had with young professionals who have not recognized basic ethical problems associated with common issues such as bribery. He said business schools “can educate them (students) about the awareness of what types of dilemmas they may run into and how to deal with them. Again, to recognize them. They can help with the recognition.”

Another executive leader whose career has focused on philanthropy noted she has witnessed a lack of awareness in young professionals and has the impression business schools are not teaching much on business ethics. She said,

My personal opinion is that it's fascinating stuff, so why aren't they talking about it? Why aren't they working with young people to say, "Here are the kinds of things you could run into. Here's the kinds of reactions you could have. Here's how you might influence the company to act differently. Here are times when you should understand you are not going to influence and then you frankly have to make a decision for yourself: can you live in that environment or not?"

This leader brought up the relevance of business ethics education and the influence dealing with moral dilemmas can have on a career.

Given the possible impact on a person's career, some of the business leaders said the importance of being able to recognize and deal with moral dilemmas should not be minimized. As several experienced executives pointed out, simply observing unethical business actions can lead to legal implications. One participant who is a legal consultant for businesses stressed the importance of being able to identify and question moral dilemmas saying,

Because 1) if it smells funny and the hair on the back of your neck stands up and your guts turning and you are involved and you don't say anything, you are equally as guilty and liable as the people who are involved. So that's you personally. 2) You could potentially help your company stop criminal activity, which is always a positive. So I try to communicate you don't have to be the know all, be all, end all on compliance, but you do have to trust your gut and raise your hand.

Another of the executive leaders learned this lesson the hard way. Earlier in his career he reported concerning behaviors to legal counsel and assumed appropriate actions would be taken by the people he reported to. Nothing was done and when the company faced charges of illegal behaviors he was fined along with others who covered up inappropriate actions. These leaders stressed that due to the vast implications on a person's career, business schools should not minimize the role of ethics in business.

Participants also brought up the importance of business schools promoting the use of resources and experts. One important strategy many of the leaders brought up is knowing about and using available resources when dealing with moral dilemmas. Eight of the business leaders felt business schools are responsible for teaching students about available resources and encouraging them to use those resources. One business leader explained, "I don't know of any ethics class that says, in situations like this you may not have the answer, you better call your attorney or HR director. Someone who knows the law. I never got that advice in college." This leader expressed the importance of promoting an attitude that using resources shows wisdom rather than weakness.

Another executive business leader at a Fortune 100 company explained business school really helped him because it helped him learn about possible resources ranging from mentors to ethics hotlines. His explanation of what business schools can do included, "It's helping you understand the resources. You have to be able to confidentially confide in someone else or an organization ...to expose potential issues and have somebody carry that for you so you're not out in front and center." He also gave insights as to how business schools could be more effective saying they could be modeled after successful businesses.

All of the experienced business leaders had helpful thoughts on the role and responsibilities of business schools, such as fostering an attitude promoting the use of resources. Although they may have differed on how they viewed responsibilities, there was consensus that business schools do influence students and the business world. As one experienced leader said,

The more business schools can make clear that the concept you have raised with me, doing business ethically and with morality, we can make that not, “Oh, gosh we need to go talk to lawyer T and do this”, but as part of our business DNA. It just becomes the way we do business.

If business schools want to promote a more ethical business world, they need to model and teach business ethics in such a way that shows its importance. To this end, all of the study participants had many thoughts on what they considered effective teaching strategies.

**Teaching strategies.** The second property in teaching and promoting business ethics focuses on teaching strategies. Ideas professionals had about strategies for effective business ethics education varied from program structures to specific teaching strategies. All of the participants felt ethics should be included in business school programs in some way. Thirteen participants said specific ethics classes should be offered and nine individuals said ethics should be integrated into core courses. One leader, who did not have ethics in the business school program, but had put thought into what would comprise an effective ethics program, said,

I would have (ethics) as a trait that you want (students) to come out of school with... Having kind of an introductory ethical behavior in the business world and corporate social responsibility, sustainability, a scientific content analysis (SCAN) type course I could see, but then reinforcing that so it is linked all the way through the coursework,



either through case studies, and all that. Having senior seminars to wrap it up and have it as a component.

Like other leaders, she proposed having both ethics specific courses and ethical components of other core courses.

Eight of the participants brought up no matter how ethics is taught or integrated into a program, passionate faculty make a big difference. As one executive leader pointed out, “It all comes to ... how they (teachers) made them feel, you know. Does the teacher make them feel that it is important?” Ethics specific courses, ethics integrated into other courses, and passionate faculty are all ingredients to an influential ethics education.

Participants also talked about the value of having liberal arts courses such as philosophy and religion. As one of the 10 individuals who suggested this said, “talk about a liberal arts education where you learn to look at things through a different lens. You read poetry, you read great works of literature, what motivates people, what hurts, how people back in the day lived.” Experienced leaders pointed out taking such liberal arts courses helps students gain greater perspective on the world and become open to different ways of thinking. The business leaders also talked about the importance of having coursework focused on human relation skills such as psychology, communications, and crisis management. One of the leaders stressed this by adding it was his psychology course that helped him prepare the most for dealing with moral dilemmas.

Along with certain kinds of coursework, many of the business leaders talked about the importance of business schools teaching other perspectives of business. Several said they felt it is not helpful to focus solely on financial profits. As one leader noted, it is counterproductive to be teaching “you are what your numbers say you are.” Many of the business leaders

recommended teaching business perspectives including CSR. One of the younger business leaders said,

The other thing that probably would have been nice to understand would have been real life CSR. So to actually understand how corporations are going about their corporate social responsibility, why it actually has a business implication to them, not just a moral implication for them...I felt that I was a moral person, and I wanted to go be a business person, but there was never a tie to understanding how morality can actually help you make more money. Those two can actually live pretty harmoniously together.

Teaching various perspectives on what comprises good business, can help business leaders and organizations function with a broader understanding of success and promote consideration of a wider group of shareholders.

Study participants discussed a number of specific strategies for teaching ethics and different business perspectives. The two most frequently discussed strategies included using case studies and having professionals talk with students about their experiences. The 24 business leaders who recommended case studies, stressed the importance of having case studies based on local or daily issues, and not just using extreme cases. One leader described the cases studied when he was in business school saying, "A lot of those were extreme cases. It was almost like are you going to sell a car that is going to blow up. Of course you're not." When thinking about what would be an effective way to teach ethics he said,

That's what I would sign up for; more actual local experiences and problems. It's nice to have Harvard business cases, that's great, but mix in local examples. Then if you have a speaker there, there's an opportunity for the students to ask the speaker directly also.

Another executive leader, remembering the cases studied in his ethics class, concurred with such an assessment of using extreme cases saying, “I sort of felt in retrospect that some of the things we did in business ethics were almost silly because they were so obviously unethical.”

At least seven of the business leaders also mentioned the importance of using positive examples of successful businesses known for their strong ethics or CSR. They pointed out that good ethical business and strong CSR should be viewed as positive working perspectives and not just factors in avoiding problems. As one CEO noted,

I think one (teaching strategy) is bringing business leaders in who are both successful in the conventional ways of being successful; with people look at money, position, influence, and who are also ethical. Because then students can realize, “Oh, you can be both” and they can hear from real people what the struggles are.

Another former CEO organized a panel for a business school engaging conversation with several successful business leaders. Years later people in the community still commented on how powerful they felt the ethics panel discussion was.

One executive talked about the value of business schools promoting success behind ethical business practices and the possibilities of social change. He brought up the positive effects of having business schools promote business perspectives naturally incorporating ethical business and CSR. It would be powerful, he noted, if young professionals working with such perspectives moved up the ranks in corporate leadership and shifted the way corporations see business. He said, “It would be great if you’d get a whole bunch of those people starting to roll up the corporate ranks and changing the world.” To effectively teach students he said, “I think the best thing you can do to prepare them ... is to talk about what is going on out there and if you can share success stories about ...companies that have done the right thing.” This leader

emphasized the importance of teaching the benefits of working with a strong sense of ethics and CSR rather than the negatives of failing to do so.

Using real life, day to day case studies helps to impress upon students the relevance of the discussions and learning involved. Nineteen study participants suggested this relevance can also be stressed when having professionals talk about some of the moral dilemmas or challenges they have had to deal with. Some of the leaders who had experienced this teaching strategy when they were in business school talked about those experiences being the most vivid educational experiences even 30 years later. One experienced executive leader talked about the frustrating experiences he had at a state college business school that did not include any experiential learning. After a couple of years he transferred to a smaller program that promoted experiential learning in the business community and classroom. The experiences talking with business professionals were exciting and filled with learning. He described his experiences saying, "I was out in the community talking to business people. I saw people that knew stuff. They knew real things. They talked to me in a way that I wanted to know the knowledge." The change in pedagogy increased his interest for learning and excitement for his field of expertise.

Besides impressing upon students the relevance of business ethics in an interesting way, having professionals speak about their experiences positively affects the speakers as well. Quite a few of the business leaders in the study have done this and talked about the benefits. One senior business owner and CEO remarked about an experience he had years ago after sharing professional experiences in a classroom and talking with a student. He said,

I can still remember the conversation. I remember him, his name. He's not a person that I was real close to, but somehow we had a conversation and what came out of that was

there is some ethical dimensions. Out of that conversation came always do a little more than is expected. Always give a little more than is expected.

The conversation may have been simple, but it had a significant impact on this business leader as it made him think about the implications of his beliefs and the impact of business decisions on other people. Another former CEO brought up benefits of professionals speaking about dilemmas including generational awareness. This participant explained,

I think there's a great generation coming along and yet when I talk to my older friends they don't seem to see that. There's some superiority with age and it isn't true. So it's good for people who are out in industry or beyond to be exposed to the kind of kids coming along and it's good for young people to see the other way around. To see what some of the values are that others hold that have been in business.

Experienced professionals can teach powerful lessons to students or young professionals when sharing what they have learned, but they can also gain personal and social insights from their interactions.

Whether through case study discussions or professionals sharing their experiences, it is important to convey to students some of the emotional dynamics involved in moral dilemmas. Nine of the business leaders mentioned the value of helping students understand the pressures and emotional intensity often accompanying moral dilemmas. It is easy to reason through textbook scenarios, they said, but being thrown into a moral dilemma filled with emotion and pressure is a whole different experience. As one leader pointed out,

Question is how do you get students into the midst of it so they really feel the sense all of the pressures happening at that time, and the tensions that were going on, and the market pressures that were going on, you know, to really kind of live the cases?

Several of the business leaders also said business schools should help students learn how to lead in holistic ways using all of their abilities, beliefs, and values in what they do. One way to do this is to help students define what they believe and value. Thirteen of the business leaders said encouraging students to define their own values and beliefs could help provide a more solid foundation and assist in making ethical decisions. This does not mean defining values and beliefs for them, but giving them the encouragement to articulate what they believe. As one experienced leader explained, “I think that what colleges can do though is help their students understand their own values and what the long-term consequences of those values might be. Where they might have a tendency to go wrong.” One participant who was CEO of multiple companies and has taught at a University for many years explained it this way,

I think it is not helpful to preach about what is doing right. I think the learning comes in exercising one’s conscience. I think you need to have some experiences of doing that even though they may be contrived in a business case of somebody else’s issues. But I think that that’s ultimately what you are going to have to rely on is your compass. He went on to say one of the first things he has students do is write a statement articulating their beliefs and values. Of this task he said, “I’m amazed how well our students resonate to that and how candid they are and really how moving it is to read those.”

Other than understanding personal beliefs and values, experience is significant in learning how to deal with moral dilemmas. Most of the business leaders talked about how they really learned to deal with moral dilemmas through experiences in the business world. One executive stressed the importance of connections and experiences with the business world for learning about how to deal with moral dilemmas. She said,

I think making it real world and I am a believer that the business schools need to, just as you said, be much more connected to the real businesses out there. Mix the academic and the theoretical with some real work. I would have wished for more opportunities for internships, interactions, and case studies.

Another former CEO explained teaching business ethics is not just about having one ethics course, but should involve “embedding ethics across the curriculum. But it’s simply not enough to stop there. It’s important to get students involved in some sort of activity that really brings this message home to them so that it’s not just an academic.” These leaders stress the importance of applying knowledge to active learning in experiential settings.

In light of the powerful potential from experiences, nine of the business leaders talked about the value of internship opportunities. One of the younger business leaders expressed her desire for more experiential learning opportunities in business school and said this is where she felt students would get the most preparation for dealing with moral dilemmas. Another executive leader advocated for helping students process internships or professional work with a coach or mentor. This leader suggested,

An ethics class is a class, but a coach that actually folks understand and deal with day to day issues and how those go and what their choices are every day, and how they see things, all of that... I think that would go a lot further.

A significant part of the learning potential would come from a mentor or faculty member who can discuss or process experiences with students.

A final strategy recommended is the use of different processes, models, and creative thinking to promote different ways of problem solving. A couple of leaders talked about a threefold model engaging faith values in the decision making process. Another experienced

leader talked about using established processes such as that developed to help businesses foster compliance to the Foreign Corrupt Practices Act (FCPA). An experienced executive leader described the advantages of teaching such models by saying,

I think if you want a graduating student to be thinking ethically, be thinking of values, be thinking of morals... that kind of thing, they have to go away from graduation with something indelibly etched on them that will speak to them for the next 30-40 years.

Decision making models or other processes can help individuals approach moral dilemmas with greater perspective to make informed decisions.

As can be seen from these suggestions, the business leaders had valid ideas for teaching business ethics education. One of the things they stressed the most was the importance of making ethics education relevant for students so they could apply what they were learning to professional experiences. As one very experienced executive said, "you have got to make it as real as you can. You have to make the problems as visceral as you can." Discussions on business ethics education were not confined to what could be done in classrooms, however, but extended to business organizations and how business schools could promote ethical business cultures.

**Creating ethical cultures.** The third property of teaching and promoting business ethics focuses on creating ethical cultures. When asked how business schools could help professionals and organizations, many study participants had difficulty thinking of ways higher education could connect with experienced professionals. In fact, many of the leaders referred to private consultants as providers of organizational learning and there seemed to be a significant distinction between what consulting firms and business schools could do. One executive explained this disconnect with higher education saying,



I have a very strong dislike for the (business school X). I'll admit it and I'm sorry if I offend academia. The reason was they were caught up in themselves. I went to classes with professors that never worked a real job that taught me things I would never use the rest of my life, and didn't care.

This business leader was not the only one who talked about business school programming's lack of relevance especially in regards to handling difficult situations. After thinking about it a bit, he conceded, however, there may be a role for business schools in helping professionals by educating consultants and possibly business leaders. Such sentiments revealed a lack of connection with higher education for many seasoned business leaders and called into question the ability for business schools to help organizations.

Despite such disconnect, almost half of the participants felt business schools could provide resources for business organizations promoting ethical business practices. Resources may include research, successful business models or theories, and decision making models. One business executive said research would be helpful and added, "I think business people always need to be proven what they are about to go do is right. We all want to pretend, we want to learn from someone who screwed it up first or some other success story." Another business leader described the possibilities of research saying,

...obviously a lot of times best practices that corporations eventually adopt stem from good academic research in the first place. I am not aware of it, but...I would be curious as to what there is in terms of, especially longitudinal studies that show "hey a corporation who does these seven things has best ethics practices." And those relate to lower retention, higher profits, you know, anything like that that can show a business

case to it, as well as maybe how they impact the community around them, those type of things.

Two study participants involved with CSR talked about the need for research on measuring the effects of corporate philanthropy. One of the leaders explained he was at a conference for the top corporate givers in the U.S. and there was acknowledgement of how important academic research was for their work. The other seasoned executive talked about the need for academic research resourcing corporate giving saying, “I funded some initiatives to figure out how you do better evaluation of outcomes. We have not succeeded. I am not convinced it’s going to happen any time soon.” According to these leaders, business schools have an important role in providing resources for business leaders and organizations teaching and promoting ethical business practices.

Business leaders also commented on the importance of business schools modeling and teaching various perspectives of work. This could influence the business world through writings, positive case study examples, and research. One leader in a large corporation said business schools should “set the pace for, ‘this is what great cultures do.’ Get those case studies out there and say, ‘Hey, this is how teamwork can really go and that’s awesome.’” Another executive leader said, “business schools can help people to not always see things as winners and losers. And that ethical decisions don’t mean winners and losers, but it’s making a decision that is the right decision for everybody involved.” Writing about, teaching, demonstrating the value of such perspectives beyond the campus can provide important resourcing for even seasoned professionals.

Several senior executive leaders talked about the influence of university faculty members who did some consulting work with their company. These leaders talked about how the faculty

members helped them engage their spirituality in the work place. A couple of the leaders talked about faculty members influencing their understanding of work to the point where they urged their companies to not only give financially to community programs, but also have employees work together on local and international mission projects. One executive leader and business owner described an important role of higher education saying,

I think helping people towards those, you know... countering the idea that spirituality doesn't belong in the business. That wholeness does belong in the business and the fact is that ... and I think all of us are spiritual beings whether we think of ourselves as spiritual beings or not. And I could define spirituality in the broadest terms as the search for meaning and purpose in life.

Business schools can help business leaders understand the viability and possibilities of various working perspectives by offering resources backed by research and experiential learning experiences.

Some business leaders have attended and promote on campus leadership opportunities. Five of the business leaders, all at executive levels, talked excitedly about business school leadership programs they attended that included discussions on ethics and dilemmas. A senior executive leader who attended three different programs offered by business schools talked about appreciation for opportunities to discuss tough situations with peers and get feedback from experts. One executive leader talked about the positive experience she recently had at a week-long class offered by a business school and sponsored by her company. During the program participants looked at and discussed various ethical cases in depth. Of this experience she said, "So I feel like when I look at that example, this is where I don't know how MBA programs have evolved since I have been in my own MBA program, but I thought that was a much better

experience.” She and other leaders spoke about the value of opportunities to talk at length with peers about ethics, moral dilemmas, and learn about new models or theories relevant to ethical leadership.

Other leaders shared benefits of ethics education experiences provided by the organization they work for. Some of these leaders stressed that because of work and family demands, educational experiences provided by companies for employees would receive the best attendance. Many of the leaders also noted the regular training experiences provided by the companies they work for as being helpful and sufficient in many ways. A few leaders suggested business schools helping companies with their training programs. One younger leader said, “I think they could put together some sort of, you know, off-site type scenarios that companies could buy in to. Training scenarios where you would be more hands-on experience.”

Such leaders brought up the value of business school faculty going into companies to provide training experiences, but point out the need for business schools to market what they can do. A couple of leaders also warned about the use of language and how terms such as “business ethics” may be a deterrent for some leaders. One individual explained,

If a business school is going to become more effective at what you and I call ethics education, I think it has to find a different nomenclature to make it obviously more relevant for the real life, real world issues that business leaders face.

Several of the business leaders brought up the possibilities of business schools providing networking for business professionals interested in exploring deeper understandings of professional practices, ethics, and holistic leadership or engaging all of a person’s self in their work. One participant suggested the possibilities of business schools networking business leaders at different levels and through that network establish mentor programs. A couple of

participants have felt networking and peer discussions to be so valuable they are working through non-profit organizations to provide networking for business leaders. These leaders hope to provide safe places for business professionals to be able to talk about the dilemmas they face and get greater perspective enabling ethical decision making. This is something, they say, business schools could do to promote ethical business practices.

Even though some study participants were skeptical about the possibility of business schools working with experienced professionals and organizations, many offered a number of thoughts on how higher education could help professionals and promote ethical business cultures. Providing programs on or off campus, networking, and resources could increase understanding and support business leaders in ethical practices. An important part of this is engaging in research that substantiates what is taught and promoted. Through such work business schools can have greater influence on society's understanding of what "good business" includes and the important role of ethics.

### **Understanding Business Ethics**

After categorizing data from interviews with business leaders, the second category emerged with a focus on basic understandings of ethics and what it means to professionals. Data pointed to three properties or ways people talked about ethics: 1) dimensions of ethics, 2) moral foundation of individuals, and 3) role of ethics in individual's career. The property regarding dimensions of ethics refers to how people defined or understood ethics. The second property pointed to perceptions about the moral foundation of professionals, both in development and in context of the work place. The third property focused on the significance of ethics for a person's career. These three properties lead to a fuller understanding of how the study participants viewed ethics in business.

**Dimensions of ethics.** During the interviews business leaders talked about various dimensions of ethics. No one gave explicit definitions, but talking about dealing with moral dilemmas inevitably led to descriptions about ethics. People most frequently referred to moral dilemmas as being “grey,” rather than clearly “black or white”. In 18 interviews ethics and moral dilemmas are described as often lacking clear definition. In other words, it is not always easy to know the best responses to a situation, nor is it always clear when there is a moral dilemma. This is one of the things that can make dealing with moral dilemmas complicated.

Someone pointed out even the word ethical comes in shades of grey, and can mean a variety of things. Another leader noted it is not always easy to see when one is taking an unethical step. A CFO talked about this in regards to financial numbers and said one would expect it to be more black and white, but “Then you read the rules and there’s tons of grey.”

Another participant explained,

Being in a corporation poses huge ethical and moral challenges, because one is always operating in shades of grey when it comes to ethics. Seldom are the issues black and white; easy to know right from wrong. Individuals always have to compromise something. Choose between two good or two bad choices. If dealing with an organization that is led by a corrupt leader, it is especially hard.

One executive leader explained that with experience it is easier to recognize there are a lot more “grey” issues to deal with. Some issues are black and white, or clear to establish what is right or wrong, but an important insight she learned was that there are a lot of issues demanding a choice between several negative options. Another participant saw this same concept in the positive explaining that making ethical decisions is difficult when it deals with having to choose between two good options.

Business leaders pointed out the importance of acknowledging the greyness or complexity of ethics, because that can encourage a person to work towards clarifying the situation. One executive leader explained,

I think that when you're explaining decisions that you've made, I think it is good to acknowledge where a decision was difficult because there were ethical issues. To acknowledge that as a decision and to be able to say, "honestly, that I wrestled with this one." Because ethical decisions sometimes require wrestling and that's ok. We like to think they're black and white, but they're not always. That's a part of the process.

Another participant referred to the importance of struggling with the complexity or grey aspects of ethical dilemmas saying,

Again there's it's the greys that always make it more challenging. Everybody can see the black and white and it's easy to handle the black and white. It's the greys, but it's an understanding that there's a reason that it's the grey and that requires greater reflection, greater thought, greater decision making, greater detail attention, and isn't something to be flippant about.

These professionals point out the complexities of moral dilemmas in that they are not always obvious and the right response is not always obvious. One person explained, ethical dilemmas often build upon each other, and nobody usually walks in and announces there is an ethical dilemma. This presents other characteristics of ethics discussed frequently in interviews, including the frequency, size, and incremental aspect of unethical behaviors.

While the media sensationalizes corporate scandals revealing moral lapses, the moral dilemmas most people face are a part of smaller, daily tasks. Ten participants talked about ethics

being a part of almost every decision and often times are not of a large or scandalous nature.

One participant described this well saying,

You know I think there are ethical issues and dilemmas every single day. Some of them teeny and some of them big. I think if we are honest with ourselves we have the opportunity to take the high road or be ethical; follow an ethical path in every decision we make every day. From the amount of work we put in and get paid for to how we communicate. What we share in terms of information. What we keep to ourselves. I think all of those are ethical decisions.

As a number of participants noted, professionals especially at lower levels in a company's hierarchy will just be dealing with smaller, daily moral dilemmas. One participant explained it may be as minor as seeing a coworker take office supplies home and trying to figure out what your responsibility in the situation is. Many of the business leaders mentioned, as insignificant as these moral dilemmas may seem, how a person responds to them affects their behavior at higher levels of leadership. The moral dilemmas most often faced in the workplace are not going to make the front page of a newspaper, but are relevant and often involve the use of information.

Many participants pointed out that the information people work with on a daily basis has significant ethical implications because it is a source of power. Moral challenges may stem from how the information is used or how much is shared with other people. One of the 11 participants talked about information saying,

Now we as senior leaders cannot give all the granular detail, but we can always tell the truth. Those are, in my opinion, sometimes those are where leaders sometimes come off, or come derailed – they say too much and they're not saying the truth. When you can



actually say maybe less, and get a higher level of granularity and actually say the truth and stick to it.

Another leader who had worked for an organization he deemed to operate unethically noted that leaders manipulated people by withholding information or even providing inaccurate information. Two participants had witnessed a misuse of information not only in a specific organization, but also across an industry. The use of information in unethical ways challenged the moral foundation of other leaders in the organization, sometimes in smaller ways, but also in more destructive ways.

The relevancy of daily issues such as the use of information increases with the incremental nature of business ethics and unethical behaviors. Twelve of the business leaders described the nature of ethics and the move towards unethical business practices as being a process involving numerous steps. They noted that even the largest of scandals started with smaller unethical practices and built up until lack of moral behavior led to public disgrace. Several participants described this process with metaphors such as a “slippery slope” or a “frog in boiling water”, where one seemingly inconsequential unethical behavior leads to another unethical behavior of greater significance. When trying to explain the importance of getting this concept across to students and professionals one leader described this progression saying,

And at some point I will have been a frog in the kettle. The water is going to get hotter by the minute; I don't know this and then I really have done something unethical that ties back to the first trick. I wouldn't have done it. It's a slippery slope of that deviating fall.

The incremental characteristic of business ethics applies to organizations as well as individuals. One experienced participant worked in a company where he saw top leadership compel employees at various levels to do “stupid” things. Over time these “stupid” things

increased. Each of the behaviors itself was not illegal or blatantly unethical, but combined they were considered criminal behavior. Top leadership using this incremental pattern of unethical behavior, he noted, has also led authorities to convict the wrong people of criminal activity.

As another leader pointed out, most white collar criminals do not one day make the decision to do something illegal and jeopardize the company they work for. He referred to the incremental aspect of unethical behaviors saying, “they build upon each other instead of ... even Enron started as something small to begin with but ended up something much larger than that. But yeah, it’s not quite so obvious that you’re taking an unethical step.” As pointed out, the incremental character of unethical behaviors can contribute to the lack of clarity regarding ethical dilemmas. Besides the lack of clarity and incremental dimensions of business ethics, many participants also talked about the humanistic elements involved.

A clear descriptor of ethics for many of the participants included understanding relational elements of business practices. One leader explained, “Ethics has to do with fairness, has to do with justice, has to do with compassion, you know, caring for people.” This is based on the basic assumption that people are involved with and affected by business practices. Unethical business practices negatively affect a broad range of people within and outside of an organization. Many participants pointed out that one person’s unethical behavior can affect many people’s lives, and reflect negatively on the whole company.

Most of the leaders interviewed acknowledged the importance of recognizing this humanistic element of business ethics. One leader defined business ethics in this way, “...on a day to day basis there’s not these big dramatic ethical matters that come up a lot. So I’ll start with the smaller things. It’s how you treat people.” When talking about being confronted with a moral dilemma involving different groups of people, another leader said, “I feel like when you

are faced with real life case studies, the people are real, the emotions are real, you have ownership for the situation.” She noted that even though being mindful of the human element can make dealing with moral dilemmas more difficult, doing so leads to wiser, ethical decisions. As this leader noted, a part of understanding the human element of business ethics is accepting there are emotions involved.

It is the emotional element, many leaders pointed out, that increases the intensity of dealing with moral dilemmas. It is also this element that many leaders felt business school education did not prepare them for. One participant explained,

...the unfortunate reality in my perspective is, I understood a case, and I understood the business ethics from that case, but what I wasn't prepared for was the emotion; the emotional baggage that comes with every single one of these situations. And I truly believe that's the bigger challenge, is how do you overcome the emotional charged situation.... Calmly.

As many experienced business leaders in this study pointed out the human relational and emotional element is an important part of understanding business ethics. It is foundational to grasping the scope of facing moral dilemmas and making ethical decisions that go beyond operating legally.

Acknowledging the humanistic elements of business ethics can lead to the perception that being ethical means more than operating legally. Another descriptor of ethics brought up by 10 study participants is that being ethical means more than being legal or following laws. Several described a moment of realization when their perception of professional practice was expanded to include ethics as being more than following legalities. One leader acknowledged this was an important lesson learned during the MBA program he participated in saying,

One maxim is that ethics was bigger than the law. You know, ethics wasn't just about following the law. Law was part of a larger circle right? That was really good to think about it that way. You know, and understand that and it helped give me a lot of context.

Another leader acknowledged that for decades his understanding of working ethically equated to following laws. After observing other business leaders who made decisions not simply to remain legal, but because they were good ethical decisions he began to get a different perception of what ethical business practice meant. This leader noted, "I suppose now my thinking on that has evolved and just because you can do it doesn't mean you should do it."

Business leaders differentiating between working ethically and legally also pointed out problems with working from a perspective focused on simply operating legally. Equating ethical operations with remaining legal, they contended, often meant taking unnecessary risks. One leader talked about her company's reputation for acting with high ethical integrity that goes beyond acting legally. She said,

It's really important from my perspective to defend the company because it goes to our reputation for integrity which goes a long, long way with regulators. If we have a situation where something isn't going the way it should and we will report it to the agency and we'll get the benefit of the doubt. We'll get an opportunity to talk about it, to fix it, they'll work with us. They're not going to come in and assume we're doing something terrible, because of the history, the reputation that we have.

Another leader talked about what he has seen happen to companies operating with the perspective that remaining ethical equates to observing corporate law. He pointed out the problems with doing so, saying

I see where companies have gotten into trouble when the decisions they have made are not up to a line of illegality and because they have taken so many steps towards that line, it's just one little step to go over that line, so I see how that kind of... if you stay in the middle of the road you are going to be safe. If you get near the edge, that's when people get in trouble.

These business leaders point out the problems that can occur with a focus on acting legally rather than considering what is ethical. Leaders and organizations that operate in such a way will need to defend themselves more rigorously when there is a misunderstanding or mistake. When the perception of acting ethically means more than following laws, however, companies are less likely to have problems and when they do regulators will be easier to work with.

As can be seen from such informative data, the 29 business leaders gave insight to how they understand ethics being a part of their professional lives. Besides understanding ethics as being more than following legal requirements, they also pointed out the lack of clarity regarding moral dilemmas, the humanistic elements of moral dilemmas, and the incremental nature of unethical behaviors. Participants also described the pervasiveness of ethics in daily work decisions including the use of information. Their observations offer an understanding of what business ethics means in the corporate world that can inform professional practices and teaching strategies. In addition to defining ethics, the participants offered insights to understanding how professional business affects individuals' moral foundation.

**Moral foundation of individuals.** The second property of understanding ethics includes data looking at the moral foundation of individuals, how it is affected by things such as ethics education and organizational culture. A person's moral foundation or morality includes the set of beliefs and principles guiding their determination of right behavior, whereas ethics is

the philosophical study or understanding of morality (Rich & DeVitis, 1985). It is not surprising that an overwhelming majority of the business leaders interviewed felt their moral foundation was developed before they went to college or entered professional work. Twenty individuals indicated their morality was developed by their religious upbringing and their faith background. Nineteen participants also listed parents, family, and how they were raised as a primary source for developing their moral foundation. Nine leaders acknowledged that education had played a role in how they understood ethics. While participants acknowledged the formation of moral beliefs and values during their early years, they also acknowledged the influence of professional experiences and organizational cultures.

Several individuals adamantly believed that a person's moral foundation is developed long before beginning college and because of this they were wary of the influence business schools could have on students in regards to ethics. One individual felt so strongly about this he began our conversation by expressing this skepticism several times. However, even individuals skeptical about the effectiveness of business schools or professional training, acknowledged the influence of professional experiences on understanding of ethical behaviors.

A large number of participants (21) acknowledged that professional experiences and people they worked with influenced their morality and ethical understanding. When asked what has informed her sense of ethics, one leader said, "Real life. And all of the things that happen after you're 22 and major in philosophy. And go out into the world and see." Another very experienced leader said, "I have been really blessed in having people with strong moral conscience wherever I worked and that's been very, very shaping to me."

When discussing the influence of work experiences and co-workers, 14 business leaders also brought up the role of mentors in shaping their sense of business ethics. All of these

individuals named leaders they worked for and learned from who they respected for their integrity and sense of ethics. One leader talked about her admiration for and the influence of the company owner's high ethical standards. When asked what helps her deal with moral dilemmas she said, "Having identified somebody who I think has the highest integrity of anybody I know and using them as a marker. Would they do this? What would they think if I did this?" In a few cases people talked about the learning and influence gained from working for leaders they did not want to emulate. One executive leader talked about the positive role models he had worked with and stressed the importance of being surrounded by the "right people." He also said, "I worked for a lot of really bad leaders. So when I worked for the bad leaders, I noted everything I hated and I just tried to emulate the opposite of that."

Besides talking about role models, discussions about work experiences almost always led to observations about the power of organizational cultures. Nineteen business leaders talked about how the culture of organizations they worked for influenced their understanding of ethical behaviors and how to deal with moral dilemmas. One leader explained,

I think the biggest influence is the culture at work. Your peers. You travel with a group of peers for your first trip and you see that what they do with their expense accounts or whatever and that has much more of an influence on what you can be taught. It is a culture of look the other way or it doesn't matter, this company makes a lot of money so if I charge a little extra, you know... If you can rationalize that as a company it poisons the internal culture and to me has much more influence at a company.

Some participants explained how individuals can become desensitized immersed in an unethical culture for a period of time. One leader said he saw good, nice people become demoralized when they were immersed in an organizational environment that desensitized them

to unethical actions. Another leader talked about the effects of working in an unethical culture saying,

Not all companies are going to allow you to be open. Not all companies are going to let you talk about issues. Not all of them are going to address things or go “yeah, we know that’s wrong. Just leave that be.” Well, that’s a hard choice you have to make early on. If you get sucked into that culture it’s going to do something to you.

These leaders illustrate the influence of organizational culture on employees at all levels.

After thinking about the influence of professional experiences, role models, and organizational cultures, many of the individuals acknowledged their morality and ethical perspective have changed throughout adulthood and their career. When asked if he thinks his sense of morality has changed one leader noted, “Yeah, I believe absolutely it does. It certainly has changed in mine. I am a different person now than when I was in college and business school as far as ethics and morals so I think it does change.” Another leader gave the example of changes in how he saw ethics evolving from following legal requirements to doing what was “good.” One leader who felt a person’s morality is really developed during childhood, later responded to the statement that people’s morality does not change saying,

And I always just say, “Well that’s not true.” Because I think I have changed in a lot of different ways. I mean if I look at myself and my beliefs. And it’s a product of a lot of different things, but education a lot of times has been a catalyst for that.

The interviews with 29 business leaders provide a substantial amount of information on understanding how a person’s moral foundation is influenced throughout a career. Such data gives much to think about when debating the value of business ethics education for students and



professionals. Along with noting the influences shaping a person's morality, it is also important to examine the role ethics plays in a person's career.

**Role of ethics in career.** The third property of understanding ethics looks at the role of ethics in an individual's career. All of the professionals interviewed spoke of ethics as an important factor in a person's career. Twenty four of the leaders indicated that a person's sense of ethics is important in the hiring process. When asked if a potential employee's ability to deal with moral dilemmas and make ethical decisions is important, one participant said,

There are three things you look for in an employee. First of all, you look for passion about what they do, because if they don't have a passion for it, they're not going to be excited about getting up and coming to work in the morning and making your organization successful. Second is their technical skill. Do they know what they're doing? In IT or marketing or whatever. But the third, and arguably most important, is their morality. What kind of person am I hiring here? Am I hiring someone I can count on? Someone who will do the right thing even when it means losing some business?

Another leader said this about the importance of a potential employee's ability to deal with moral dilemmas in an ethical way explained,

I'd say it's paramount. I'd say it's right up there in the top ... I'm trying to think of things that are more important. Honesty, which is a form of ethical behavior. Integrity, compassion. I'd certainly put ethics right up there and I wouldn't want to ever hire anybody who ever compromised that.

Many individuals acknowledged the difficulty in ascertaining a person's sense of ethics in an interview process, but they also felt how a person would deal with moral dilemmas was critical to their professional functioning. In fact, 12 of the leaders said a person's sense of ethics

and integrity is just as important as or more so than technical abilities. When asked if a potential employee's ability to deal with moral dilemmas in an ethical way was an important factor in hiring one Chief Information Officer answered,

Yes and it is very important. We ... work with confidential data. We also work a team environment in a flat organization. I must be able to trust that people can be self-directed and ethical in how they work with others and with the information we have. This is the #1 thing I look for in candidates.

Another leader saw a person's sense of ethics as being part of their emotional IQ. This she explained was a more important factor to consider when hiring than technical skills. She explained,

Yeah, I think the technical skills are maybe 30-40% and then, this is where I think ethics education... it's really the emotional IQ is always in my view makes the best employees and the best people. You know I only look at their technical skills for 30-40% of it, those that have always thrived are the ones with the best emotional IQ and the ability to work with others, and facilitate, and not get angry because there's disagreements and don't think they need to be a CEO in three years.

All of these business leaders illustrate the importance of a person's sense of ethics when hiring. However, the role of ethics doesn't end with hiring, but continues throughout a person's career.

Many of the participants talked about the importance of being ethical at all stages of a career. Fourteen leaders talked about a person's sense of ethics being vital because it reveals character which is foundational to a career. One business leader said, "Oh, I would say it's (ethics) huge, because all you really end up with when life is done is your reputation." Another

leader acknowledged the difficulty of discerning a person's sense of ethics in a one hour interview, but viewed a person's ethics and integrity as critical in their career. He said,

Yeah, so for the hiring process, I don't know if it's one of the top four or five things, but for their career it's critical. It's really non-negotiable. You have to behave in an ethical manner because it will catch up to you, others will distrust you, people won't want to work for you that are talented.

When asked what he would tell business school students about the importance of ethical behavior in a person's career another executive leader emphatically said,

I don't know if there's anything more important. I don't know if there's anything more important. I think I would tell them that's the most important thing you are going to... your personal integrity... you can be the smartest guy around or you can manage circles around people or technically you can be a whiz, but if people don't trust you, if they don't trust what you say, if they don't know that when you speak it's genuine it's what you really mean and there's no hidden agendas, you just can't be successful. Being ethical in your decision making and in your behavior and how you treat people, I don't think there's anything more important than that.

In considering the importance of ethics in a person's career, 14 participants explained that unethical behaviors will haunt a person for a very long time, affecting their career negatively. Many gave examples of individuals they saw fired or convicted because of unethical behaviors. A few had experienced being in organizations that had failed because of unethical behaviors. Witnessing the effects of unethical behaviors proved to be powerful lessons. One participant said, "Collecting unemployment beats going to prison." An executive leader explained it this way, "if your ethics are ever questioned, ever questioned, even questioned, you will always be

questioned.” Another very experienced leader described the importance of a professional’s sense of ethics and the effects of unethical behaviors saying,

Ethics is extraordinarily important. That it defines in a pretty basic way who you are and if you have a history of unethical business practices, you will have a history of grief and anger at yourself over having done things that you are not proud of. So for self-preservation it is important. Second is that people will figure you out where you work and will either want to work for or with you, or want to avoid you. A lot of it will be your ethical behavior and particularly if you say one thing and do another. People you work with are pretty accurate at figuring out who you are and what you do. The hypocrite gets shunned in the organization more quickly than anyone I think.

With such statements many of the study participants made it clear they believed the risks of unethical behaviors were far greater than possible payoffs.

Some of the leaders showed the important role of ethics by telling about how their ethical decisions shaped their career and led to top leadership roles. One individual spoke of the challenges he faced early in his career when working with someone who was dishonest with union leaders and what happened when he took an ethical stand against such practices. He described the interaction with his boss and the results of unethical behaviors saying,

I said, “I can’t do this anymore. Anytime there’s another meeting with the union or other negotiations, if he is there I won’t be there.” My boss said, “Well you are going to need to be.” I said, “No. I will leave the company. I won’t ... this can’t happen.” In time, not because of anything I did, but in time his character and behavior became known and he was asked to leave the company actually.

This business leader's ethical stance was rewarded because he moved on to eventually work at an executive level. Another business leader related a story showing a very different response to his insistence on ethical business practices. While working at an executive level he was asked by the CEO to do something illegal, but he took a stand and said he would not do that. The other executives were relieved when he took a stand, but the CEO was not. He described the CEO's response and what happened because of his refusal,

He actually came to my office. He was yelling at me until finally the office manager said, "Hey, you need to lower your voice. Everybody in the office can hear you yelling and what you are saying." And so no big surprise. A few months later we hit a significant downturn. So we were closing divisions and merging divisions, so I was asked to leave, but ... I thought I wanted to get out of there because who knew what else would happen. At any rate, it turned out to be a great thing.

Although he felt this event led to his loss of a job, this business leader went on to be CEO and owner of different companies. Fortunately he recognized buckling to the pressure would have had negative effects on his career and his strong moral stance did lead to better opportunities in companies where he was not pressured to act unethically.

Such stories show the challenges of making ethical decisions, and the importance of doing so. According to the business leaders interviewed, a sense of ethics and ability to deal with moral dilemmas is critical to a person's career. This is true for young professionals as well as seasoned leaders. Study participants also provided insights to understanding ethics and corporate influences on a person's moral foundation. Ethics issues are often not very clear for a variety of reasons and are most likely to be a part of daily issues. Unethical behaviors often result from an incremental pattern and professional experiences do influence a person's morality.

As can be seen in some of the previous stories, the business leaders also gave many insights to the power and pressures that either challenge or help when dealing with moral dilemmas.

### **Dealing with Power and Pressures**

The third category of data focuses on the power and pressures professionals have to deal with affecting ethical behaviors. In fact, this category was the most talked about as revealed by coding frequency. Properties in this category include leadership, organizational culture, and external forces.

**Leadership.** The first property focuses on the role of leadership as a source of power and pressure. Leadership is central to shaping how an organization views ethics and 26 of the business leaders stressed the importance of top leadership. Many pointed out organizational culture starts with the CEO or owner and works its way down through an organization. One business leader who has worked with a number of CEO's said, "When you get a new CEO, well then there's going to be a difference in the culture and what's important and what's not."

Another executive leader explained

When a company sets that tone at the top, people get it. You know they go "ok, this is how I am supposed to act. This is how our top executives act, so that's how I am going to act." When a company at the top suggests that "well if you can get away with it, go for it." It's going to breed that type of unethical behavior.

One executive leader talked about the influence of the company's owner on the organizational culture saying,

Really it's not because of me, it's because of S who owns the business. He always takes the moral high ground. Always. His integrity is stronger than anybody else's I have ever

known. That's the leadership example he sets, and that's what he expects of us. And so it's clear from the get go.

Another experienced leader who held the CEO position in a couple of companies explained how leadership starting with the board of directors determines the role of ethics in a company saying,

Because if the board doesn't get it, then they aren't going to hire a CEO that gets it. The CEO isn't going to hire other officers who get it. Therefore it's (ethics) not going to exist in a meaningful way. You're going to have a compliance officer who is always over there being seen as a bad guy. Trying to tell them what they can and what they can't do.

These leaders showed the importance of top leadership setting ethical standards and communicating those standards in a company. Most also expressed the need to do more than talk about the ethical expectations.

A majority of leaders (19) interviewed also pointed out that it is important for top leadership to model the behaviors expected of employees at all levels. One leader experienced the importance of this when he worked earlier in his career for a company that has been known to have many ethical problems. He stressed the importance saying, "If leadership isn't ethical and doesn't show that, the culture all of sudden goes haywire on you and everybody starts kind of doing their own thing and they have different motives."

One leader talked about an experience when a CEO she worked for did not deal with some unethical behaviors from one of his top employees. She described the organizational response when the CEO was not modeling the standards set saying,

But it was that questioning of the top and had that stood I think you might have seen the beginning of an erosion of... well, you know if the CEO's going to let this guy stay, then,

you know, why should I behave? Because obviously it's ok and it ultimately turned out to not be ok. It really damaged his credibility.

Another leader who early in his career saw leadership in an industry face significant challenges such as sexual discrimination saw the power of leadership modeling changed behaviors. He noted,

There's a tremendous lever from the leadership. I think the leadership example... has the leaders stand up and say, you know, we are going to change the culture and this behavior or that behavior is no longer acceptable. When they live that and they show that by their example it makes a huge difference.

Some participants talked about valuable leadership characteristics promoting an ethical culture. The two most frequently mentioned were humility and respect. One participant described the entitlement top leadership demonstrated until the company was charged with questionable behavior. He described the important changes in leadership demonstrated by the new CEO at a difficult time saying,

The first thing he did was show humility. He apologized to the organization, to the employees, to our clients, to the press, to Wallstreet, everybody. We clearly showed a different face. Our arrogance was sort of... we got a cold slap in the face. So I think it started with humility.

One executive leader explained how he approaches leadership and the importance of humility saying,

Experience and self-criticism. As a leader, every day brings new challenges. I need to be humble enough to understand that I don't understand everything and must work with others. I also watch major issues at other companies and even internally when I see



situations I do not feel comfortable with. You never stop learning, but if you stay principled you can constantly apply ethical behavior to new situations.

Leaders such as this acknowledged the importance of fostering a humility that drives continued learning, listening to others, and respecting the skills of others enough to rely on them. Another experienced leader explained the importance of top leadership being humble enough to listen to others saying,

I think one of the most important skills that the person at the top can have is the ability to listen, to really listen and to take the meanings, perspectives very seriously. Recognize they have validity.... Yeah, I think just the ability to listen and to really be accountable to the people around you. To allow them to ask questions that may challenge decisions that you are making. If that's shut off, the danger of that... the leader and the power is isolation.

This same leader pointed out a part of humility is being able to apologize after making a mistake. He acknowledged the importance of this saying,

But that whole aspect of humility. That's so ... leaders often times think that's embarrassing, but it is really engendering and motivating for those around them. "You mean you did make a mistake? Well, thanks for telling me that. Maybe I can make a mistake too." That kind of a thing. Rather than being ineffective, it really leads a person to be more effective.

These leaders illustrate the power and influence of leadership in an organization. Top leadership especially has an important task of establishing the ethical foundation of an organization and demonstrating the ethical behaviors expected. As can be seen in the quotes about leadership, the participants also stressed the importance of organizational cultures.

**Organizational culture.** The second property in the category of dealing with power and pressures includes data on organizational culture. Whatever the role or level a person works at in a company they cannot escape organizational culture. This was made clear by the business leaders as they talked frequently about the pressures of organizational culture and ways of shaping culture. The pressure of organizational culture can either help or hinder making ethical decisions. The most frequent topics concerning organizational structure focused on influence, strategies for shaping culture, training and education to ensure living out of values, and characteristics of cultures that foster ethical behaviors.

People within an organization cannot escape the pressures of that culture. This is true in regards to overall functioning and the value placed on ethical behaviors. One leader described the power of culture saying, “It’s huge. It’s monstrous.” Another leader explained, “The tone that’s set by the very top executives definitely trickles down. If people know that’s our culture they will sort of conform to that.” Other leaders described this influence by talking about the negative effects unethical cultures can have on people. As noted in the section on moral foundation, many leaders have observed what they considered “good” people become desensitized to immoral behaviors while being immersed in an unethical culture. The incremental nature of ethical perception can lead to decisions and behaviors most other people consider immoral. Behavioral patterns and expectations are a part of culture that influence decision making and dealing with moral dilemmas. Many of the leaders gave important insights as to how to change or shape a culture to become more ethical.

Changing or shaping a culture is not easy, but it is possible. One organizational development leader explained,

You know if you understand culture as sort of the aggregate of everything, you have sort of a fundamental big picture view that a culture changes over time, but that you can't change any one thing because you want to. You actually have to find ways to embed it.

One leader of a company that dealt with problems made public by the media described the effort to change the organizational culture and increase the presence of ethics. Of the process he said

The only way it works though, is if Mr. X (CEO) really believes it. Senior management really believes. It's a challenge though. We have been doing it for three years now and it's really taken root, but it's still a ... because the biggest challenge I believe is any time sort of what I'll call a real landscape change, is to get people to buy into it. It's never easy because there are some people like in our company, and it will always be the case in any for profit U.S. company, is always that pull towards performance.

Another executive leader who experienced an organizational culture change shifting from a focus on financial performance to a broader purpose said of the cultural change,

The biggest thing you ultimately get is that everybody starts speaking a common language. You have common understandings and expectations and that changes a culture. It's been amazing and it has been very much from the top down. It's spread out very, very well and it's been adopted extraordinarily well.

These business leaders illustrate the power of organizational culture and the possibilities of changing cultures to become more ethical. When talking about shaping or changing organizational culture, many study participants lifted up the importance of making sure the right employees work at the company.

Organizational culture is carried on by members of the organization so one important way to shape a culture is through determining the employees who work there. One business leader described this saying,

It's a lot of hire/fire situations have to be really what's nailed on the wall and what do we believe as an organization. How are we to treat and respect people as we navigate this day to day business. And so that's as we really peel back the onion it starts there. Once you have that, I have found, business decisions can be made pretty... I'd say you can make some really good moral and ethical business decisions when you are grounded in values and principles.

In fact 19 of the business leaders talked specifically about hiring and firing as tasks related to maintaining the desired culture. They acknowledged the importance of hiring individuals who fit the values and goals of the companies. One participant said,

We are at will to hire the best candidate for every single role in the company. Shame on the organization that doesn't properly screen and gauge all of their talent and have a values and principle statement and stick to it.

When asked how the company nurtures its ethical environment one executive leader answered,

When I do interviews for new employees I answer any question they ask me about the company all the way down to the financials. I have them interview with other people on my team, ask any question they want with them so they understand the culture. So, you know, part of it is hiring the right people that understand the culture and want to be in the culture.

Many leaders also acknowledged the need to fire employees who were not honoring the company's ethical standards. One executive leader explained the cultural effects of firing

someone saying, “While you respected privacy, everyone knew that they were let go without question for some impropriety. Well, that gets around. You know, it’s a culture, it’s reinforced.” Another leader said about unethical behaviors, “We just have zero tolerance for it, because we are a highly trusting environment. Once somebody violates that, how do you start trusting again?” When talking about the effort to change the culture of a publicly traded company to focus more on ethical behaviors, another leader explained,

To me ultimately the biggest challenge is if we don’t reward and punish, for lack of a better term, those who follow the behavior and those who don’t, then I think we are going to be in trouble. For example, if an executive is allowed to not live by the culture, by the values that we set and get away with it, it’s going to be hard to explain to anybody else why they should take it serious. So we have seen executives leave by choice and not by choice.

In order to guide the hiring and firing of employees, defining company values and goals is vital. Eighteen of the business leaders talked about the significance of articulating values, goals, and mission in shaping the culture. One executive leader tied in values, hiring, and ethics well saying,

Culture is not an individual or activity, it’s a culmination of many people coming together under one roof with multiple decisions made every day. That’s a culture right? However, a business can be grounded in values and principles. Those are our foundational cultural values. So like in our company we have: excellence in service through innovation by people who care... So those are the foundation of our culture, because many of our business decisions are based off of those foundational values. And if our culture, if we are hiring people that represent those values or can resonate with

those values, we are then going to have a higher probability of building the robust type of culture we want.

Another executive leader who was instrumental in redefining values and mission statement talked about benefits of the process in shaping the organizational culture:

It's using the words and encouraging people to use words to identify examples of where we are doing the things we should be doing. So people talk about it. It's not just assumed. So we have within our cultural attributes, we have said, "These are the things we have done really well historically or we need to do really well going forward."

Embodying our values. Being an organization that's always learning. Encouraging diversity of thought. To be collaborative.

Many of the company values leaders talked about included ethics or related concepts. Integrity and acting ethically are lifted up by most of the companies represented in the study. Some other specific values named include: environmental stewardship, community engagement, supporting the community and environment, respect, compassion, sustainability, good citizenship, honesty, safety, and service. Leaders acknowledged the importance of having these established values, but they also stressed the importance of applying them to daily work.

In fact, 18 of the participants pointed out it is vital for organizations to espouse articulated values and not just talk about them. An important part of this is top leaders demonstrating the values for people at all levels to observe. One senior executive said about leadership modeling the company's values, "When they live that and they show that by their example it makes a huge difference. There's times when they don't and that hurts a lot." He went on to say leaders' failure to espouse company values causes uncertainty in the organization.

This leader then stressed the importance of leadership and education in promoting the company's values.

Two experienced business leaders who worked for companies that had problems due to unethical behaviors saw the negative effects of organizations not espousing professed values and promoting ethical behaviors. One of the leaders pointed out large companies can spend a lot of money on talented marketing professionals to develop wonderful values and mission statements that may or may not apply to actual organizational functioning. This is what he found in the company he had worked for. The environment was corrupt and eventually the business collapsed with many leaders facing legal charges.

The other leader talked about a company he worked at early in his career that has since faced public criticisms about unethical behaviors. Of the company's articulated values he said, "They claimed they did (have values). I mean if you walked around there would be posters on the walls but no one bought into any of that stuff." When asked if they lived out those values, he responded, "No. They had the most cynical group of people you've ever seen over there. Everybody was really just trying to take care of themselves."

Elements of organizational functioning important to the espousal of values fostering an ethical culture include governance, information, and rewards. Eleven of the business leaders pointed out the need for adequate governance and accountability procedures in companies. One leader pointed out that an important part of dealing with or avoiding power issues creating moral dilemmas involves having a governance structure or protocol to follow when there are concerns. He said, "Part of it is how the governance structure is set up, so depending on what kind of checks and balances a company has that could happen at lower levels." He talked about this being important so there is accountability for all levels within an organization saying, "A lot of

the major corporate scandals seem to have been at the highest levels where they are able to hide more things. A lot of it was because they didn't have a governance structure set up."

Eleven of the business leaders also discussed the need for protocols regarding the use of information. People who hold information have power and influence the organizational culture by how that power is used. One executive leader discussed the challenges of handling information saying,

So how do you give as much or as necessary information as you can because you are a lot of times under non-competes, confidentiality, and you don't want to lie to your people? So that's sometimes an art to make sure you are always truthful and not deceiving.

Other business leaders talked about the importance of keeping private information confidential, while needing to maintain a sense of openness. One leader who works in an industry where client information is protected by law said, "As a result now pretty much at a minimum a first infraction gets you at least suspended if not fired for violating that. We actually actively monitor it." She also said the company's leadership has learned that transparency with information that can be shared builds trust among employees and clients.

Besides governance and information, a number of individuals talked about the need for companies to reward desired behaviors. While this may sound simplistic, many of the business leaders offered examples where behaviors rewarded do not promote the company's stated values. One of the most common examples was the tendency for companies to reward individual accomplishments rather than team efforts. One senior leader remembered at one company listening to other leaders' complaints regarding a lack of collaborative efforts. He observed, if the company was hiring and rewarding competitive, aggressive people who wanted to get ahead as individuals what could they expect?



Another leader expressed similar frustrations about working in a large corporation promoting teamwork, but not fostering it through structural systems. He said,

So you want to be team-orientated, but promotions are competitive. Well, if you want to be team oriented, you should reward the team and not the individual. So that sets up the polar extremes of I am going to say, "I help other people," but then I still have to fight in the trenches with them to get something for me. In the long term is that a good thing?

And I think some of those paradoxes are what pull people and they may not realize it.

When a company is committed to espousing established values and goals they need to work towards creating an organizational culture that enables employees to do so. Outside of hiring/firing and rewarding desired behaviors, teaching about the values and goals seems to be an important part of promoting appropriate behaviors.

All of the participants talked about communication as an important element of establishing a culture espousing company values and ethical behaviors. Nineteen of the business leaders brought up the importance of intentionally communicating ethical expectations and protocols. One experienced leader said this about the importance of verbalizing ethical expectations as early as interviews and then integrating ethics into the career process,

It (talking about ethics) also sends a message to the candidate, "This is an ethical company. If you come to work here, this is the way we will do business." So it immediately sets the tone. After someone comes on board and is an employee, absolutely because you can make doing business ethically and in compliance a part of annual evaluations. You can make it a component of their discretionary bonus if they receive one from their company. Certainly make that evaluation a part of whether you decide to promote someone as a senior manager or not.

In regards to ethical protocols, many also felt companies are responsible for communicating about and promoting the use of resources such as ethics hotlines. Not only do they need to inform employees about resources, they need to clearly show that those resources can be used without negative consequences. One leader explained employees are responsible for knowing and using available resources, and the company is responsible for making sure employees are aware of those resources. He also said of the resources offered, “companies have to communicate, ‘If you come to us with a good faith belief, you will not be retaliated against.’” Another executive leader explained it is important to tell people they have permission to speak up because, she said, “Too many times people are worried about, ‘Well maybe they don’t do that here. Maybe I’ll be ostracized. Maybe it will limit my career.’ And if you speak up respectfully, appropriately – it will never limit your career.”

Almost as many participants talked about the need to regularly communicate organizational values and goals. One of the 14 leaders who specifically talked about this said, “Well the values – we have a vision, we have a purpose statement. Those are not just wallpaper on the wall. Create experiences that inspire people. That’s our purpose and when I message as the senior leader this company, I message monthly, quarterly, and I make sure I’m infusing values and principles in most of my messaging – either written or verbal. I repeat our values and principles, our vision, our strategic plan. The values are visibly placed all over the company, but this leader emphasized the importance of communicating about what the company values and bases decisions on in many different ways.

Communication about company ethical expectations, protocols, and values often happens in training sessions. Thirteen of the business leaders believed organizations need to commit resources towards ethics training and benefit from doing so. One executive leader talked about

training held throughout the company that focused on values including integrity and social responsibility. Top leaders engaged employees passionate about the various values to lead the training. Of this training she said, “We incrementally gave more resources to it. Now it’s a whole department and it is very much a part of our culture.” The training required substantial resources, but shaped the culture in the desired way and created positive energy.

A number of participants also believed mandating an ethics course educates and makes a strong statement about the company’s values. One participant explained that while business school coursework did not help prepare him to deal with moral dilemmas, the annual online ethics training required by the company he works for has helped. A couple of months after the interview he informed me the company’s leadership is now requiring the ethics training to be part of employee annual reviews, salary raises, and promotion possibilities. This he pointed out, makes a clear statement about the company’s value on ethical behaviors.

One executive leader talked about the online ethics class all employees, including executive leaders, were required to take annually. She found it an annoyance at times, yet explained, “But did that infuse we take this seriously? Sign-off and if you don’t sign-off we’re chasing you until you sign-off. That’s not the reason the culture of the company was formed, but is it a component? Yeah.”

Most companies use online ethics programs developed externally, but one of the leaders described a more in depth program developed within the company. Employees and leaders throughout the year help develop the training by describing ethical dilemmas they have faced. A team led by this executive leader puts together written materials addressing the scenarios, appropriate responses, and procedures to follow. She explained,

Every employee receives it when they start work and then we review it every year with every employee. We don't do an online training. We require everyone to have a small group discussion with just their department where they talk about what are the situations they might have seen over the year, what are questions they might have, and just reminders of where it might come up in their work.

She believes this ethics training has and continues to significantly affect the organizational culture in a positive way. People know what is expected of them and when they are challenged morally they know what to do in response. Company leaders, starting with the CEO, clearly articulate what people need to do when they come across situations they are concerned about.

Some feel the use of an ethics course or evaluation can also inform hiring and promoting processes to develop an ethical culture. One leader talked about the importance of speaking with potential employees about the company's ethical standards and then somehow evaluating their ability to make ethical decisions. He also talked about ongoing evaluations saying, "have the same sort of evaluation for employees, for discretionary bonus payments, for promotions to management, and certainly for promotions to senior leadership levels in a company." Another business leader talked about annual evaluations including a section called "work reputation." Ethics makes up a portion of this section and is part of the process in determining pay raises and promotions. This leader explained, "You have to set the expectation, and you have to lead to the expectation, you have to inspire people about that expectation, you have to keep clarifying that stuff, and then you have to hold people accountable."

Discussions about organizations sometimes included characteristics encouraging an ethical culture. As many as 17 business leaders talked about the importance of openness and honesty. One leader who works for a privately owned company said they feel openness is so

important they publish their sales information every day. She added, “So we say the more information the employees can have, the more transparent we can be, the better, the more they can engage... We can show we are trustworthy that’s all we can do.” Another leader said, “So the culture here is not to hide it, it’s fairly open and encouraged to candidly state your concerns, or what you may have heard or seen or read in an email.” A Chief Information Officer (CIO) talked about the importance of honesty and trust. He encourages team members to openly discuss mistakes and said an important part of his role is,

Making sure we are looking all the time (for mistakes) and that we are reporting things correctly. It’s just so vital. The other thing for me is I work with both strategy and lead a lot of people in this company. I think working with employees in an ethical manner so there’s a trust and a culture that you build is essential to what you do.

He went on to say, “The key has got to be you have access to the different people, you can talk to the people, their doors are open.” Another executive leader stated, “What we have found is the more transparent you are actually the less likely you are to get sued. But we also just know at X it’s the right thing to do.”

A significant number of leaders talked about the importance of corporate social responsibility and service opportunities in shaping organizational culture. One leader who experienced radical culture change after a scandal lifted up the importance of social responsibility saying,

I hate to say it, but we were never considered very generous in the community. Now it’s been going on I’d say about seven years or so, a very strong corporate responsibility commitment. I think that was a good way to remind ourselves it’s not all about performance. It’s about how we treat the people we serve... we have spent 100 million

dollars in ten years to give back to the community we serve. So that was really a big step in the right direction.

Another leader explained the importance of community service as being such a strong value it plays a role in the hiring process. He said, “In our value of ‘people who care’ we give back to our community. So you have to be someone who is willing to give back to the community and feel good about that.” Leaders interviewed demonstrated that emphasis on community service and social responsibility shape the culture within an organization and in the community as well.

Some leaders pointed out the motivation behind financial giving and community service should be because it is the right thing to do. While many organizations have used corporate social responsibility (CSR) for marketing purposes, some leaders see that as a problem. One leader who worked specifically with philanthropy explained,

There’s a whole movement to make philanthropy more strategic. What that translates into is to have it make more benefit for the company. So there’s kind of a push to make our programs less pure philanthropic, you know non-profit, and more corporate giving which allows you by law to do all kinds of things that benefit the business, but still call it charity.

With this kind of perspective regarding CSR she saw companies become more about what they could get out of giving rather than giving out of a sense of responsibility or stewardship. The company she most recently worked for has taken a strong position on the importance of philanthropy and has worked hard to differentiate between marketing and giving. This leader said about altruistic giving,

Now does it get you more business? It probably ultimately does, because you're impressing that person and they're thinking, "Oh my God this is a great company and I should refer, I should keep my business there." But we don't do it for that purpose.

As this leader described there is a "halo" effect to giving and social responsibility that benefits the community and company, but should not be the driving force of CSR.

Businesses not only have the responsibility to benefit communities, but can have greater ability to do so than non-profits or non-governmental organizations (NGO's). One leader who works for a Fortune 100 company said, "Corporations build up skill sets and if you really want they can add to the public good that an NGO or a public enterprise just can't do, don't have the skill set and incentives ... to do." He finds this empowering and is inspired to work at a corporation he knows is working to make the world a healthier place.

As can be seen from the many examples and insights, the 29 business leaders offered meaningful conversation on organizational culture. Pressures applied through culture can either challenge or aid in dealing with moral dilemmas and making ethical decisions. According to many of the business leaders organizational cultures fostering openness, honesty, and a sense of corporate social responsibility tend to promote ethical environments. There are numerous ways of shaping culture through activities such as hiring and firing, strategy development, communication, and training. However, cultures are not only shaped by internal forces, but are also influenced by forces outside of the organization.

**External forces.** The third property considers forces outside of an organization exerting power and pressures on professionals. Organizations can often control internal forces, but there are external forces they have very little or no control over. The external forces most commonly discussed in the interviews come from legislation, shareholders, international expectations, and

industry specific pressures. The most frequently talked about was legislation and how it affected ethical standards as well as business operations.

Discussions about legislation were often mixed with negative and positive comments. Thirteen of the business leaders talked about legal requirements and even though there was a substantial amount of negative opinions, their examples revealed that legislation clearly influences organizational cultures to be more ethical. Two significant examples brought up in multiple conversations include the ethics hotline and ethics education, both mandated by Sarbanes Oxley (SOX) legislation. One chief financial officer said, “Sarbanes Oxley and a lot of the regulations that have gone with that really hasn’t been that helpful,” but then he lifted up the positives of having mandated ethics training and an ethics hotline.

One leader who is general counsel for a company pointed out that while there are problems with SOX, it also has useful components such as those mandating every company to have an ethics hotline and published ethics policy. Another executive leader found legislative requirements helpful when he was forced into a difficult situation. At the same time he was asked to do something illegal by the CEO, he received the annual questionnaire from a federal governing body affirming ethical business behaviors. This provided additional moral grounding to refuse carrying out the CEO’s request.

Legislation has had the effects of making companies and their leadership more accountable for unacceptable behaviors. One executive referred to legislation protecting whistle blowers and said, “And people in power know they are still accountable to others to make the right decision. There’s more opportunity for people to question decisions of people in power I think now than there used to be.”



One professional who helps businesses develop more ethical cultures has seen the effects of legislation on businesses since the mid - 1980's. When asked if he thinks legislation has improved ethical standards he likened current legislation to that made in the 1980's to protect employees. He said until the mid-1990's worker injuries were considered a part of doing business and high risk companies expected to have between five and ten fatalities each year. Lawsuits from work injuries and fatalities became more substantial after the enactment of legislation protecting workers causing the high number of injuries and fatalities to be a major expense for companies. This led many leaders to make a conscious decision to change behaviors. He explained,

Companies said, "We may never be able to stop accidents, but we can certainly reduce them. And we are going to reduce them by making safety the top priority." So everyone talked about safety. Everyone thought about safety. Safety was everyone's responsibility. I saw the concept of safety driven into the DNA of the companies so it just became one more analysis of doing this project safely.

This expert has seen business change behaviors to act more ethically because of legislation like the Foreign Corrupt Practices Act (FCPA) and believes the same can be done with ethical business practices. He said, "If we can communicate doing business ethically with morality or in the right way in that manner in business schools, I think it will drive those concepts into the way people make their day to day decisions." Legislation can be a forceful tool to shape business according to the desires of governing bodies, but it is not the only pressure business leaders and organizations experience affecting behaviors. Another constant pressure felt especially by publicly traded companies is the pressure of stockholders.

At least 18 of the business leaders interviewed have some experience working for a publicly traded company. Many of these leaders noted the increased pressures placed on public companies by shareholders and investment analysts. These pressures force greater focus on short term earnings and financial profits as sole indicator of business vitality. One executive leader explained about the challenges of having greater perspective in a publicly traded company saying,

What we are trying to do is balance performance with four other values and have a nice even balance there. It's not always easy, because the Wallstreet folks, investment analysts, our stockholders... they're so focused on our performance and it is a challenge working in America. It's easy to say, "Well how come companies aren't better at being socially responsible? How come they don't have more morals or ethics?" Sometimes you have to ask yourself what does the American population want from their large corporations?

One of the business leaders who worked for a company that changed from being privately owned to publicly traded noted the significant changes he saw effecting the company's functioning and ethical foundation. He explained,

Slowly but surely over the months and then years everything became much more short-term focused. Everything became much more about what kind of net income are we doing this quarter? So there's a lot more pressure as a public company; not just being a public company, because a lot of public companies, I think, handle it well. But from our specific leadership within a public company who really stopped looking at the longer term and how compensation was awarded and where monies spent for research and those kinds of things became much more contested. There certainly was more pressure to ... if

we had a big loss coming, you know, a big inventory write off or something there was a lot more pressure to figure out how not to show that to anybody.

This same leader talked about societal pressures experienced when his company was moving jobs to Mexican producers. Pressure to increase financial performance outweighed societal pressures to keep jobs in the United States.

Despite additional pressures, there are publicly traded companies maintaining a strong sense of ethics and corporate social responsibility. A couple of examples include a company that had social responsibility written into the bylaws by its founder. Another is a company that responded to crisis and scandal by focusing more on values other than financial profit including social responsibility. Both companies give millions of dollars each year to benefit communities and spend significant resources on ethics training. These examples illustrate the pressures to perform financially and the ability to deal with those pressures constructively.

One study participant worked for a company that did not deal with the pressures in such constructive ways and collapsed amid scandal. This business leader said,

...behavior was driven to showing good financial results and being embraced by Wallstreet, so what would have happened if we didn't make our earnings one quarter and the stock got hit and we got beat up for a while? But the company would have survived. People wouldn't have lost their jobs. People wouldn't have gone to jail. People sacrificed doing the right thing and their integrity in order for financial gain and avarice and hubris and, you know, the seven deadly sins.

Societal pressures on publicly traded companies to perform financially on a short-term basis are often expounded when doing business globally. Large corporations have global operations to

increase financial gains, but there are added challenges when dealing with foreign cultures that have very different understandings of ethics.

A number of the business leaders referred to moral dilemmas they faced when working with foreign governments or companies. Eight study participants specifically talked about the challenges of working in a global environment. A participant in retail talked about the concerns of working with foreign producers in regards to working conditions and how employees are treated. Several of the business leaders brought up examples of when they had been pressured by foreign leaders to offer bribes in order to conduct business.

One senior leader talked about an experience he had when initiating a 1.2 billion dollar project in China for a privately owned company. After a year the project came to a halt when they couldn't get the permits needed and a Chinese assistant informed him they were expected to give a bribe to get the permits needed. The owner of the company would not pay a bribe so the project was pulled. This same executive saw a different company run into the same problems in Egypt when they were trying to get a permit for a major project. The company responded by finding a way to get around the FCPA. He explained,

They (the U.S. company) finally figured out that the reason they weren't getting it was because they weren't paying off the right people. So one of the things they did to alleviate that problem was the head of this Egyptian company had a family member, I think it was his mother, who was quite ill and needed surgery in the U.S. So in order to get around the FCPA what the company did, instead of paying this Egyptian government official six figures, was they brought that fellow's mother to the U.S. and paid for all of her surgery and medical treatment for an extended period of time.

This former CEO explained he saw this problem with bribery in international markets multiple times over his career.

Another executive leader told about an experience dealing with bribery carried out by the company's European president. He said, "We were concerned as to whether we violated the FCPA, so we had to go public with what we did and we fired our European president." This same leader also talked about the challenges of competing with foreign producers who do not face the same stringent regulations American producers do. These business leaders experienced first-hand the pressures and complexity of international business that challenge efforts to maintain ethical business practices. Challenges of doing business internationally include dealing with industry standards and governing bodies.

Certain industries in business are filled with specific pressures that either help or hinder efforts to develop ethical organizational cultures. Some industries have governing bodies that complicate business, but also work towards increasing ethical standards. One business leader talked about challenges the governing body creates. This leader talked about industry negotiating tactics when dealing with commissioners. Most companies ask for more than what they need, because commissioners admit they have a reputation to uphold so they can only grant a percentage of requests. To leadership with high ethical standards this does not seem right. A company should only ask for what they deem is necessary and if their requests are justified they should be granted.

On the positive, another leader talked about the benefits of an industry consortium that has set ethical standards. Historically, he explained, bribery had been rampant to secure large contracts. This was radically decreased, however, when a consortium of U.S. manufacturers developed business conduct standards and a board to enforce those standards. Upholding the

high ethical standards only becomes difficult when there are foreign competitors who do not follow the same standards. This also will change, he said, because congress recently passed an act requiring foreign manufacturers to disclose all payments made to people deciding on contracts.

One pressure experienced across industries was from contractors or vendors trying to influence decisions with gifts. Bribery couched in a number of ways is often used to gain favor and contracts from larger companies. One executive said,

I am executing projects that are in the billions of dollars, so whenever you are dealing with that kind of money there are huge dollar decisions and potential for wrong-doing. I deal with large contractors that ... as an example they will try to win you over.

Another leader talked about trying to compete with companies that bribe decision makers for big contracts in ways getting around legal requirements. This is frustrating, but he is glad the company he works for has strict policies against such behaviors. One leader acknowledged the lack of clarity around gifts from vendors or contractors and said, "it's something that we talk about because does it influence your selection of a vendor for reasons other than what's in the best interests of the company?"

Companies working together to maintain ethical standards across an industry is one example of positive industry influence. Several of the participants talked about the negative influence of large competitors who operate with lower ethical standards. A couple of people talked about the influence Enron had on the energy industry. One of the executive leaders said,

There's more pressure comes when everybody else is doing it. I remember years and years ago when Enron was doing all of their trading. I was much earlier in my career at that point and the power marketers were coming and saying, "We want to do this." I was

saying, “But...” ... I had all sorts of questions about what they were doing and how it worked. They just pushed and pushed and pushed and said, “But Enron is doing it so it must be ok.”

Another leader felt falsifying financial numbers was epidemic in the U.S. in the late 1990's. This appeared true in the energy industry with Enron, but was also true among financial institutions as was seen recently in the Libor scandal. These examples show that larger participants in an industry can set a standard for other businesses in that industry.

Such examples reveal there are industry specific influences that can create moral dilemmas or help maintain ethical behaviors. Industrial along with legislative, societal, and international influences present a number of pressures either making it easier or more difficult to create organizational cultures fostering ethical business practices. External pressures along with those exerted by leadership and organizational culture have a significant impact on business professionals. In dealing with such pressures, study participants talked extensively about developing professionalism promoting ethical business practices.

### **Pursuing Professionalism**

The fourth category of data considers what the business leaders talked about in regards to pursuing professionalism. When talking about moral dilemmas they have faced the 29 experienced business leaders talked about what they do to promote a healthy sense of ethics and how they deal with moral dilemmas. Specifically they talked about three properties: strategies, beliefs and values, and work perspectives. Most often they brought up strategies used to develop their own moral foundation and deal with unethical behaviors.

**Strategies.** When considering what they do to promote ethical business practices, 23 of the leaders talked about the importance of fostering virtues they hope to demonstrate in their

work places. There are many virtues that promote ethical business practices, but the study participants especially brought up honesty, respect, care, and humility. While these traits were referred to in the section on leadership under dealing with power and pressures, many of the leaders also brought up the importance of developing such virtues for their own leadership.

When discussing the importance of fostering ethics and virtues at work, one executive leader of a large corporation said,

I try to create an atmosphere where people can come to work and actually have an environment where they're not going to be yelled at. They're going to be treated respectfully. They're going to have a chance to do new things and different things, and actually have a chance for development.

He later explained he intentionally works on maintaining a sense of humility through prayer and reflection to help him create the desired work atmosphere.

A Chief Information Officer stressed the importance of building honesty, openness, and care among his team members. He described the relationship oriented atmosphere he tries to develop among his team, saying with passion, "the team members are not just a number." They get to know each other and support each other when having personal challenges. With trust and care among employees they can foster openness and honesty to deal with problems wisely. He said,

What I tell my own team all of the time is, you've got to be in my office when you have issues that you have trouble with. I have got to hear about this stuff. If something's going wrong I want to know about it. So I would tell people you have to be open. You have to learn to be honest.



While he finds human relation issues to be more challenging than technical problems, he has worked towards greater understanding in a variety of ways. This leader has coworkers and mentors he meets with regularly. He reads often for personal growth and participates in social service. He even talked about the benefits of meeting with a psychologist during a class he attended. Such tasks have helped him develop the professional skills and foster the virtues he hopes to bring into the organization he works for.

Another significant strategy brought up by 22 leaders is hiring and firing to maintain an ethical culture. Hiring and firing was discussed in the organizational culture section of dealing with power and pressures, but is important to note that this was considered by many as a strategy affecting their own functioning. Strategy comes in being intentional and wise about who is hired. One hiring strategy several leaders have found helpful is including a number of people in the interview process. An experienced leader made sure his team members had a chance to review applicants and felt the worst hiring mistakes happened when he didn't have the group talk to potential employees. As he said, "A person can fool one person, but it is difficult to fool 10 people in a row."

Business leaders pointed out having other team members involved with interviews can provide education on organizational culture and help team members determine if the potential employee would fit the culture. As one executive leader noted, employees did not want to hire people they would have to carry, so when involved with interviews they asked tough questions and had good insights on potential employees. Most of the business leaders also stressed the importance of talking about ethical expectations and company values in interviews along with looking at a person's sense of integrity before hiring.

In regards to firing, many of the business leaders talked about the challenges of dealing with emotion that often accompanies this difficult task. Some leaders noted the benefits of training focused on dealing with people and crisis. With intense situations, the presence of other leaders can be helpful. As one business leader noted,

I have had cases where I have had to deal with situations where we made sure HR was involved. In a lot of cases you make sure your HR person is there. But there have been some cases where we feared there would be someone who would be unglued. So we actually had two or three other managers hanging around outside of that just in case it became physical.

This same leader noted that despite the challenges of firing employees who are not following organizational expectations, doing so positively affects the organization. He said, “When you deal with that it’s amazing the lift overall organizationally that happens...no one has ever said, “Wow you made too quick of a hasty move terminating that person.” They always say “Why didn’t you do it sooner?”

As can be seen from such an example, hiring and firing are tasks that can significantly influence the leaders themselves. This may be in part because of the emotional toll it can take, but also because of how it influences the work environment. To help with the challenges of tasks such as hiring and firing, 18 of the leaders talked about the importance of articulating the company’s values and mission. As mentioned in the section on dealing with power and pressures of organizational cultures, clarity of what the company values can provide guidance when dealing with difficult employees or situations.

Knowing exactly what the company stands for can also guide day to day operations. One participant who works in a division of a large corporation explained the company’s stated values

and mission give direction to everything they do. While each division can individualize how those values and mission statement are lived out, they need to include the strategy determined by top leadership. He said, “So the company as a whole has the behaviors listed out. What we are trying to do is customize these behaviors for our division and make them more applicable.” Articulating and taking ownership of company values and mission is an important strategy for pursuing professionalism focused on ethical behaviors, but needs to be accompanied by other useful practices.

A third significant strategy for fostering ethical professionalism brought up by 20 of the participants included talking about ethical issues with other individuals. Sometimes this needs to happen within a company, but talking with neutral individuals outside of the company can also help. This may be in small group settings or with another individual. One executive leader whose company experienced significant financial repercussions when an employee negatively overreacted to something without asking questions stressed the importance of discussing concerns saying,

You know you have to hire people who have a good compass for these things and aren't going to make decisions on their own, but are going to talk with other people, because it can have real financial implications to your bottom line if you don't hire the right people. Another executive leader talked about the mentors she has spent time talking with and the valuable resource they have been. About difficult situations, she said,

Advice that I give people is don't make these decisions on your own. This is where you need to get input and perspectives of others, others either involved in it or those whose opinions you value and trust. This is one where there is nothing to be gained by making the call by yourself.

One executive leader's business was part of a consortium of companies across the country whose goal it was to help each other process difficult situations and promote ethical practices. Representatives from various businesses gathered quarterly to help the hosting company get greater perspective for making decisions. He talked about one weekend retreat where 25 leaders from around the country joined his staff to deal with a situation saying, "We really got to dig into what is the right thing to do. So it was being immersed in things like that I think helped each of us grow individually and collectively as good values decision makers." This leader has felt so strongly about the value of being able to discuss moral dilemmas with other professionals he now leads a non-profit organization focused on doing just that. Processing situations with trusted people inside and outside of an organization can help bring in valuable perspectives to deal with situations and prepare for future challenges.

While honest discussions can help, many of the business leaders noted in order to deal with moral dilemmas in ethical ways, people need to decide to be ethical. Being intentional, because as one participant with experience leading a number of financial organizations said, "It's not easy. It will require a very strong commitment on your part to honor those values that you say are important." She later commented, "...nobody talks about the challenge that being ethical implies. It's not easy. It's very hard." Nineteen business leaders stressed the importance of working ethically with a high sense of integrity.

Working in such a way takes commitment and dedication. When asked how he would advise students or young professionals, one executive said,

You are highly likely to have an ethical dilemma situation where you are going to be pressured or tempted to do something unethical that sometimes comes to a slight aggression. You think all this, this isn't much. It's not illegal and maybe a little

unethical or questionable as to whether it is unethical or not. Don't do it. Stay on the narrow path and make the decision now that you are just going to be honest.

Later in the interview he added, "in the long run, being highly ethical, doing the best things for your customers, for your clients... that's a great long run strategy." Another experienced leader said about choosing to work ethically,

I think you always have that choice you can make on how you are going to conduct your career, conduct your life... I don't see how I could be unethical coming to work and then be ethical when I go home.

Part of maintaining a high sense of integrity during one's career includes questioning what does not seem right, which 18 leaders stressed. As one leader pointed out, "If something's wrong you have to speak up and talk about it regardless of how unpleasant it is. You just don't cover up mistakes. You don't cover up problems. You come out and talk about them." Another leader tied several strategies together saying,

To really analyze when something comes and you might be surprised, and again have an alarm bell that goes off, going "wow!" this doesn't sound fully ethical. Try to get the facts. Don't just assume it's unethical. Ask more things of the people that want to do this. Have someone who is objective to talk to.

Almost as many leaders stressed the importance of standing up for what one thinks is ethically right. Doing so may not be easy, but is important for one's career. This does not mean recklessly proclaiming something unethical is going on, but doing some research and if concerns are justified, bringing them up through appropriate channels. As one executive leader learned from experience said,

If you see issues or concerns you still have to be professional about it. You don't go ahead and make accusations without doing your due diligence and making sure you have all of the facts properly addressed. Once you are confident you are in that position, you have obligation to yourself, to the company, and your colleagues to be very vocal about it. Make sure there are people in the company you are comfortable going to with your concerns and that they have an obligation to report back to you as to what actions that they have taken and to the extent that those actions aren't satisfactory to you – you still have a continuing obligation to pursue the issue.

This leader also pointed out that people not only have a right to speak up, but a responsibility to do so. They need to follow through to make sure claims are dealt with appropriately, if not the person can be held responsible for any wrongdoing even though they initially communicated problems.

As mentioned in some of the previous quotes, business leaders talked about the need to really think about dilemmas as well as asking questions. Sixteen leaders talked about the value of taking time to reflect on difficult situations and decisions. One experienced executive who still struggles with some of the things he was asked to do as a young professional remembers the pressures he felt, but also can now see there were more options to choose from than he thought at the time. He said,

When someone asks you to do something and you feel in your heart and in your gut that it is not the right thing, you really need to explore a lot of other options. Don't just go right to the end, try and think of some other ways of dealing with that.

A significant number of 15 individuals stressed the importance of knowing and using available resources. Study participants defined resources as including the skills and expertise of

other people. One leader noted, “I have seen some really poor business decisions because they wanted to just deal with it (alone). Leaders don’t need to know every little nuance. They need to know when to shut up and when to get professional help.” He went on to give examples of human resource and legal specialists who can help when dealing with difficult situations.

Another leader pointed out the importance of using available resources when struggling with a moral dilemma and consequences of not using available resources. He said,

So understand that with the resources you have available you are not alone. You have to find a way... because if you feel like you’re alone, you are stuck. You want it too badly. Either you go down the path you don’t want or you leave, right? That’s not a situation anybody ever wants to be in. You lose in both scenarios. So you have to have an outlet, an opportunity to understand that this is not common. This is something that if you think it’s wrong then bring it up. Address it. Acknowledge it. Frankly, if you have the fortitude, literally do it there on the spot.

Resources available can provide assistance for dealing with moral dilemmas in appropriate ways. As this leader pointed out, isolation makes dealing with difficult situations harder. Using available resources can help decrease feelings of isolation and provide assurance. Sometimes those resources are trusted people or mentors who can offer wise, ethical feedback.

Many of the leaders talked about the benefits of having mentors. Thirteen participants stressed that mentors can be positive role models, provide helpful support, and open doors to opportunities. One executive leader said, “Getting really good mentors, who have really good morals and values can really help you stay true.” Another business leader who has successfully owned several companies noted the importance of mentors in his career several times saying, “I have been brought along in business through very generous, good people. Who have, for

whatever reason, decided to get behind me and push me along and teach me.” For this reason he has placed an emphasis on mentoring and providing opportunities for other people.

Several people described how they gravitated towards highly ethical leaders as their mentors and found those mentors to be invaluable resources when processing difficult situations. One participant said,

I have had really great mentors and coaches all the way along the way. And I have sought them out... And every time I did, I just managed to pick folks who were really high on the ethics scale. And also the wisdom scale. Somehow those two things kind of go hand in hand.

One CIO talked about the importance of surrounding one’s self with the right people. He talked about several of the mentors in his life and explained there are benefits especially because the other executive team members do not understand the technicalities of what he does. He said, “I am on an island... So for me having a second person who would be very honest with me and very blunt, very good.” This leader pointed out there is value in getting feedback and perspective to promote growth and excellence in work.

Besides having mentors, another important strategy many leaders listed was learning about a company’s culture and leadership before accepting a job offer. This does not mean just reading the pamphlet, web site, or other marketing resources developed for the company. Like one leader noted most companies will have nicely printed cards or pamphlets presenting some admirable values. She said, “Don’t just ask them what are their values. Ask them what do they do that lives their values. That’s why ethics are so important. It’s not what (you say) your ethics are, but it’s how you behave every day.” This leader stressed the importance of asking questions to discern how the company lives out professed values and mission.



Several leaders emphasized the need to look into past news reports about company and leadership activity. As a Chief Financial Officer who worked for a company that made headlines for unethical behaviors said,

I tell people that I interview now that you need to do as much due diligence about us as we do on you. You need to understand who the leaders of this company are, what their track record is, what's the culture, what's the turnover. You need to work hard in understanding where you are going to go to work.

Any past convictions or allegations are warning flags to unethical behaviors and a culture that does not stress ethical business practices. This is important to pay attention to because working for a company with standards and values very different from your own can be destructive. For this reason another property of pursuing professionalism is beliefs and values.

**Beliefs and values.** The second property of pursuing professionalism focuses on beliefs and values. Many study participants emphasized they found dealing with moral dilemmas and making ethical decisions less challenging when they spent time and energy on developing their moral foundation and clarifying what they believe. They alluded to an ongoing process of personal growth throughout their career. As one executive leader with almost 40 years of professional experience said,

I certainly have a tremendous amount of growth yet that I need to do in that area, but just having... believing that there's a right and wrong and a way that you should treat people. The way that is consistent with your faith... (I) tried to go deeper and deeper and become more prayerful. I would begin the day with prayers about how I would behave.

Several leaders stressed the importance of taking time to reflect about what is important to them. Some found time to do this at educational conferences or retreats. One executive business leader

talked with excitement about a week long business school program she attended. She described the experience saying, “It’s just really good to sometimes take a break and go off-site and just think for a week. Some of my classmates were calling it a mental spa.” Occasions such as this help her to stay grounded and gain perspective on life.

A number of leaders emphasized the importance of reflection, meditation, or prayer on a regular basis especially when dealing with difficult situations. One leader felt so strongly about this he included time for reflection in executive team processing. He explained,

That it’s important to seek out times of silence to allow the Spirit to digest and often .... It’s especially been helpful where there’s been disagreements about how to go. Spending time together in silence then allowing some time for the digestive process, a day or two; overnight, often results in people becoming more unified in a course. I think that unity is a strong indication of both strategic and ethical correctness I guess, or wisdom.

One experienced CFO finds annual ethics training helpful in encouraging him to take time to reflect. When asked how he thinks it is helpful he said, “it does get me thinking again and re-evaluating where I am at with my standards; moral and ethical standards, and how I think about the world and about people and about business. What we’re supposed to be doing.” He felt this training along with other learning opportunities in the company were well worth the time and resources.

Additional wisdom many of the business leaders would like to pass on to students and young professionals is the importance of working for a company with values similar to their own. Some of the 18 leaders who brought this up experienced the negatives of working in a company with very different values. As one leader explained,

Because it is going to damage your sense of ethics, your sense of, you know, contribution to the world, all those things, because you are just going to continue to compromise what you think is right. Pretty soon you won't know what's right... You know it kills something. It kills your spirit.

Another leader explained the negative effects of working in a company with very different values saying,

You are going to have uniquely ethical binds if your values don't align well with the organization's values. You're not going to be able to contribute very well and you are going to have a hard time being your best self if your values don't align.

As several of the leaders pointed out, it is important for individuals to know what they believe in order to discern if a company they are considering to work for is a good fit.

Just as it is helpful for organizations to understand values, mission, and purpose, it is beneficial for professionals to do so as well. Eleven of the leaders talked about the value of articulating and understanding what your own values and beliefs are. As one business leader concisely described it, "First you have to have clear values. Because you cannot be, in my book, ethical if your values are in flux, or not clear." Another executive explained how the value of meeting with others to talk about personal values and work out difficult situations helped the company as a whole. He said, "I think the more we were involved in that kind of an effort, the more each of us individually developed our values... I think it helps you make better and better ethical decisions."

An executive leader in charge of organizational development at the company she works for said she would tell individuals looking for a job,

More than anything else to be clear about who they are and who they want to be in the world. And then find a company where they fit best. Because everything else... they can learn skills, but if you are in values alignment, you're going to have a way happier experience.

This leader works with the perspective that helping employees discover their own values and beliefs is beneficial to the company as a whole. She said,

We teach mission. We teach a vision and values class to everybody. And the focus of the class is not to teach (the company's) but to help folks understand their own, because there's an interesting correlation actually if you have looked at the amount of engagement that people have in the workplace, folks understanding their own values, is higher than understanding the organization's. Now if they understand their own and the organization's it's the highest, but understanding their own is higher than understanding the company's.

The optimal goal is to help individuals understand and take ownership of their own beliefs and values as well as the company's. Doing this, the business leader explained, helps people work with a higher sense of integrity and drive. As many of the participants expressed, understanding one's self promotes more effective leadership and participation in the work place.

Another significant strategy 13 business leaders talked about was working in a holistic manner. This refers to the engagement of personal core values and beliefs in work practices. As many of the business leaders experienced, having different sets of values for personal life and professional life can be destructive to one's sense of self. One leader explained,

There's your personal life and your business life, and they never met. It feels like the evolution is you have a life and if you bring your core personality to a business, it's

strength if they're aligned and will really drive your passion, which will drive your energy and willingness to put energy in.

In fact a couple of business leaders expressed hesitation about the concept of business ethics, because they felt it could imply a different set of ethics. One former executive leader who experienced an unethical business culture said there is danger in the concept of business ethics because it implies separation of spheres in a person's life. He said, "We cannot separate the personal and professional spheres." Doing so creates brokenness and results in scandals. This leader talked about the people he saw who were good family members and active in their churches, but were doing "atrocious" things at work. He observed that a culture promoting the separation of professional and personal values does not last and is destructive in many ways.

Several of the business leaders interviewed put it simply saying, "You have to be able to go home and sleep at night." An experienced business owner and CEO also talked about the importance of working in a holistic manner and the negatives of not doing so, saying,

Well, there's the concept... wholeness or integrity. I think dealing with how do you be the same person Sunday, Monday, Tuesday, at home, at church, at the golf club, at work. Most of us aren't able to do that. We're kind of different people depending on what environment we're in. Maybe not conflicting people, but we bring part of us to this situation. I think at work we absolutely need the whole person. When we don't have it we get Enrons, and Worldcoms and those kinds of things.

These leaders show the connection between holistic professional leadership, that is engaging a person's core values into their work life, with ethical business practices. Separating personal beliefs from work practices, they contended, leads to unethical behaviors. For many

individuals engagement of personal values includes their faith beliefs, but in our society this is not always an easy thing to do.

During interviews nine of the study participants referred to their faith as being part of holistic business practices. They talked about the challenges of engaging their faith in professional practice because of our secular and diverse society. One business owner felt strongly about engaging faith practices into business and included faith statements in the company's mission statement. He acknowledged the tensions this posed saying, "The biggest dilemma we faced is the tension between wanting to be inclusive and needing to be inclusive legally even in our corporation, and holding onto the spiritual roots of our ethical base, if you will."

Other executive business leaders working for publicly traded companies have also struggled with figuring out how to engage their faith in the work place. One of these leaders enlisted the help of an attorney friend to define what he could and could not say at work. Despite the challenges he said,

So there was a balance there that I needed to strike. He (the attorney) was very helpful in helping me work my way through that. But there still is ... people can still tell ... what drives you and for me I would say most of all it's faith, leadership example, experience, and then some training. I would probably rank them in that order.

This leader was inspired to live out his faith in the work place, because another role model early in his career revealed the power of doing so. This earlier leader, described as a "man of strong faith", made sweeping ethical changes in a company shaped by industry influences condoning entitlement and sexual discrimination. His influence changed other companies in the industry as well and showed the value of working in a manner aligned with faith beliefs.

A senior vice president of a large corporation who feels strongly about engaging faith at work said he cannot separate faith life from his professional life and approaches each day asking what God would have him do. He also said,

It's my personal belief that you got to have faith to truly live business ethics; for business ethics to be real in my mind, because there's an underlying reason why we do certain things. You could argue that I do things in business... for example, I treat people well so they'll be hard workers and perform well for me and the company. If I'm nice to people, I'll have low turnover. Those are all fair statements and they're all fairly secular statements, but I also believe that I owe people that because that's what God has called me to do.

This leader, like others, acknowledged the need to be careful about how he engages faith in his work. He said, "...as you know no one wants you walking around proselytizing or evangelizing in the work place too much. That's sort of looked down on, but living your faith is not looked down on."

Despite the challenges, however, many of the business leaders have found that when they engaged their faith beliefs in their work they have been able to approach business in a more holistic, ethical way. When asked how he found the courage to turn down a CEO's request to do something unethical, one executive said, "Well, for me I think it was... I think it's Jesus Christ and I am called to be honest. That's number one." Another business leader connected with a decision making model helping him apply his faith values in the workplace using secular language. Engaging faith and values in such ways gave these leaders wisdom and strength to make decisions they felt were more ethical.

Beliefs and values are integral to how a person works within a social context. Many of the business leaders explained the engagement of personal beliefs and values in professional practices leads to healthier functioning for both the individual and company. Along with working in a holistic way, many of the leaders talked about working with a purpose greater than money. This brings up work perspectives, a third property of pursuing professionalism.

**Work perspectives.** This third property of pursuing professionalism includes consideration of how individuals perceive work. The ways people understand their work influences how they approach professional interactions, make decisions, and set career goals. There are several different perspectives of work the study participants referred to in the discussions about business ethics. The perspective most often described was simply that ethical business is good business.

Of the business leaders interviewed, 22 affirmed that ethical business is good business and pays off. One experienced leader said, “This notion that you can’t do the right thing ... to be competitive is just hogwash. There’s absolutely no reason... I have done it for 30 years. You can do just fine in business by always doing the right thing.” This leader went on to say he would want to teach others, “This idea that you have to cheat or be unethical to get ahead is just not true. Good ethics is good business.... because in the long run not acting ethical is going to come back to haunt you.” He was not alone in expressing this sentiment.

The business leaders interviewed brought up the importance of ethical behaviors promoting good business because they have experienced the benefits of working in such a way. One chief financial officer said,

I used to have a friend who would always say “Run your business right and the money will follow.” I think that I have been learning more of that as my life has gone on.



That's not just running your business right on how you treat customers, and you know, what you charge and how you handle claims and all those things, but also on your internal people. The high road is always the best road.

A former CEO confirmed such a notion saying, "in the long run, being highly ethical, doing the best things for your customers, for your clients... that's a great long run strategy. Not doing the best thing is a short-term strategy at best." As many of the leaders pointed out, the risks to operating unethically are greater than the possible financial benefits.

Working with a perspective that ethical business practices are good for many reasons, promotes other perspectives including one fostering greater purpose than financial gains. A high number of 19 business leaders talked about the importance of having purpose in one's work beyond making money. One former CEO in finance talked about an epiphany she had after meeting someone who had a sense of purpose focused on social responsibility. She realized she could do more than make money and do "something that is more meaningful to my life." This leader and others talked about the purpose of their work including a sense of care for other people. As one veteran executive explained,

If it's all about money and it's all about me, it's going to take me in a different direction, than if it's I can live moderately if my role in life is to help other people who really need it. That makes a difference.

There is no doubt these leaders have spent considerable energy working with the financial aspects of their company, but even those who have had financially based positions stressed the importance of including a sense of purpose in their work that wasn't solely focused on money.

Because of financial pressures, many individuals noted the difference between working for publicly traded companies and privately held companies when it comes to working

perspectives and purpose. As discussed earlier, increased pressures on publicly traded companies to perform financially creates challenges in maintaining greater purpose and perspective. Despite such challenges, leaders stressed the importance of working with a purpose greater than financial profit. One former CEO explained that unethical behaviors and scandals often arise from a sole focus on financial gains. He noted people at the highest levels of business can lose sight of what's really important explaining, "They (leaders) get solely focused on making money as opposed to recognizing the stewardship obligations they have to their employees, suppliers, and others who make their business successful." Working with greater purpose in either public or private business setting enables professionals to work in more holistic ways and gain satisfaction from doing so. Because many individuals expressed a sense of purpose focused on other people, discussions inevitably led to the inclusion of social responsibility.

Most of the business leaders talked about the importance of social responsibility from an individual and corporate perspective. As many as 21 leaders talked about corporate social responsibility (CSR) needing to be a perspective included in daily operations and not just an added feature. As 12 leaders promoted, this sense of CSR includes working with a perspective of helping others, including co-workers and team members. One leader explained,

You realize that, wow, if I am helping someone, and that someone is helping me, the synergy there is magnified and then it's built on faith where I don't think they are going to pull the rug under me at the last minute. You can count on it. It's a trust building exercise and then you see teamwork at its best.

One successful business owner told several stories about the people who helped him and the people he helped. He summed it up saying, “In other words, it’s real important to value that person beyond yourself if you can.”

While many of the business leaders talked about helping coworkers and other individuals because it felt good, they also found there were benefits to doing so. As one executive explained,

I learned that if two of us were working together I could make that person... and again I’m not trying to wear a halo... I mean it’s just genuinely if I could make that person look good it will also look good for me as well. I didn’t do it for that reason. You just learn that helping someone else really does help you.

Another executive acknowledged the importance of teamwork and respecting people who work with and for him. He said “I never say that I have a staff or employees working for me. I say I have a team. I tell my team every year, ‘I am nothing without you guys. You guys are everything.’” This leader acknowledged he does provide direction, but he also views his job as supporting his team so they also can become better employees.

Some of the leaders experienced working for companies with a sole purpose of making money where a sense of social responsibility was not present, and found they could not work in such an environment. A CIO who early in his career worked for a company focused solely on financial gains talked about the importance of having a work purpose greater than making money. He said,

There’s a much better feeling in your life about going home and saying “I did the right thing... We helped a person in their life or I helped someone in that foundation.” That is

so much better than a lot of the other things; than making a lot of money or getting some prestige we don't get in a small company.

A number of leaders pointed out the importance of considering all stakeholders, not just shareholders, when making decisions. As one leader acknowledged, "You have to understand the impact of the decisions you make. And beyond the initial impact that I might increase market share or drive growth forward. What's it do to your people? What's it do to your customers?" Consideration of all stakeholders leads to more sustainable business for individuals and the organization as a whole.

CSR and consideration of all stakeholders, according to the business leaders, influences people within and outside of organizations. Many organizations demonstrate CSR by financially giving to non-profit organizations and non-governmental organizations (NGO). One of the executive leaders acknowledged he had not received a pay raise for several years, but was very touched and proud when the company gave a large donation to a charity dear to him. This leader said, "I do know and I'm pretty confident that sometimes you get to a point in your career where the rewards you get aren't always monetary." Some of the companies represented have donated significant funds towards a specific goal such as increasing educational opportunities or helping children who have lost a parent.

Many of the business leaders also talked about engaging in community service opportunities on their own or through work helping groups such as Habitat for Humanity or Boys and Girls Clubs. One leader explained why he spends time dedicated to community service saying,

People say, "Well, what does that do for your job?" Well, everything actually. It helps me keep my sanity... I am able to use my skills... So I'm helping homeless, disabled

people... I do a lot a cool things across the board I am able to help people with. I can live my faith that way.

Another business leader talked about the value of employees engaging in community service events together. She said, "When you give back to the community it comes back to you tenfold. So the group activities we do for service really are great team builders." Community service events have created such positive energy the company has a team of employees dedicated to organizing service events.

Pursuing professionalism fostering high ethical standards involves working with perspectives focusing on more than money, engaging personal beliefs and values, and using strategies to foster these properties. The business leaders offered a number of helpful strategies including fostering virtues, hiring and firing, seeking mentors, and using available resources. They made it clear that working with high ethical standards takes effort and determination, but pays off in many ways. As one experienced executive said,

When you look back at your career, you will have made some mistakes and done some things that should have been done much better, but if you can say, "I did the right thing all the time," then I think you have had a good life.

As revealed by data, study participants have given helpful insights to promoting and teaching ethics, understanding business ethics, the power and pressures they deal with that either help or hinder working ethically, and what promotes professionalism fostering ethical business practices.

### **Summary**

Long interviews with 29 participants provided a wealth of findings helpful for business ethics education. Most of the business leaders did not feel their business school education prepared them for dealing with moral dilemmas and making ethical decisions. However, the

majority of business leaders who had any form of ethics education in undergraduate, graduate, or professional training found it to be helpful. While their professional and higher education experiences varied, there were also many commonalities present in understandings of business ethics, professional practices, and pressures affecting decision making.

The business leaders interviewed gave important insights regarding how business schools and other educational providers can teach and promote business ethics. They discussed the role and responsibilities of business schools, teaching strategies, and possibilities of creating ethical business cultures beyond student populations. All of the participants talked about how they understand dimensions of business ethics, professional influences on an individual's morality, and the role of ethics in a person's career. The discussions inevitably included information about power and pressures they face such as leadership, organizational culture, and external forces. When talking about dilemmas they have faced the business leaders also discussed strategies, beliefs and values, and work perspectives they have found helpful in pursuing ethical professionalism. Such a wealth of information offers many possibilities for understanding business ethics education and the development of tools helping business schools, organizations, and professionals strive towards ethical excellence.

## **CHAPTER SIX ANALYSIS**

Findings from interviewing 29 business leaders revealed much about business ethics education. The experienced leaders provided an abundance of information in regards to the value of effective ethics education and ethical organizational cultures. This chapter presents what the findings as viewed through theory communicate and how they can assist in shaping ethics education. In this analysis I present the data as enlightened by Dewey's theory on experiential education and moral imagination, Kohlberg's theory on moral development, and Schein's theory on organizational culture. A secondary analysis using Bolman and Deal's four perspectives for reframing organizations provides more in depth consideration of the data and how it can inform business ethics education.

This two layered analysis was done for each of the four categories: teaching and promoting business ethics, and understanding ethics, dealing with power and pressures, and pursuing professionalism. When looking at the data from the interviews, all four theories offered significant insights to what the business leaders had to say about dealing with moral dilemmas, making ethical decisions, and business ethics education. The first category addressed is data on how the business leaders saw business schools teaching and promoting business ethics.

### **Teaching and Promoting Business Ethics**

This first category considers the role of higher education and other educational providers in the business world and society in general. Dewey believed that society determines its own future through education because those being educated will make up society and its leadership (McDermott, 1981). Therefore, educational experiences will directly and indirectly shape societal beliefs and functioning. For this reason, systems providing educational opportunities need to consider their responsibility to society. Educational systems must move backwards to

earlier intellectual and moral standards, or forward to nurture greater possibilities of experiences relevant for present and future well-being (Dewey, 1938). This well-being applies to individual students and society as a whole. Positive educational experiences, Dewey contended, integrate present beliefs about the natural world, values, and social conduct (McDermott, 1981).

Dewey's educational theory on social context is significant for all three properties of business school role and responsibilities, teaching strategies, and creating ethical cultures. A look at each property with Dewey's theory, as well as relevant factors from Kohlberg's theory on moral development and then Bolman and Deal's theory on reframing organizations can develop greater understanding of the data focused on how business schools can teach and promote business ethics. Dewey's emphasis on social context is especially relevant when considering the role and responsibilities of business schools.

### **Business School Role and Responsibilities**

Business schools, like other educational systems, have a responsibility to provide experiential learning opportunities promoting the well-being of individuals and society. Dewey contended the inclusion of values and morality in education is necessary because they are integral to daily living (McDermott, 1981). He explained, "Morals is as much a matter of interaction of a person with his social environment as walking is an interaction of legs with a physical environment" (Dewey, 1922, p. 183). When business schools neglect to intentionally include ethics and morality in their educational programs, they are failing to provide experiences fundamental to individual and societal functioning.

Many of the study participants noted the lack of business school coursework providing knowledge and experiences preparing them for moral challenges in the work place. As one participant who recently finished a graduate program said about the undergraduate work,



“...nothing I ever took in school, had anything to do with the decisions I made. I still don’t even remember taking a business ethics class undergrad.” He talked about how much of the class content seemed irrelevant for functioning in a professional context. This same business leader went on to say he did take an ethics course in graduate school and listed a number of lessons gained from this class including the idea that “ethics is bigger than the law.”

Another business leader confirmed the value of studying ethics in business school by expressing appreciation for ethics coursework and acknowledging it did help him feel prepared to deal with decisions and moral dilemmas. A third business leader expressed frustration over the lack of help his business education provided in regards to dealing with moral dilemmas saying, “I don’t think the educational system prepares leaders really well in business.” This leader went on to talk about the frustrations and energy given to dealing with moral challenges due to the lack of experience and exposure in business school. While some educational institutions have separated moral development from professional development, Dewey (1903) viewed educational systems as an important societal resource for moral development by providing a social environment, curriculum, and methods of learning and working.

Business schools failing to acknowledge the integral role of moral development in professional education are falling short of their responsibility to fully prepare students and contribute to society’s moral functioning. Dewey explained, “The common separation between intellectual and moral training is one expression of the failure to construct the school as a social institution” (Dewey, 1903, p. 30). He believed schools must consider themselves an important social institution typifying community life and promoting moral awareness of students’ social environments for the benefit of societal functioning. This thinking can be applied to both what

business schools teach students and whether or not they promote ethical cultures in the business world.

In light of Dewey's emphasis on the societal function of educational systems, Bolman and Deal's (2008) human resource and political perspectives are especially relevant for looking at the role and responsibilities of business schools. A primary assumption of the human resource perspective is that "organizations exist to serve human needs rather than the converse" (Bolman & Deal, 2008, p. 122). When considering academic institutions from this perspective, a fundamental responsibility is to create environments where people succeed (Bolman & Gallos, 2011). An organizational goal, according to the human resource perspective, is to foster the full development and capabilities of people in the organization (Bolman & Deal, 2008). Just as Dewey's theory points out the integral role of moral functioning in individuals and society, the human resource perspective emphasizes the importance of business schools including experiences addressing such needs to help individuals succeed.

Where the human resource perspective considers individual needs, the political perspective looks more at groups with differing interests and priorities competing for scarce resources (Bolman & Deal, 2008). Business schools can be viewed as a member of a larger societal system, influencing other organizations in society. The most important decisions educational systems make from a political perspective, is the allocation of resources. Business schools reveal what is important by how they spend money and influence societal perspectives regarding what is ultimately valued. Just like business organizations, schools demonstrate the importance of ethics in a number of ways including the amount of resources dedicated to promoting business ethics.

When asked how business schools could influence the business world ethically, one experienced business leader pointed out the importance of business schools designating sufficient resources towards business ethics. This business leader noted that when a particular business school designated three million dollars out of 100 million dollars raised to go towards its ethics center, it was a “joke” for that school to say ethics was their “flagship differentiator.” Like other study participants, this executive leader recognized that when business schools fail to designate adequate funding or other resources towards promoting business ethics they make a negative statement whether they intend to or not. Many of the business leaders, along with Dewey’s emphasis on social responsibility and the political frame’s focus on resources, show that business schools need to include a focus on ethics and show its importance by dedicating adequate resources for that effort. The amount of resources dedicated towards promoting ethics affects teaching strategies, both on and off the campus.

### **Teaching Strategies**

Just as Dewey saw educational institutions bearing societal responsibilities, he also believed there should not be separation of theory and practice (McDermott, 1981). All genuine education, he contended, comes through experiences promoting growth (Dewey, 1938). Much of Dewey’s theory directly applies to the property focused on business ethics teaching strategies. As one study participant noted educational institutions tend to do a good job teaching concepts, but often fall short of aligning such knowledge with action in the world. When talking about how business schools can promote ethics, some of the study participants expressed the need to have ethics specific classes, and almost all of the study participants talked about the need for experiential, relevant teaching strategies.

Examples of strategies business leaders suggested as relevant and experiential include using case studies with ordinary examples, community projects, and having professionals talk with students. One experienced business leader who attended two different business schools for undergraduate work talked about the first school being focused on books and irrelevant for what he was experiencing in the business world. The second school, he explained, used adjunct faculty who worked in the business world and dialogued with students about challenges. The latter educational experiences he described as far more valuable.

Genuine learning experiences, according to Dewey (1938), promote physical, intellectual, and moral growth. They require active involvement by students and change the “objective conditions under which experiences are had” (p. 39). Due to the social context and influence of education, Dewey believed educators are responsible for recognizing and using the social environment to provide effective learning experiences. He also believed imagination and dramatic rehearsal are important factors in learning how to deal with moral dilemmas (Fesmire, 2003). Dewey understood imagination as “the capacity to concretely perceive what is before us in light of what could be” (p. 65). Imagination helps us to frame and reframe how we see situations by projecting how others may experience something so we can creatively consider different possibilities. As Dewey explained, “only imaginative vision elicits the possibilities that are interwoven within the texture of the actual” (p. 68).

One phase of the moral deliberation process and a way to develop moral imagination is through dramatic rehearsal by giving shape to possibilities and changing them into “directive hypotheses” (Fesmire, 2003, p. 70). Dramatic rehearsal is a reflective stage in the imaginative process allowing for a “look” at the different possibilities. The four ways people deliberate in this process include dialogue, visualization, imagery, and outside perspective. The strategies

brought up by study participants point to promoting moral deliberation through dramatic rehearsal and imagination. Exposure to a variety of perspectives and experiences through discussions, visiting speakers, opportunities outside of the campus all promote reflection and increase the metaphors we have available to help us understand who we are and how the world operates.

Such teaching strategies promoting exposure to social experiences outside of the campus go beyond individual growth leading to social consciousness (Fesmire, 2003). This social connection was central for Dewey's understanding of education as he believed all morality is social (McDermott, 1981). When considering ethical principles and education he explained,

The extent and way in which a study brings a pupil to consciousness of his social environment, and confers upon him the ability to interpret his own powers from the standpoint of their possibilities in social use, is the ultimate and unified standard, the criterion of the value of studies. (Dewey, 1903, p. 30)

Like Dewey, Kohlberg also believed social awareness, active participation, and imagination were important factors in teaching strategies promoting moral development (Power, Higgins, & Kohlberg, 1989).

For Kohlberg each stage of moral development was marked by varying degrees of social awareness and the effects of actions taken by individuals or organizations. Kohlberg objected to pedagogical approaches teaching fixed moral rules or virtues, and believed moral development can be stimulated by encouraging thinking and problem solving (Rich & DeVitis, 1985).

Individuals do not grow morally by being taught a new stage, but by exposure to higher levels of thinking and stimulating mental processes (Crain, 2005). Kohlberg's research confirmed that moral discussions with others questioning or challenging our viewpoints encouraged moral

growth and development (Power et al., 1989). It is the challenging, thinking, and reframing of values that moves people to more advanced moral development reflecting broader viewpoints.

The value of pedagogies exposing business students to other perspectives and people was reflected by one business leader who now works in a corporate social responsibility department. He talked about the business school's focus on Milton Friedman's theories saying the message given was, "let's be purely focused on being shareholders, why are you doing that other stuff? And it didn't sit right with me at the time. I thought it was interesting they pushed it that hard." In an ethics course he was exposed to the concept of CSR and the validity of having different business perspectives. This was an "ah ha" experience and he excitedly talked about the CSR possibilities he envisions coming out of large corporations. Both Dewey and Kohlberg's theories advocate for learning experiences, such as this leader's exposure to CSR, promoting greater social awareness and imaginative thinking skills encouraging moral development.

Like Kohlberg, Dewey valued studying specific subjects like ethics, but also believed important learning happened along with subject specific learning. Dewey (1938) referred to this as collateral learning and explained, "Perhaps the greatest of all pedagogical fallacies is the notion that a person learns only the particular thing he is studying at the time" (p. 48). The learning that happens along with specific content, such as attitudes, can be even more important than the financial accounting skills, economic theories, or other business specific subjects. It is the attitudes and preferences, he explained, that will more likely shape future behavior.

The value of collateral learning showed up in the data from interviews. As one of the younger study participants pointed out it wasn't necessarily the content of the ethics course that informed his professional work the most, but the business school's motto expressing the importance of ethical behaviors still influences his thinking. Another experienced business

leader who graduated from business school in the 1980's pointed out the value of having an ethics course saying, "I don't know that any business ethics classes I took left a lasting impression on me. What I do think left a lasting impression on me was the school thought enough to institute them into the program." While this leader struggled with the relevancy of material covered in the courses, he noted the collateral learning that promoted ethical behaviors and attitudes.

This portion of Dewey's educational theory promotes the value of collateral learning on business ethics in a variety of courses, not just ethics specific courses. As noted in the findings chapter, many of the participants expressed the value of ethics specific classes, but even more talked about the value of using ethics related case studies across the curriculum or taking liberal arts courses. One experienced business leader pointed out she did not have an ethics specific class, but did learn some about dealing with moral challenges through case studies. She explained, "...there's so many ways you can infuse the stories, because so many people learn by stories within a particular class even if it's in technical skills." Such an observation affirms Dewey's stress on the value of collateral learning for personal and societal growth in areas like moral development.

In light of analysis with Dewey's and Kohlberg's theories, looking at teaching strategies with Bolman and Deal's (2008) reframing theory, the structural, human resource, and symbolic perspectives add relevant depth of understanding. With a focus on goals and efficiency, the structural lens emphasizes the importance of business schools bringing clarity and practicality to the concept of business ethics. Clarity can be gained through ethics specific courses and teaching strategies connecting theory with real world experiences. Providing opportunities to discern ethical questions embedded in complex situations and practice responses encourages the

development of ethical sensitivity and mature moral judgment (Colby et al., 2011). Furthermore, inclusion of ethics in basic operating procedures from the beginning of a person's professional development promotes clarity and smoother functioning at all levels (Trevino & Nelson, 2004).

According to many of the study participants, connecting theory with real business experiences was a piece missing in their education, but important for giving individuals exposure to dilemmas and practice dealing with them. From a structural perspective, two key issues include the differentiation of work and the coordination of different efforts (Bolman & Deal, 2008). Teaching strategies suggested by study participants, such as internships and applying business skills to a community project, help students perceive such structural dynamics and understand how to use skills in the context of a larger system. This promotes integration of efforts while differentiating skills and improving structural efficiency.

With Bolman and Deal's (2008) human resource focus on individual development and human relations skills, there is value in having classes beyond typical business disciplines. Organizations working with a human resource perspective recognize the importance of helping participants reach their full potential. This potential is not just focused on a specialized skill set, but addresses also social and ego needs with the ultimate goal of "developing to one's fullest and actualizing one's ultimate potential" (p. 125). Organizations helping their participants reach greater self-actualization and find meaning in what they do, bring out the best in people. Professional development from this perspective includes much more than learning business skills and includes collateral learning gained from arts and humanities courses.

Liberal arts and humanities based courses promoting increased knowledge of human relations skills and different perspectives can help individuals gain awareness of what they believe and how they can more effectively relate in the world (Bennis & O'Toole, 2005; Colby



et al., 2011). Such coursework fosters thinking analytically, developing different perspectives, exploring meaning, and using practical reasoning. With a foundation of personal values strengthened by such reasoning abilities, individuals are more likely to face value conflicts with resolve and withstand pressures of an organizational culture (Gentile, 2010).

The third Bolman and Deal (2008) frame relevant for teaching strategies is the symbolic frame with its focus on how individuals understand the world, and apply meaning, beliefs, and values to life. Educational institutions, from this perspective, generate new paradigms, interpret actions, and inspire movement (Bolman & Gallos, 2011). Business schools can promote professionalism and help students prepare to deal with business pressures through the use of stories that expose students to different perspectives, problem solving skills, and situations.

Stories can be a powerful tool for leadership helping to form identities and community (Noonan and Fish, 2007). With the help of story, educators and leaders can teach while also encouraging others to think rationally, make sense of experiences, and apply new meaning to their lives. Stories teach lessons, lift up important values, and give meaning to situations like nothing else can. For this reason stories used in case studies can be an effective form of teaching and promoting thoughtfulness in ethics education, especially when those stories can connect real life practice with theoretical meaning (Arbogast, 2013; Goodpaster, 2007; Seawell, 2010). In order to be useful, however, stories need to be congruent with professed values to effectively teach what is desired. Value congruency at all levels is an important factor in the third property looking at how business schools can create ethical cultures.

### **Creating Ethical Cultures**

As noted earlier, Dewey's emphasis on social context extends the effects of education far beyond students in a classroom. In fact, Dewey (1903) believed schools were created by society

to maintain a life style and advance society's welfare. Students are members of society who need to be instructed on healthy societal membership and schools are moral agents providing this instruction and influencing society. Regarding this role of moral agency, Dewey remarked, "The educational system which does not recognize this fact as entailing upon it an ethical responsibility is derelict and a defaulter" (p. 8).

The social responsibility of business schools, as noted in the findings, is confirmed by the business leaders expressing that business schools can influence the corporate world and should take some of the blame for ethical scandals affecting society. One experienced leader spoke of the pressures in business to perform financially and the moral dilemmas posed by such pressures. When asked if business schools should take some of the blame for scandals caused by unethical behaviors, he said they should and added, "If we can't figure out how to really produce students who will ultimately say "no" in these kinds of contexts we are not doing a service." This business leader acknowledged the role of business schools to provide education and resources benefiting society at all levels including moral.

The role of business schools creating ethical cultures applies to how the school functions as well as how it influences the corporate world. Dewey (1938) acknowledged the social control of educational institutions pointing out that all members should have an opportunity to contribute and share responsibility for the well-being of the community. Both Dewey (1922) and Kohlberg (Colby et al., 1989) believed school systems should represent societal systems in regards to directly or indirectly teaching social norms and morals. Kohlberg believed the hidden curriculum, or the inadvertent lessons given by how the school was run, needed to be considered. He explained,

For even if the values of justice were discussed in classes, if the students perceive getting along in school runs by a quite different set of norms, they will tend to perceive the latter as the real rules of the game and the former as nice talk one engages in with teachers (p. 21).

In other words, the values expressed by the educational setting need to be congruent with the “norms of action” and what the school wants to teach regarding socially acceptable behaviors (p. 21).

Both Dewey’s and Kohlberg’s theories emphasize the importance of business schools interacting in and with society as models of ethical behavior. This is an important point several of the study participants brought up as well. One experienced leader said the MBA program she graduated from “continues to be about wealth accumulation and getting ahead.” She went on to explain how such a focus in business school narrows a person’s focus to concentrate too much on the financial aspects of work creating an inflated sense of entitlement and exaggerated perception of giving when a small percentage of finances is allotted to CSR. This leader went on to say she sees the financial focus as being counter to important values in our society such as empathy, care, and service.

Kohlberg’s and Dewey’s theories agree with the assessment that business schools modeling a pure focus on financials do a disservice by omitting the integral influence of morality on societal functioning. The business leaders who talked about the importance of different understandings of success pointed out if business schools want students to learn about concepts and theories such as CSR, they need to demonstrate it in their own functioning. In order for business schools to have ethical authority in the business world they need to be custodians of the ethical theories and practices they are trying to teach (Khurana, 2007).

From Bolman and Deal's (2008) structural perspective, business schools can help model and create ethical cultures by providing clarity and efficiency to businesses regarding ethical practices. As previously mentioned, the structural perspective focuses on the need for clarity and systemic efficiency in order for organizations to realize their goals. As many of the study participants noted, businesses are all about trying to improve their efficiency, but for many this does not necessarily include ethical behaviors. Almost half of the business leaders said business schools should be a resource to organizations and professionals by providing resources and research showing the benefits of ethical behaviors for organizational functioning.

These participants suggested that business schools can do so through research on best practices and techniques for ethically shaping cultures. They also suggested research showing the benefits of ethical behaviors in promoting increased standards across industries. Eleven of the business leaders explained that business schools can positively influence professionals and organizations by teaching and fostering different perspectives of work. For example, inclusion of CSR or non-financial factors in understanding good business can help shape the societal definition of success to include more than profit margins. These are just a few examples of the research and resources business schools could provide to promote ethical business practices beyond the campus.

While there may be business schools doing some of these things, the business leaders participating in the study were usually not aware of such resources. Participants talked about their desire to learn through reading, but generally referred to popular literature promoting management skills or effective leadership. Some of the business leaders acknowledged reading an article based on research, but also expressed a sentiment that higher education was somewhat out of touch with the 'real' business world. Such a lack of awareness and appeal points to the

need for business schools to make their resources more accessible and relevant to professionals and organizations. This concurs with the charge that business schools are focusing too much on technical and theoretical research leading to a moral and practical gap in professional development (Bennis & O'Toole, 2005; Hutton, 2010; Khurana, 2007).

Another frame relevant for understanding business schools' role in creating ethical cultures is the political perspective. As Bolman and Deal (2008) explain, "At every level in organizations, alliances form because members have interests in common and believe they can do more together than apart" (p. 201). This frame focuses on navigating through power structures and social systems with differing agendas, goals, and resources. As seen from a political perspective, business schools can promote teamwork, mentors, and networks encouraging professionals to think through tough decisions and take the action they feel is most ethical. Encouraging positive social relations fostering ethical behaviors can develop a more supportive political atmosphere. One way to create such changes in thinking and behavior from a political perspective is through rewards.

Business schools can promote ethical behaviors by rewarding business organizations operating with exceptional business ethics. Celebrating and honoring ethical business organizations employs the use of mechanisms that can change culture as described by Schein (2004). By interacting outside of the student body and campus in such ways, business schools could be assuming more of the social responsibility they have neglected by helping to create ethical cultures. Whether this is done through modeling ethical business practices, providing resource and research on ethical business practices, and rewarding ethical organizations, business schools can influence organizational cultures.

Culture is a concept that has been frequently used in the business context to increase understanding of organizational behaviors (Ferrell et al., 2011; Trevino & Nelson, 2004).

Although it is widely talked about, there is much teaching and research on organizational culture that could benefit business organizations. As many of the business leaders talked about ethics, they also talked about the influence of culture and the need for more practical resources to aid in promoting ethical cultures. When asked what business schools could do to help professionals, more than one third of the participants suggested providing research and resources on best practices and shaping ethical cultures.

### **Summary**

Elements of Dewey's educational theory and Kohlberg's moral development theory have given analytical insight to the data from 29 business leaders on teaching and promoting business ethics. Dewey's concepts are especially helpful in understanding the property of role and responsibilities of business schools by highlighting the social context of educational systems and the moral obligations of being a socially constructed institution. With this perspective business schools and other educational providers have a duty to foster student development as responsible citizens with increased social awareness. The human resource frame as proposed by Bolman and Deal (2008) lifts up the importance of providing an environment and education that promotes success and development of the whole individual. The political frame emphasizes the importance of business schools dedicating adequate resources towards ethics education to affirm its significance.

Analysis of teaching strategies, the second property of promoting and teaching business ethics, is provided by many of Dewey's concepts including experiential learning, moral imagination, dramatic rehearsal, and collateral learning (Dewey, 1903, 1921; Fesmire, 2003).

Like Dewey's theory, Kohlberg's theory on moral development lifts up the importance of increasing social awareness and actively involving students in processing moral questions. As Kohlberg explained, moral growth is encouraged when educational experiences promote challenging, reflecting, and reframing of values (Power et al., 1989). Bolman and Deal's (2008) structural, human resource, and symbolic frames all have relevance for teaching strategies by lifting up the need to clarify ethical concepts, make experiences relevant for practice, help students reach their potential, and increase understandings of the social implications of work. Many of the teaching strategies suggested by the business leaders, such as using case studies and having professionals speak to students, fit well Dewey's, Kohlberg's, and Bolman and Deal's theories.

Understanding educational systems as working towards societal good also underscores the importance and possibility of business schools in the third property of creating ethical cultures, both on and outside of the school's campus. As Dewey promoted, educational systems need to acknowledge their role in promoting a moral society (1903). Kohlberg also believed educational systems should represent society's values and model those values to promote moral development (Power et al., 1989). Both theories point to the importance of business schools modeling ethical business perspectives and behaviors.

Additional analysis of the findings on how business schools can create ethical cultures is found with Bolman and Deal's (2008) structural and political frames. From a structural perspective business schools can provide clarity to the business world regarding business ethics concepts and show the efficiency of ethical behaviors through research and resources encouraging best practices. With a political perspective, business schools can influence and create ethical cultures by providing support and networking systems, as well as by rewarding

organizations demonstrating ethical behaviors. An important benefit of business schools teaching and promoting business ethics is increased understanding of business ethics, the second category of data from the 29 interviews.

### **Understanding Business Ethics**

This category includes data concerned with the basic questions regarding what business ethics includes and how it affects people's lives. The three properties of this category are dimensions of ethics, moral foundation of individuals, and role in an individual's career. Analysis of each property with Dewey's and Kohlberg's theories provides insight to the data as reviewed in the findings. Additional consideration of each property with Bolman and Deal's perspectives in light of theoretical analysis shows an even more in depth look at what the data means for business ethics education. I begin by analyzing the fundamental ways in which the business leaders defined or described business ethics.

#### **Dimensions of Ethics**

Dewey defined ethics as a "branch of philosophy that seeks to understand the nature, purposes, justification, and founding principles of moral rules and the systems they comprise" (Fesmire, 2003, p. 59). He believed all ethical theory has social and psychological dimensions explaining, "Society is a society of individuals and the individual is always a social individual" (Dewey, 1903, p. 6). Individuals do not live and act in isolation, but do so as members of society. Likewise, societies only exist through the individual members.

As a pragmatist, Dewey did not confine ethics to an established set of rules or principles, but believed there were situational elements that always needed to be considered when dealing with moral dilemmas. Situational elements includes social, psychological, natural, and any other factors involved. All situations are unique, he contended, and therefore moral imagination, along



with generalized principles, need to be involved in making decisions (Fesmire, 2003). Because of the situational emphasis on ethical dilemmas, principles should guide but not govern behaviors when dealing with moral issues. Moral imagination has a role by helping people project different ways of framing situations and evaluating possible responses. In applying moral imagination to management decision making, Werhane (1999) said, “moral imagination entails perceiving norms, social roles, and relationships entwined in any situation” (p. 93).

Dewey’s situational understanding brings out the complexities of ethics and moral dilemmas as described by study participants. When talking about their experiences, most of the business leaders referred to the complexities of business ethics and how it is not always easy to see the moral dilemma involved. As one participant noted, “nobody comes in and says, ‘I have an ethical dilemma.’” He went on to explain that although he and others are making decisions daily, the ethical implications are not always apparent. Some of the study participants described the lack of clarity in regards to ethical issues as “grey”. They explained there is not always a clear right answer to a dilemma. One CFO with an accounting background described how the cases used in business schools were too “black and white” in that there was always a clear right and wrong. His experiences in business, however, have been marked more often by lack of clarity when it comes to ethical issues. This has been true even dealing with accounting and numbers he explained saying, “Then you read the rules and there’s tons of grey.”

Along with situational uniqueness, social dynamics add to the complexities of ethics and moral dilemmas. For Dewey (1921), morality was always social and there are three forces that need to be coordinated in understanding morality: individual ends, demands of community life, and social approbation (Fesmire, 2003). This social emphasis clearly appeared in the interviews with 29 business leaders. When asked about moral dilemmas faced, all of the participants talked

about situations involving other people. These moral dilemmas ranged from more common examples of dealing with bribery to extreme examples of fraud. One experienced leader pointed out for him ethics was simply about how you treat people on a daily basis.

Another experienced leader who has owned several companies talked about a vivid learning experience he had when observing a mentor with some employees who had stolen from the company. When asked what he would do, his employer responded saying,

I am not going to embarrass them and I am not going to humiliate them in front of their wife and kids, but I am going to make them responsible and make them own up to it. I will work that out with them. Just remember that that sometimes happens with people and don't lose sight of that.

This business leader's role model acknowledged the social aspects of ethics recognizing that there are complexities needing to be considered when dealing with each moral dilemma. It is because of changing social contexts and other situational complexities that moral imagination is required when making a decision on how to respond.

Along with noting the social emphasis and lack of clarity regarding business ethics, almost half of the study participants talked about the incremental nature of acting unethically. This is a more difficult dimension of ethics to explain, but both Dewey's and Kohlberg's theories can give some understanding to this. Dewey (1921) freely acknowledged the power of social influence on people's sense of morality. Kohlberg also viewed social influence as determining moral development to some extent (Rich & DeVitis, 1985). Both of their theories on moral development and social influence are looked at in greater detail in the following section analyzing understandings of the moral foundation of individuals, but the acknowledgement of social influence can explain changes in how individuals evaluate different actions.

Organizational pressures and repeated exposure to different standards can change how a person perceives what is right or wrong.

With an emphasis on social influences, Dewey referred to the “social soil” from which people’s morality is developed (Fesmire, 2003). He believed that as environments change, moral habits and reasoning need to adapt in order to help individuals deal with moral dilemmas. One leader who experienced working in an environment he characterized as lacking moral standards described the incremental path to unethical behaviors using the metaphors “a frog in the kettle” and “slippery slope.” He explained if he had just bought into the pressures of the system he would have been like a “frog in the kettle” not realizing when he was overstepping ethical boundaries. Understanding that most unethical behaviors follow an incremental deviation from higher moral standards emphasizes some of the social and situational complexities of understanding ethics.

When considering such complexities and the lack of clarity regarding business ethics, Bolman and Deal’s (2008) structural frame is particularly relevant. The structural frame focuses on a need to deal with the “grey-ness” and clarify the concepts of business ethics. While structural understandings allow for some flexibility, there is little room for lack of order or clarity (Bolman and Deal, 2008). Along with education, “rules, policies, standards, and standard operating procedures limit individual discretion and help ensure that behavior is predictable and consistent” (p. 54). Although this may seem contrary to Dewey’s theories emphasizing the contextual uniqueness of each situation, he did acknowledge the importance of principles providing guidance in decision making (Fesmire, 2003). Removing some of the uncertainty surrounding business ethics and moral dilemmas provides some of the orderliness structural proponents strive for. As several of the business leaders have found, educating people on

business ethics along with providing policies, procedures, and resources for dealing with ethical dilemmas promotes smoother functioning for individuals and organizations.

Ethics specific courses can provide clarity on a number of ethics concepts and connect those concepts with professional practice through projects or community experiences. Another strategy given by an experienced leader includes developing a decision making framework to foster compliance to the FCPA. Using resources can reduce confusion, expand social awareness, and help professionals make ethical decisions. Such data on how business leaders understand ethics gives some insight on how to help students and professionals deal with moral dilemmas and make ethical decisions. Looking at the business leaders' perceptions of individual moral foundation can also increase understanding of ethics in the business context.

### **Moral Foundation of Individuals**

In his writings on human nature, Dewey noted the power of social influence on creating habits and perceptions. A person's individualism, he contended, "is not found in his original nature but in his habits acquired under social influences. It is found in his concrete aims, and these are reflexes of social conditions" (Dewey, 1921, p. 183). With this pragmatic view of social influence on morality, Dewey believed adherence to virtues are "socialized by approval and disapproval" just as the understanding of what is and is not virtuous (Fesmire, 2003). Similarly, Kohlberg acknowledged that sociological relativism based on cultural norms influences moral judgments (Rich & DeVitis, 1985).

According to Kohlberg (1981, 1984), changes in moral development occur in stages based on underlying modes of reasoning. The stages are hierarchical and do not vary in sequence. Moral development reflects increased complexity in reasoning skills and understandings of concepts such as justice. Because development can stop at any point,

individuals across a population reflect varying abilities in moral reasoning capacities. His research showed that people generally reach stage three by their teenage years when they are focused on interpersonal relationships (Crain, 2005).

The influence of childhood on moral development was widely acknowledged by study participants. Business leaders frequently said they believed it was parents, religious upbringing, family, and other significant factors that shaped their understanding of what is moral. When asked what formed his sense of ethics, one experienced leader said, “Well I would say that was formed well before I was in college. It’s formed by like your religion and upbringing.” This leader went on to say he did not think business schools are responsible for unethical behaviors, but he also said he was largely influenced by the organizations he worked for. Organizational expectations regarding ethical issues shaped his understanding of what was or was not morally acceptable. Like this leader, 20 other study participants initially responded saying one’s morality is shaped in childhood, but then acknowledged the contextual influence of organizations they worked for.

Kohlberg’s theory on moral development accounts for the possibility of continued moral development and changed ethical understandings throughout adulthood as it covered a lifespan (Rich & DeVitis, 1985; Van Voorhis, 2010). There are six possible stages, but Kohlberg believed most adults operate at stages three or four (Rich & DeVitis, 1985). Stage three focuses on interpersonal relationships and development to stage four indicates moral reasoning showing greater concern for society as a whole. Individuals in stages five and six are concerned with justice for all people with the understanding this reality may not always mean orderly societal functioning.

Once a person moves to a different stage of reasoning they do not return to previous stages, but when exposed to different norms their standards can change. For example, Kohlberg believed people acting honestly or kindly is not due to a trait like characteristic, but varies with the conditions people are in (Power et al., 1989). Exposure to different cultural norms influences what a person determines to be moral or immoral behaviors. Kohlberg believed moral development is stimulated by situations, conversations, and people who challenge existing ways of thinking to promote problem solving regarding ethical issues (Rich & DeVitis, 1985; Van Voorhis, 2010).

Research has shown that systematic exposure to higher levels of moral reasoning can stimulate growth to a higher stage (Power et al., 1989). Findings from one significant study show that not only can education stimulate moral development, but the resulting developmental changes lead to permanent advances in moral thinking. For example, various criminal offender therapies are based on Kohlberg's theory and have shown positive changes in the moral development of adults (Van Voorhis, 2010). Since Kohlberg believed most people operate in the third or fourth stages with less than 25% of the population reaching stage five and less than 10% operating at stage six (Rich & DeVitis, 1985), there is clearly room for moral development at a societal level.

Acknowledging the need for increased moral development across the population and possibilities of continued moral development throughout adulthood is significant for ethics education. As most of the business leaders pointed out, people's sense of morality in regards to business practices is shaped by organizational culture and the people they work with. Even though moral development begins long before individuals reach college, their understanding of ethical business practices is affected by leaders and cultures they work with (Ferrell et al., 2011).

Bolman and Deal's (2008) symbolic frame affirms social influence on beliefs and values systems as it focuses on "how humans make sense of the chaotic, ambiguous world in which they live" (p. 248). Leadership transmits a group's values and inspires other people to work towards a common goal, shaping individual and organizational perspectives. Understanding the influence of organizational cultures and leadership on the moral foundation of individuals emphasizes the need for business schools to help students prepare for dealing with such pressures as well as fostering ethical leadership theories. An important way for business schools to do this is helping students understand their own values and beliefs as well as how others can influence those values and beliefs.

With an emphasis on the development of individuals, the human resource frame also addresses data concerning the moral foundation of individuals (Bolman & Deal, 2008). Activities promoting growth in social awareness can encourage moral development and increase personal functioning in a diverse world by challenging basic assumptions to stimulate problem solving (Trevino & Nelson, 2004). Business schools can do this by providing students with opportunities for engaging with people and places in the world outside of the campus or corporate offices. Developing professional networks, mentor programs, social responsibility projects, small group discussions geared towards ethical professionalism are all examples of strategies encouraging individual development and increased awareness of human relations. The importance of learning experiences promoting moral development and ethical behaviors is significant especially when the leaders talked about the role of ethics in a person's career, the third property of understanding business ethics.

### **Role in Individual's Career**

Almost all of the leaders interviewed talked about the importance of ethics in the hiring process and also in a person's career. As one experienced leader explained when asked about the significance of ethics, "So for self-preservation it is important. Second is that people will figure you out where you work and will either want to work for or with you, or want to avoid you." This leader went on to talk about other executives he had dealt with who led unethically and experienced their executive careers coming to a swift end.

Considering the purpose of educational systems, Dewey (1903) explained that schools are equipped by society to educate their students to be productive citizens. He believed this should not be confined to basic tasks of citizenship, but extended to ethical responsibilities as well. A student "must either live his (her) life as an integral unified being or suffer loss and create friction" (p. 9). Schools need to enable each student to "recognize all his (her) social relations and to carry them out" (p. 9). Doing this helps students to understand how to live in ways that lead to self-respect, the respect of others, and the well-being of society.

Bolman and Deal's (2008) structural frame brings out the need to acknowledge ethics as having a functional role in promoting career efficiency and longevity. Business professionals and organizations operating ethically are more sustainable and face less risk of disruption in their work and career (Ferrell et al., 2011; Moore, 2010; Trevino & Nelson, 2004). As many of the study participants pointed out, the perception of ethical business being good business is not only an idealistic opinion, but a principle of effective business. From a structural perspective, therefore, ethics integrated into thinking and operating processes promotes higher functioning. One way business schools can add to the well-being of society as Dewey promoted is by providing evidence or research showing the efficiency of working ethically.



Business ethics not only leads to more efficient business as proposed by the structural frame, but is also central to an individual's career and a part of daily tasks bringing to attention the political frame. Bolman and Deal (2008) define politics as "the realistic process of making decisions and allocating resources in a context of scarcity and divergent interests" (p. 190). Political processes are and always will be present in organizations influencing the determination of individual's careers. Business schools can provide opportunities to impress upon students the short and long-term role of ethics in career possibilities despite political pressures to act unethically.

Study participants suggested a good way to do this is having business leaders talk about personal experiences regarding the role of ethics in a career. For example, one leader explained having white collar criminals talk about the consequences of their unethical behaviors could be a powerful way to teach students about the importance of ethical business practices. Another business leader who now teaches at a business school brought in an executive who had addressed questions about an industry's publicized unethical behaviors. Integrating ethical discussions in all of the business disciplines can stress the presence of ethics in career and daily work, while helping people develop tools to navigate the complex challenges they will have to face (Bennis & O'Toole, 2005; Goodpaster, 2007).

### **Summary**

Helping students and professionals understand business ethics is a need many of the business leaders interviewed talked about. In regards to the dimensions of ethics, both Dewey's and Kohlberg's inclusion of social influence and contextual uniqueness regarding ethical situations gives some understanding to the data focused on the lack of clarity, social aspects, and incremental changes involved with ethics. Bolman and Deal's structural perspective focuses on

the need to bring clarity to the concept of business ethics in helping people to understand the different dimensions.

Dewey's emphasis on social influence and Kohlberg's acknowledgement of continued moral development through adulthood address the data from the second property, the moral foundation of individuals. Their theoretical understandings help to explain how adults can be affected by social and cultural pressures in regards to moral understandings and development. With the additional lens of Bolman and Deal's perspectives, the symbolic frame emphasizes the need to define values and beliefs, while the human resource frame shows the need to promote continued growth in social awareness.

Like the other two properties in understanding ethics, the third property, the role of ethics in an individual's career, points to Dewey's emphasis on the interaction between society and educational systems. Educational systems, including business schools, have a role in helping students become productive citizens working for society's well-being. Bolman and Deal's (2008) structural frame emphasizes the increased sustainability of ethical business practices and the political frame brings up the importance of ethical behaviors for job possibilities. Many of the business leaders suggested one way educational programs can do this is by having professionals talk about the role ethics has played in their careers. Trying to understand the role of ethics in a person's career, inevitably leads to inclusion of dealing with power and pressures, the third category of data.

### **Dealing with Power and Pressures**

As business leaders talked about moral dilemmas and making ethical decisions, they inevitably talked about the power and pressures they have had to deal with. In fact, this category of dealing with power and pressures has more data bits in it than any of the other three

categories. The three properties comprising this category include: leadership, organizational culture, and outside forces. The most helpful theories for this portion of the analysis were Schein's theory on organizational culture and Bolman and Deal's theory on reframing organizations. The first property addresses the data focused on the power and pressures placed on professionals by leadership that can help or hinder the process of making ethical decisions.

### **Leadership**

According to Schein (2004), leaders and culture have a symbiotic relationship. He defined organizational culture as a dynamic and pervasive phenomenon that guides and constrains behaviors. Schein explained, "Cultures begin with leaders who impose their own values and assumptions on a group" (p. 2). As a group becomes successful and assumptions are embedded in functioning, then a culture is created that shapes future functioning and defines leadership. When there are environmental changes or challenges, then new leadership is needed to reshape the group's culture. In this case leadership is "the ability to step outside the culture that created the leader and to start evolutionary change processes that are more adaptive" (p. 2). Whether shaping, maintaining, or reforming an organization's culture leadership has powerful influence on the culture and individuals affected by that culture.

Due to this influence, leadership's view on what are or are not acceptable business behaviors plays a significant role in determining whether or not an organization emphasizes business ethics. Almost every business leader interviewed talked about the importance of top leadership in setting the ethical tone in an organization. As one seasoned leader explained, when leaders at the top establish what is okay and what is not okay by what they say and do, then employees at all levels "get it." Another executive leader emphasized this point by sharing the message from the company's new CEO that was focused on doing business ethically. She talked

about how she and other leaders try to live that message on a daily basis and are teaching employees at all levels to do so as well.

Another executive leader who has experienced working for several CEO's talked about the organizational transformation that occurred with different CEO's. This leader, a CIO, described the struggles of working for a CEO who put pressure on others to do things they did not feel were ethical and made decisions that ended up financially hurting the company. After this CEO left a new leader was brought in who created the company's strong ethical culture. He described the latter CEO saying she was a "Very, very ethical person. She was a lot of the reason why the culture of the company is the way that it is." This executive officer went on to say it was much easier working for the CEO with high ethical standards, and he is proud of the company he works for.

Such powerful leadership influence is manifested through mechanisms used to embed and transmit culture (Schein, 2004). Primary mechanisms include how leaders react to crises and what they pay attention to, measure, and control. Additional primary ways of embedding culture include how leaders allocate resources, recruit, excommunicate, and role model behaviors. Besides such primary mechanisms, there are a number of secondary ways in which culture is reinforced such as organizational structure, formal statements, and rituals. The influence of these mechanisms across the organization's culture is substantial and an important piece of healthy leadership is using the mechanisms in ways that consistently convey the organization's values.

Dewey (1903) also noted the influence of leaders in the moral functioning of society. In his dialogue on the importance of educational systems helping students develop into good citizens he wrote students must be "educated to leadership as well as for obedience. He(he) must have power of self-direction and power of directing others, powers of administration,

ability to assume positions of responsibility” (p. 10). As noted in other portions of the analysis, Dewey equated good citizenship with promoting the well-being of society and, therefore, leadership directs the work of enhancing society.

In light of Schein’s and Dewey’s perspectives on leadership and the data presented by study participants, Bolman and Deal’s (2008) political frame is especially relevant. This frame focuses on power, alliances, and conflict while viewing organizations as arenas made up of individuals and groups with different interests competing for scarce resources. Like many other organizations, higher educational institutions are very political, and it is important to understand how to navigate the political systems. This holds true from a functional perspective, as well as an educational perspective. That is, business schools need to both model and teach about ethical political leadership. Understanding teamwork, or how to work with other people, is an important piece of this.

In order to promote teamwork or supportive networking in a political system while emphasizing the role of ethics in a person’s career, there needs to be consideration of power associated with leadership and pressures exerted on professionals. Both of these factors play a significant role in shaping a person’s understanding of what is ethical and what behaviors they need to exhibit in order to succeed. Leadership shapes organizational culture and applies pressures experienced at all levels as discussed in the second property of dealing with power and pressure, organizational culture.

### **Organizational Culture**

As noted in the previous analysis, organizational culture is dynamic, pervasive, and will always be something individuals in a group need to deal with (Schein, 2004). Culture is “constantly enacted and created by our interactions with others and shaped by leadership

behavior, and a set of structures, routines, rules, and norms that guide and constrain behavior” (p. 1). Although culture is abstract and difficult to define, it is a powerful influence on individuals and groups. “Culture is to a group what personality or character is to an individual” (p. 8). While it is easy to see behaviors resulting from culture, it can be difficult to see the forces leading to those behaviors.

Many of the business leaders talked about organizational culture in discussions on moral dilemmas and ethics education, acknowledging the influence culture can have on decision making. Despite the abstract qualities of culture, forces created by culture in social and organizational situations are powerful. They can shape what a person values and qualifies as ethical. As Schein (2004) pointed out “If we don’t understand the operation of these forces, we become victim to them” (p. 3). He went on to say if leaders “do not become conscious of the cultures in which they are embedded, those cultures will manage them” (p. 23).

Culture is deeply embedded throughout an organization providing stability and influencing all aspects of how the group performs its primary tasks. This powerful influence, while most often unconscious, is at work in the organization’s rituals, climate, behaviors, and values. When I noted in an interview that the business leader talked a lot about culture, he responded saying, “It’s huge. It’s monstrous.” He went on to talk about the importance of hiring people who understood the company’s culture and wanted to work with the norms and values fostered by that culture.

The concept of culture with its underlying values, symbols, and assumptions is a big part of Bolman and Deal’s (2008) symbolic frame. Concepts such as the meaning of work and ethics are expressed overtly and subtly through organizational culture influencing how members behave. Culture is shaped by a number of mechanisms, including what is taught to members of

the organization. A number of mechanisms used to embed beliefs, values, and assumptions in culture include allocation of resources, reward processes, how leaders recruit, promote, and fire, deliberate role modeling and teaching, what is paid attention to, rituals, stories, and organizational systems and procedures (Schein, 2004). Ethics education can be a tool to effectively shape organizational culture and influence members' understanding of ethics in the business context (Ferrell et al., 2011). Many of the study participants brought up such mechanisms in the discussions on business ethics, and saw ethics education as an effective expression to embed ethics into higher education and business cultures.

All of the interviews included discussions about the power of organizational culture on morality and revealed the need to consider cultural influence on individual morality in business ethics education. One experienced executive explained she thinks a person's sense of morality is shaped while growing up, and then referring to people's understanding of business ethics, she went on to say, "Then I think the biggest influence is the culture at work. Your peers." One leader in a large corporation talked about efforts to enhance the vitality and ethical focus in the organization's culture through annual ethics education and frequent communication of values. A primary message conveyed, he explained, includes, "You act with integrity and that's what we expect. If you don't then you're probably not the right person here." Another business leader noted that many leaders turn to resources giving direction on how to shape organizational culture and this is something business schools can provide. Through research and teaching business schools can help students and professionals understand how to shape culture in ethical ways using mechanisms such as ethics education.

As Schein (2004) proposed, different levels of culture need to be accounted for when trying to assess and change an organization's culture. Culture provides stability and continuity

for organizations so it is very difficult to change. In order to change or develop a culture, Schein stressed the importance of alignment between an organization's artifacts (what is seen, felt or heard in an organization) and espoused values. As many of the business leaders pointed out, it is crucial for top leadership, reward systems, policies, and other cultural shaping forces to espouse the articulated values of the organization. One executive leader talked about his experiences working for a company that had nice articulated values, but those values weren't followed. When asked if the company had values including ethics he explained, "They claimed they did. I mean if you walked around there would be posters on the walls but no one bought into any of that stuff." Rather than following the articulated values, he said, the culture was very aggressive and focused on financial profit. According to Schein's theory, all artifacts should be congruent with the espoused beliefs and underlying assumptions.

Organizational artifacts such as stories, celebrations, and images express culture in a variety of ways while uniting and inspiring people in their work (Bolman and Deal, 2008). Schein (2004) pointed out especially in older organizations with more established underlying assumptions, there can become dissonance between the levels of culture causing problems in organizational functioning. An example of such dissonance described by one of the business leaders working in a large corporation includes an organization promoting teamwork in directives (artifacts) yet rewarding individual accomplishments (espoused values). Another example is business schools promoting ethical business behaviors in articulated values statements (artifacts), yet rewarding aggressive business practices (espoused values). In both cases, the shared values as lived out by members of the organization reflect underlying assumptions about successful behaviors, but do not align with what is articulated at the artifact level. From a symbolic point of view there needs to be congruency at all levels of a business



school's culture to foster ethical business practices and perspectives. As six of the business leaders pointed out, business schools need to not only teach about organizational culture, but also assess their own culture to make sure they are articulating and modeling values they want to see promoted in the business world.

The power and pressures professionals face can either promote or hinder making ethical decisions. Leadership and organizational culture were the two primary forces many of the business leaders talked about, but a third source touched on by many included pressures placed on professionals and organizations by outside forces. The third property of dealing with power and pressures, external forces, most often included data on legislation, societal pressures, and expectations of foreign businesses.

### **External Forces**

Additional pressures such as those placed on businesses by legislation, investors, financial analysts, competitors, and foreign organizations with different ethical standards can also influence morality and how professionals participate in business. Business ethics education addressing and providing strategies to deal with such pressures and power can prepare individuals to face them with greater clarity and resolve (Felton & Sims, 2005; Trevino & Nelson, 2004). Schein's theory on organizational culture as well as Bolman and Deal's theory on reframing organizations can shed some light on the data in this property.

According to Schein (2004) basic assumptions developed in the efforts to survive and adapt to the external environment make up organizational cultures and influence behaviors. Every group needs to develop a unified concept of how it will survive, usually derived from its core purpose or reason for existence. Schein explains,

In most business organizations, this shared definition revolves around the issue of economic survival and growth, which in turn, involves the maintenance of good relationships with the major stakeholders of the organization: (1) the investors and stockholders; (2) the suppliers of the materials needed to produce; (3) the managers and employees; (4) the community and government; and, last but not least, (5) the customers willing to pay for the product or service. (p. 89)

Maintaining a balance between all such stakeholders is central to organizational growth and survival. Educational institutions, he contended, may have a different mission or task than other businesses, but they also are required to balance the needs of multiple stakeholders. All stakeholders involved make up the organization's environment, have different demands, and influence the group's culture. The organization's unified purpose or mission, "as a set of beliefs about its core competencies and basic functions in society" often reflects this balance (p. 89). Bolman and Deal's (2008) theory also reflects an emphasis on the importance of unified purpose in regards to dealing with the pressures of outside sources.

Although there is focus on individual growth and abilities, Bolman and Deal's (2008) human resource perspective stresses the importance of unified purpose and healthy business relationships in organizational functioning. This brings in some of the data regarding organizational culture and outside forces that call to mind the influence of power and pressures exerted by stakeholders. When making decisions ethical leaders consider the interests of all stakeholders and how they will be affected by choices made (Ferrell et al., 2011). For this reason ethics education needs to include understanding of relationships within and outside of organizations. This can be done by fostering work perspectives honoring various stakeholder

relationships and promoting decision making models considering consequences for all stakeholders.

As many of the business leaders expressed, an important part of understanding business includes knowing how all of the relationships within and outside of the organization work together to create value (Freeman et al., 2010). Doing this requires an understanding of business not confined to financial profit or individual success. Some of the leaders stressed the importance of organizations promoting a teamwork culture, while others stressed societal relationships and corporate social responsibility.

One participant who works for a large corporation talked about the conflicts of working in an environment where leaders talked about the importance of teamwork, but rewarded people on an individual basis promoting competitiveness. He pointed out that structural changes advancing a sense of teamwork both inside and outside of the corporation could help the company thrive more from shared efforts. This same leader talked about the pride he noticed in employees connected with the company's corporate social responsibility endeavors.

Another experienced leader equated moral growth with the revelation that being ethical is more than acting legally. This leader, who has a background in law as well as business, now sees legislation as a tool to encourage ethical business. Such perspectives fostered by these business leaders can help leaders deal with outside pressures and shift focus from "doing things right to doing the right things" (Moore, 2010, p. 13).

In regards to dealing with outside forces, Bolman and Deal's (2008) structural frame also provides some insight benefitting business ethics education. With a focus on maximizing performance through organizational techniques, the structural frame includes emphasis on policies, articulated goals and values, power structures, and prescribed processes. Just like other

organizations, higher education organizations are systems needing rules and policies aligning with established goals and values (Bolman & Gallos, 2011). From a structural perspective leaders need to create appropriate roles and procedures that provide clarity for constituents and facilitate the work of employees amidst the pressures of outside forces.

Clarity in regards to common purpose and organizational structure is also integral to operating from a structural perspective (Bolman & Deal, 2008). One of the basic assumptions of the structural perspective is that “organizations exist to achieve established goals and objectives” (p. 47). Clear articulation of goals and values helps individuals find purpose and guidance in their work both individually and organizationally, so they can pursue goals and objectives more effectively. This involves helping students and professionals learn skills in developing organizational and personal goals, as well as finding work that fits personal values and goals. Such an element in teaching empowers students to be involved in goal setting, rather than passively working towards mandated goals. The reflective work involved in understanding personal as well as group values and goals helps individuals deal with value conflicts arising from organizational and outside pressures (Gentile, 2010).

Like individuals, organizations such as businesses and higher education institutions function more effectively with articulated goals and purpose (Bolman & Gallos, 2011). Colleges and universities need policies, rules, and programs aligned with their goals and purpose. The incorporation of ethics in policies and programs fits with the articulated goals of many higher education institutions to develop responsible professionals (Alsop, 2006; Burton et al., 2005). Therefore, the inclusion of ethics in business school functioning can promote organizational success as well as benefiting individuals involved.

## Summary

Data in the category of Dealing with Power and Pressures reflects the three properties of leadership, organizational culture, and external forces. Schein's theory emphasized the interplay between leaders shaping culture and culture shaping leaders. There are a number of mechanisms leaders can use to embed values and assumptions in an organization's culture including education, rewards, and communications. Dewey also emphasized the influence of leaders and encouraged educational institutions to train students so they would be socially responsible leaders. In light of Schein's and Dewey's perspectives on leadership, Bolman and Deal's (2008) political frame emphasizes the importance of modeling and teaching ethical leadership. Promoting leadership models encouraging teamwork and positive social relations is part of fostering ethical leadership shaping organizational cultures, the second property of dealing with power and pressures.

Organizational culture, according to Schein (2004) is a pervasive and powerful influence people in all groups have to deal with. Alignment of underlying assumptions, articulated values, and artifacts enhances organizational functioning. Bolman and Deal's (2008) symbolic frame offers further understanding of the data by emphasizing the use of ethics education to define, assess, and shape organizational culture. From this perspective business schools are encouraged to assess their own culture to more effectively model and teach articulated values promoting ethical business practices. This work can promote the development of a unified purpose, something that also helps people deal constructively with pressures applied by forces outside of the organization.

External forces include anything from legislation, stockholders, societal pressures and differing cultural norms. In his theory on organizational culture and leadership, Schein (2004)

acknowledged the importance of organizations having a unified purpose and concept of survival amidst environmental pressures. This purpose or concept usually reflects the balance between internal needs and external relationships. Both the human resource and structural perspectives (Bolman & Deal, 2008) offer additional insight to data on external forces. The human resource frame affirms Schein's assessment of the need for unified purpose and development of healthy working relationships by fostering work perspectives considering all stakeholders.

In regards to dealing with external forces, the structural perspective promotes greater functioning through clarification of values, roles, rules, and regulations. Business schools can help students deal with the pressures of organizational culture and external forces by helping them to understand their own values and goals, and the pressures business may exert on them. In order to model the development of ethical cultures amidst environmental pressures, business schools can assess their own policies and procedures to make sure they reflect organizational values.

When discussing moral dilemmas and making ethical decisions, all of the business leaders interviewed talked about the powers and pressures that either helped or hindered the process. Their insights showed the relevance of helping business school students and professionals deal with such power and pressures in healthy ways as important components of enabling them to deal with moral dilemmas. In response to dealing with power and pressures of leadership, organizational culture, and outside forces, the business leaders also talked about the importance of pursuing professionalism, the fourth category of data.

### **Pursuing Professionalism**

As the business leaders talked about the moral dilemmas faced and efforts to remain ethical, they offered insights to how they have developed as professionals. The first property of

this category includes insights on strategies the business leaders have found helpful and would like to pass on to students. Data on beliefs and values applied to professional work makes up the second property of pursuing professionalism. The third property focuses on different work perspectives the business leaders talked about as being helpful in professional development. Dewey's theory on education and Schein's theory on organizational culture offer more in depth understanding of the data in this category. Like the other categories, Bolman and Deal's theory on reframing organizations provides additional analysis, beginning with the data on strategies to pursue professionalism.

### **Strategies**

As a pragmatist, Dewey (1938) believed education should be experiential, because experiences can lead to greater growth in understanding. He explained, "Every genuine experience has an active side which changes in some degree the objective conditions under which experiences are had" (p. 39). Educational interactions engage learners with the external environment as well as internal conditions. In other words, effective experiential learning inspires growth in regards to engagement with the environment and understandings of one's self.

Dewey (1903) contended that learning needs to include both the psychological and social components of ethics to develop responsible members of society. For Dewey (1921), the internal or psychological components required fostering important virtues such as humility. In a treatise on human nature, he explained,

Humility is more demanded at our moments of triumph than at those of failure. For humility is not a caddish self-depreciation. It is the sense of our slight inability even with our best intelligence and effort to command events; a sense of our dependence upon

forces that go their way without our wish and plan. Its purport is not to relax effort, but to make us prize every opportunity of present growth (p. 166-167).

The importance of humility was noted by many of the business leaders when talking about how they try to maintain ethical business practices despite the pressures they faced and rewards received. In fact, the most often talked about strategy for pursuing professionalism was promoting virtues like humility, honesty, and openness. One study participant said that leaders need to work on maintaining a sense of humility and acknowledge they do not know the answer to everything, because this will enable them to use other resources and respect people they are working with. When asked how he deals with moral dilemmas, another executive leader said, “Experience and self-criticism. As a leader, every day brings new challenges. I need to be humble enough to understand that I don’t understand everything and must work with others.”

Several of the business leaders talked about the importance of virtues like humility by associating the lack of such virtues with unethical behaviors. One executive leader who experienced being in a company cited publicly for an ethical lapse, attributed it to a lack of humility. He also noted the first thing the new CEO did to repair the company’s reputation was to respond with a sense of humility. This same leader noted the need to actively promote a sense of humility through intentional disciplines, because it was easy to get caught up in the corporate desire for more power. Another executive leader who experienced being in a company that collapsed because of unethical behaviors equated virtues such as humbleness and honesty with the ability to ask questions and challenge ideas that seem wrong. He explained the importance of this saying, “So a management and leadership that asks lots of questions rather than just embracing the answer they’re looking for is a much... I believe a much healthier atmosphere that you can instill in your team.” He now works for a company that fosters such virtues and talks



about it being far more sustainable than the lack of virtues exhibited by the company he previously worked for.

Besides fostering virtues like humility, honesty, and openness, the 29 business leaders also talked about strategies that helped them maintain an ethical organizational culture and process moral dilemmas. As noted in the section on organizational culture, Schein (2004) stressed the importance of unified purpose and understanding how an organization can succeed. The unified purpose inspires members to work together promoting group success and growth. Many of the strategies leaders talked about focus on maintaining a desired culture that included: hiring and firing, articulation of values, and assessing a company's values and leadership before deciding to work there. Many of the business leaders acknowledged the importance of their own values aligning with and being reflected in the organizations they worked for, as well as hiring people with congruent values. This is discussed in greater detail under the property of beliefs and values, but points out the importance of viewing tasks such as articulation of values, and hiring and firing as significant strategies promoting professionalism.

Along with fostering important virtues and maintaining an ethical culture, the business leaders named strategies for processing moral dilemmas. Such strategies included discussing ethical issues with others, taking time to reflect, using resources, and seeking mentors. The practical use of such strategies is reflected in Dewey's understanding of moral dilemmas as situational and requiring the use of moral imagination (Fesmire, 2003). This involves empathic projection (taking the attitudes of others) and creative imagining of various possibilities. Dramatic rehearsal, an important way to engage in both of these tasks, is a reflective stage in the process of dealing with moral dilemmas. Dewey explained the four ways people engage in dramatic rehearsal include: "1) Some people deliberate by dialogue. 2) Others visualize certain

results. 3) Others rather take the motor imagery and imagine themselves doing a thing. 4) Others imagine a thing done and then imagine someone else commenting upon it” (p. 74). Such deliberative work “represents the process of rehearsing activity in idea when that overt act is postponed” (p. 74).

Moral deliberation, for Dewey, is developed only with a socially conscious imagination that perceives solutions of mutual benefit (Fesmire, 2003). People can gain greater social consciousness in conversation with other people, learning from their experiences and viewpoints. A CIO talked about several mentors who were ethical role models for him over the decades, as well as colleagues he can easily talk about problems with. He said, “So for me having a second person who would be very honest with me and very blunt, very good.” Such people have been a valuable resource for him, because there are very few in his company who understand the complexity of his role. A CFO said he learned the hard way how important it is to take time to reflect on difficult situations and his advice to students would be “When someone asks you to do something and you feel in your heart and in your gut that it is not the right thing, you really need to explore a lot of other options.” Early in his career a CEO pressured him to do something he was not comfortable with and rather than taking the time to consider other options, he did what he was asked. Today, almost 30 years later, he still feels guilty about following through on the CEO’s request.

Another executive officer explained the times she felt overwhelmed by moral dilemmas were when she did not have other people to talk with saying, “There are probably other things that a group of people could pick out I couldn’t get to myself, but I felt pretty overwhelmed by my feelings of ‘this is not right.’ What do I do about that?” She later talked about how helpful it was to have a group of colleagues she met with routinely and a staff team she could discuss

issues with. Like the majority of business leaders interviewed, this leader also talked about the importance of taking the time to reflect on situations rather than immediately reacting. She explained,

I would say they need to be empowered and by that I mean they need to have a sense of responsibility to evaluate the circumstances they're in with an ethical lens. Then to feel empowered to have conversations and to bring things to light and to ... even if all you do is take it to some other setting and talk it through.

Such perspectives reflect the importance of moral deliberation with reflection, dramatic rehearsal, and creatively imagining possibilities.

Analysis of the data on strategies for pursuing professionalism with Dewey's and Schein's theories reveals three themes including: fostering important virtues, maintaining an ethical culture, and encouraging moral deliberation. Further analysis with Bolman and Deal's (2008) theory gives more focused understanding of how the data can inform business ethics education. The human resource frame gives depth to the fostering of virtues and encouraging moral deliberation, while the structural frame can add perspective on strategies maintaining an ethical culture.

The structural frame with a focus on increasing efficiency includes emphasis on clarification and efficiency of factors such as espousing of values, as well as delineation of roles and power. This means professional strategies affecting roles and power such as hiring, firing, and promoting need to be aligned with goals and values in the pursuit of high level functioning. Two central issues of the structural frame include "how to allocate work (differentiation) and how to coordinate diverse efforts once responsibilities have been parceled out (integration)" (p. 52). There is usually a hierarchy in delineation of power with the higher levels coordinating

lower levels with hiring/firing, authority, rules, policies, and control systems. Schein (2004) contended higher levels of functioning can be attained when an organization's structure is aligned with its goals and purpose. Bolman and Deal (2008) similarly noted an organization's structure is most efficient when the spoken and unspoken goals and strategies are aligned. Strategies such as hiring and firing are important structural factors in maintaining an ethical culture in a business or educational system.

Business schools modeling and teaching about the involvement of ethics in such professional practices can help students and professionals understand the systemic role of ethics in helping individuals and organizations maximize functioning capabilities. In addition, it is important for business schools to hire faculty who students see as legitimate authorities on business practices (Khurana, 2007). This is an important point where business schools can connect higher education with the business world. As some critics have noted, business schools often hire on the basis of discipline-oriented research with little or no connection to management practices. If students do not see their teachers or business school as legitimate authorities on everyday business practices, then they regard ethics education as being periphery to management and it is not a factor from a structural perspective. This assessment was confirmed in several of the interviews with business leaders who felt their business school experiences did not adequately connect theory with real-world business practices. As several business leaders noted, it was the faculty members who had business experiences and could relate the challenges of dealing with moral dilemmas who were most effective.

With an emphasis on valuing human needs and skills the human relations frame stresses the importance of developing and inspiring individuals to work at highly productive levels (Bolman and Deal, 2008). This frame works with the assumption that "organizations exist to

serve human needs rather than the converse” (p.122). Business ethics education working from such a perspective places focus on individual development, holistic practices, and the relational aspects of business. This fits well with the data recommending strategies to promote important virtues and moral deliberation.

To encourage the development of virtues and moral deliberation, many of the study participants stressed the mutually beneficial value of interactions between students and professionals, as well as interactions among groups of students or professionals to discuss ethics and dealing with moral dilemmas. Deliberate discussions on cases can highlight important virtues and the array of possibilities in dealing with moral dilemmas. Professionals can personally share experiences conveying the importance of virtues such as humility, honesty, and openness. Such sharing has additional benefits of encouraging different perspectives and use of support systems. One executive leader said a powerful experience he had was when he organized a panel of accomplished business leaders to talk with students and community members about virtues important for ethical business, as well as how they dealt with moral dilemmas. People in the community still approach this leader and tell him how moved they were by that panel discussion.

As many of the study participants noted, having business professionals talk to students benefits both the students and business leaders. Students get the benefits of hearing about experiences and asking questions they may have regarding ethical issues. Business leaders benefit because talking about their own values and experiences encourages them to think about important virtues and ethics. Business schools can further encourage such interactions through networking programs, both for students and professionals. Such strategies foster experiential learning, important virtues, moral deliberation, and dramatic rehearsal promoted by Dewey

(1938). Another key factor brought up by many business leaders involved the understanding and inclusion of one's beliefs and values in professional development.

### **Beliefs and Values**

When talking about how they pursued a professionalism that fostered ethical business practices, many of the leaders stressed the importance of engaging personal beliefs and values with their work, and working for a company with similar values and beliefs. All cultures, according to Schein (2004), reflect beliefs and values, both espoused and embedded in underlying assumptions. The beliefs and values that drive an organization as part of its underlying assumptions have been at some point confirmed by shared social validation. Schein explained,

the group learns that certain beliefs and values, as initially promulgated by prophets, founders, and leaders, “work” in the sense of reducing uncertainty in critical areas of the group's functioning. And, as they continue to work they gradually become transformed into nondiscussible assumptions supported by the articulated set of beliefs, norms, and operational rules of behavior (p. 29).

These beliefs, then, become a guide to group behavior especially when dealing with difficult situations. For higher functioning, the beliefs and values need to be congruent at all levels of culture.

The social validation establishing and maintaining an organization's fundamental beliefs and values affects who is welcomed by the group. Individuals who “fail to accept such beliefs and values run the risk of “excommunication” – of being thrown out of the group” (p. 29). Individuals' comfort level with a group's beliefs and values establishes the group's internal relations. When a person's beliefs and values do not fit those of the organization there is

increased anxiety and lack of belonging. When a leader's behavior is inconsistent with organizational or personal values, confusion and conflicts arise hampering both the leader and organization's functioning.

When asked what advice they would give to business students, most of the leaders talked about the importance of holistic practices and working for a company with similar beliefs and values. Another leader explained the importance of ongoing definition of personal values saying, "Over the years, you know, looking at myself I had to figure out what my core values were. That hadn't changed too much over time, but every time you kind of reevaluate you can see some things differently." He went on to say this values definition was important for determining where one worked and maintaining that organization's ethical culture.

Another experienced leader talked about the conflict he endured while working for a CEO promoting values very different from his own. This experienced leader's advice to students would be to respond in ethical ways even if they are pressured to do things that go against their values and beliefs. He experienced firsthand the stress and risks when pressured to do something against his beliefs and values, that he said "were not worth it." As this leader pointed out, working in an organization with very different beliefs and values from one's own leads to increased stress and risk. In order for professionals to practice business holistically by engaging personal beliefs and values they need to work in an organizational culture that socially validates similar beliefs and values.

Bolman and Deal's (2008) human resource perspective emphasizes the important role of engaging beliefs and values in professional practice while affirming the need for individuals to work in an organization with similar goals and values. Proponents of the human resource perspective contend that a positive fit between individuals and organizations regarding values

and goals is beneficial for both the individual and organization. Businesses can become more productive when they provide meaningful work and help individual employees develop. Despite corporate pressures to downsize organizations and cut back on employee development, evidence has shown that “investing in people on the premise that a highly motivated and skilled workforce is a powerful competitive advantage” (p. 138).

With this understanding it is clear that companies benefit from employing people who can work with the organization’s espoused goals and values. Because of the central role in functioning, articulation of beliefs and values is instrumental to developing personal and organizational vision. This is important because shared visions create a powerful force in organizations and are comprised of individual visions (Senge, 2006). When there is a poor fit between individuals and an organization, both suffer (Bolman & Deal, 2008). Vision or purpose inconsistent with personal values of individuals in the organization will “not only fail to inspire genuine enthusiasm, it will often foster outright cynicism” (Senge, 2006, p. 208).

In light of the symbiotic relationship between organizational and individual values, encouraging personal development among employees as well as clearly espousing organizational values can increase organizational functioning (Bolman & Deal, 2008). Business schools can help both students and organizations by promoting the articulation of personal values and seeking employment in companies with similar values. Providing both experience and tools for assessing organizational cultures is an important part of the process so individuals know what to look for in a future employer. Such activities ensure the congruency or alignment between values and behaviors that creates healthier functioning at both personal and organizational levels (Schein, 2004).



To benefit long term functioning, the inclusion of personal values and beliefs needs to extend beyond job placement. Exploring the intentional engagement of values in business practices with opportunities such as ethics discussions, internships, service projects, and talking with business leaders can promote sustainable practices. This goes a step further than articulating values and goals to including them in decision making and professional practices. Responses from the business leaders indicate the importance of integrating a person's ethics, morality, values and beliefs in their ongoing business practices. An effective ethics education should include work on all of these aspects of a person's perspective of self and the world. As Gentile (2010) notes, people are able to approach conflict more constructively when operating in accordance with their highest moral values, or "move with one's momentum and energy, rather than fight against them" (p. 1). Individual and organizational values are significant because they provide a fundamental guideline for central tasks such as prioritizing behaviors and understanding perspectives of "work", the third property of pursuing professionalism.

### **Work Perspectives**

When talking about how to deal with moral dilemmas and make ethical decisions, most of the business leaders talked about the perspectives of work they found helpful. How the business leaders defined work and found meaning in their work was fundamental to most of the discussions on business ethics. For example, almost everyone stated quite simply "ethical business is good business" and described CSR as part of ethical business. Some of the business leaders explored the meaning of work more deeply by talking about having a purpose outside of making money and working in holistic ways to bring more meaning to what one does.

As pointed out earlier, Dewey's theories (1903, 1921) on education and morality emphasized the significance of social context and responsibility. From his perspective, there is

always a connection between an individual's behavior and how it affects society (Dewey, 1903). He wrote, an individual "lives in, for, and by society, just as society has no existence excepting in and through the individuals who constitute it" (p. 6). Therefore, as members of society individuals need to work towards the well-being of society. Such a view of work gives meaning to what one does professionally beyond financial gain to include social responsibilities.

A heightened sense of social responsibility was also an integral piece of Kohlberg's theory on moral development. Moral development, according to Kohlberg, shows increased reasoning skills and social awareness (Rich & DeVitis, 1985). The six invariant universal stages of moral development he defined reflect growing awareness of other people and what is best for society as a whole. As mentioned in the section on moral foundation, most adults operate at stages three and four. These stages represent thinking about one's self in relation to others and acknowledgment of personal perspectives differing from society (Power et al., 1989). The next level of moral reasoning, stage five, is characterized by pursuit of human rights and acknowledgement of possible conflict between moral and legal perspectives. Stage six, the most advanced stage of moral development, is characterized by impartiality and pursuit of justice for all people (Crain, 2005). As the stages progress, there is increasing social awareness of concepts like justice.

Social awareness, as promoted by Dewey and Kohlberg, was reflected in many of the interviews with business leaders. When asked what he would tell students, one leader said, "This idea that you have to cheat or be unethical to get ahead is just not true. Good ethics is good business." The "good ethics" this leader talked about included working with care for people and the environment. One of the younger study participants talked about his struggle with the business school's sole focus on financial gains, but he gained a renewed enthusiasm for business

when he learned about the concept of CSR. This leader now proudly works in the CSR department of a large corporation. Another individual who works for a company with a strong reputation for CSR said he hears a lot of people talk with pride about working for a business that stresses the importance of helping society.

Such comments by experienced business leaders affirmed the importance of social responsibility as recommended by Dewey (1903) and Kohlberg (Crain, 2005). This sense of social responsibility requires understandings of work as including more than a focus on personal gain or financial profit. One veteran leader who has owned several businesses pointed out the importance of helping other people, saying “It isn’t all about the money.” Another successful business leader who has led many companies explained her education was focused on how to make a profit. She became very good at helping businesses financially grow, but struggled with the inconsistencies between her work and personal values. When she came to understand the social responsibilities in work, and worked towards helping people thrive as well as businesses, she became “far more congruent” and healthier. As brought up by this leader and others, including an emphasis on the social aspects of business is often helpful in the pursuit of applying personal values and beliefs to work practices. The social awareness these leaders talked about was an important part of their work with individuals inside and outside of the organization.

Regarding the social aspects of business, some of the leaders referred to stakeholders outside of the company, like those who talked about CSR programs and philanthropy. However, many of the leaders also talked about social awareness and understandings of work applied to relations within an organization. One business leader working in a large corporation talked about the conflicting messages when teamwork was encouraged but aggressive individual success was rewarded. This leader noted the potential power of developing a sense of teamwork

saying, “Wow if I am helping someone, and that someone is helping me, the synergy there is magnified...” In order to promote such teamwork, however, many organizations and individuals need to re-conceptualize work to include more of a focus on social aspects of success and integration of personal values rather than on individualism and profit.

In light of the data and analysis’ emphasis on the social aspects of work for the property of work perspectives, Bolman and Deal’s (2008) symbolic and political frames are especially relevant. A basic assumption of the symbolic frame is “What is most important is not what happens, but what it means” (p. 253). While people have different interpretations of experiences and messages, culture unites people through shared purpose, goals, and meanings.

Many of the leaders talked about the importance of finding purpose in work extending beyond financial gain to include social responsibility. This is where several people brought up CSR and what their company was doing to help the community. In today’s world, organizations need to acknowledge they are a part of society and have a responsibility to contribute positively to society (Moore, 2010). The importance of including social aspects in work across industries is affirmed by the symbolic frame because symbols (myths, stories, celebrations, rituals, etc.) are socially constructed and represent the social realities of cultures or groups of people (Bolman and Deal, 2008). This social inclusion points to the importance of business schools and other educational providers exposing individuals to various theories on the meaning of work, such as CSR, and giving them opportunities to apply such thinking to work experiences.

Along with the inclusion of social dimensions in understanding work, many of the business leaders talked about meaningful work including the integration of their spirituality into daily decisions. These leaders described how their faith beliefs applied additional meaning to their work, and this almost always included a heightened sense of social responsibility. Such

leaders affirmed the understanding that people who engage their soul and spirituality while working can bring much needed purpose and meaning to work environments (Bolman & Deal, 2011; Naughton & Specht, 2011). Many participants who talked about their faith as being informative for their sense of ethics also talked about the challenges of engaging their faith while embracing diversity in a secular work world. Business schools can help provide direction and resources to business leaders regarding challenges of applying faith beliefs and spirituality to work practices in socially responsible ways.

With the inclusion of social responsibility in understanding work, Bolman and Deal's (2008) political frame also points out the importance of fostering constructive teamwork practices while promoting unified goals and values. Professionals in today's world more than ever before need to master the art of working in a team, because teams are promoted as being an efficient way to work and most decisions are made by a team (Senge, 2006). As mentioned in previous sections, clearly articulated goals and values play an important role in promoting focus on a unified goal and motivating individuals to work as team members. Along with a unified focus, virtues such as humility, transparency, and honesty also promote effective teamwork practices.

From a political perspective, rewards systems are relevant, because they carry powerful messages on what is really important in an organization (Schein, 2004). Often times reward systems promote individualistic success undermining an organization's work to promote teamwork. Rewards systems, therefore, need to intentionally foster virtues promoting teamwork and ethical business practices, because such virtues are the "glue that holds business relationships together, making everything else more effective and efficient" (Ferrell et al., 2011, p. 64).

Academic leadership modeling such virtues by promoting openness and honesty can help faculty, administration, and students function in effective teams and work at their best (Bolman & Gallos, 2011). Talking about the importance of teamwork, yet solely rewarding individual accomplishments and aggressive behaviors creates a tension that does not promote team work or ethical decision making. No matter what leadership of an organization says they want to see in behaviors, people do what is rewarded, and avoid what is punished (Trevino & Nelson, 2004). Reward systems integrated with activities such as group projects and networking with others can foster a work perspective including a more balanced individualistic and social perspective.

### **Summary**

The fourth and final category in this qualitative study of business ethics education is comprised of data from the 29 interviews of business leaders on pursuing professionalism. The first property included a variety of strategies to foster important virtues, shape organizational culture, and process moral dilemmas. Dewey's theories emphasized the need for learning experiences to engage the learner, foster important virtues, and include social as well as psychological components. Social awareness is an important piece of Dewey's perspective on morality that can be developed through empathic projection, creatively imagining possibilities, and dramatic rehearsal. Schein's theory emphasizes the importance of working with a unified purpose and understanding how the organization can succeed.

Bolman and Deal's (2008) structural frame gives additional depth to the analysis on strategies for pursuing professionalism by promoting clarity through the clarification and alignment of strategies dealing with values, roles, and power. Important examples given by leaders included hiring, training, promoting, and firing employees with organizational values in mind. Similar to values alignment in business organizations, it is important business schools

model and teach about the integral involvement of ethics in functioning. This includes hiring faculty members in alignment with goals who are viewed as legitimate resources for business school students. With a focus on individual development, the human resource frame stresses the importance of helping students develop holistic practices and skills promoting the relational aspects of business. An example of this includes providing experiences for students and professionals to interact.

The second property of pursuing professionalism, focused on applying personal beliefs and values to professional behaviors, as well as working in organizations with similar beliefs and values. Organizational cultures, according to Schein (2004), socially validate beliefs and values. People who work with different beliefs and values are at risk for excommunication and increased anxiety as long as they work in the organization. The human resource frame affirms the importance of individuals working for organizations with values and beliefs similar to their own (Bolman & Deal, 2008). From this perspective business schools have an important role of helping students articulate their own values and learn how to engage their values in professional work.

Besides understanding personal values, business leaders talked about the importance of applying meaning to work beyond financial gain. Both Dewey's and Kohlberg's emphasis on social responsibility and awareness provides meaningful analysis understanding work perspectives, the third property of pursuing professionalism. Bolman and Deal's symbolic and political frames emphasize the importance of exposing people to different perspectives of work to include socially responsible and spiritual components. Likewise, the political frame brings out the importance of rewarding behaviors fostering such perspectives. Work perspectives including social elements apply to internal and external work relationships promoting concepts such as

CSR and teamwork. The business leaders offered such data on strategies, beliefs and values, and work perspectives as promoting ethical professionalism at all levels of career development.



## **CHAPTER SEVEN SUMMARY, CONCLUSIONS, RECOMMENDATIONS**

This chapter offers a summary of the research findings and analysis, as well as major conclusions and implications. The major conclusions consist of sections on the benefits of business ethics education for individuals and organizations, and the need for ethics education in business schools. After explaining the major conclusions, I give recommendations for business ethics education followed by a description of study limitations. The chapter finishes with a section on some implications for theory and research, and concluding remarks.

### **Summary of Research**

This qualitative research study based on Grounded Theory techniques gathered data from long interviews with 29 business leaders regarding their perceptions of business ethics education. Study participants were recruited through purposive sampling with the help of connections in business and higher education. Most of the interviews were done in person, but some were held by telephone. Participants represented a variety of industries, companies, and leadership positions. Most were located in the Midwest, have more than 20 years of business experience, and work in national and international contexts.

The study focused on business ethics education by asking the question: Can ethics education at business schools help graduates deal with moral dilemmas and make more ethical decisions in the professional business world? Additional questions addressed included: What do business professionals think is important in regards to ethics training? What teaching strategies and experiences are the most helpful in preparing business students for dealing with moral dilemmas? And what can business schools do to help current professionals deal more effectively with moral dilemmas and ethical issues?

The long interviews with business leaders provided a significant amount of data regarding business ethics education. After transcribing and coding each interview multiple times, I categorized the data into four categories: (a) teaching and promoting ethics, (b) understanding business ethics, (c) dealing with power and pressures, and (d) pursuing professionalism. The first category of teaching and promoting ethics included the properties of business school roles and responsibilities, teaching strategies, and creating ethical cultures. The second category focused on the business leaders understandings of business ethics and included the properties of the dimensions of ethics, moral foundation of individuals, and role of ethics in a career. Dealing with power and pressures, the third category, included the properties of leadership, organizational culture, and external forces. The fourth category focused on pursuing professionalism with the properties of strategies, beliefs and values, and work perspectives.

Initial analysis using Dewey's theories on education and ethics, Kohlberg's theory on moral development, and Schein's theory on organizational culture provided deeper understanding of all four categories and their properties. A secondary analysis using Bolman and Deal's theory on reframing organizations with four perspectives gave additional insight as to how the data can inform business ethics education. As detailed in the findings and analysis chapters, the business leaders provided meaningful insight answering the research questions and informing business ethics education. One important point study participants brought up was there are a number of delivery systems for business ethics education. Higher education institutions, professional groups, and business organizations can promote business ethics through educational opportunities. The data is summarized further by looking at the benefits of business ethics education for individuals and organizations, as well as the need for business schools to include ethics education.

## Major Conclusions

### Benefits of Business Ethics Education

The 29 business leaders offered their perspectives on how ethics education can help business school students and professionals. They also talked about how business ethics education can benefit organizations. While there are some similarities, there are also differences between the two contexts so they are presented separately.

**Benefits for business students and professionals.** As discussed in the findings, the majority of business leaders who had ethics education in some form found it to be helpful in their professional development. Three of the most significant benefits discussed include: greater awareness of potential moral dilemmas, wiser decision making, and increased understanding of personal values. Although ethics education was more often not part of the business school programs attended, many of the business professionals interviewed have had ethics education from other higher education or organizational experiences. According to the data offered by the interviews, there are a number of benefits to including ethics education in business school programming.

Ethics education can orient young professionals to ethical expectations established by legislation, possible dilemmas they may face, and available resources for dealing with moral dilemmas (Alsop, 2006; Ferrell et al., 2011; Trevino & Nelson, 2004). Even though students may enter different professions and industries, there are similar expectations and experiences applicable to business practice in varying fields. For example, most of the participants talked about bribery and how business schools could help students learn to distinguish inappropriate behaviors along with the negatives of such behaviors. As noted by many authors, the ability to discern ethical questions and moral dilemmas involved in complex situations plays a vital role in

making mature ethical decisions (Assudani et al., 2011; Colby, Erlich, Sullivan, & Dolle, 2011; Quesenberry et al., 2012). Exposure to possible dilemmas and decision making models in an ethics education can help young professionals work with greater awareness of moral dilemmas and approach difficult situations with higher levels of reasoning as well as willingness to use available resources (Goodpaster, 2007).

Besides offering a chance to prepare and practice for dealing with moral dilemmas, ethics education promotes thinking with different perspectives and understanding one's own values (Ferrell et al., 2011; Gentile, 2010). Many of the research participants brought up the importance of dealing with moral dilemmas and remaining ethical despite pressures. Along with other liberal arts courses such as philosophy, ethics education encourages individuals to see the world around them in different ways and promotes practical reasoning (Colby, Erlich, Sullivan, & Dolle, 2011). Different from technical judgment, practical reasoning joins formal knowledge with pragmatic, value oriented aspects of professional practice. Economic crises, such as that of 2008, remind us of the dangers of minimizing practical reasoning and the importance of having business leaders who consider a variety of stakeholders and are "adept at thinking in an integrated, responsible way" (p.55).

Learning various ethical theories is part of this, but so is being introduced to business perspectives considering success gauged by factors besides financial profit. As 19 of the leaders pointed out work is not all about making money. The importance of encouraging greater perspectives in understanding the world and business is confirmed by Kohlberg's stages of moral development as they reflect increasing world perspective (Crain, 2005). Advancement through the stages shows greater understanding of a wider variety of viewpoints with the highest stage of

development showing concern for universal principles of well-being, justice, and individual rights.

Exposure to different perspectives and talking about dilemmas encourages people to articulate their own values and morals. This work may encourage shifting of values, or may just lead to clarification of established values. Consideration of personal values is important because it helps people to have the courage needed when making difficult decisions and actions based on those values (Gentile, 2010). As stressed by many of the study participants, articulation of values and being able to talk with others about moral dilemmas are important in establishing a strong moral foundation and vital to making ethical decisions.

While Kohlberg did not specify the importance of articulating personal values, his theory on moral development does support engagement in conversations looking at moral dilemmas, different perspectives, and personal values. Moral maturation, Kohlberg contended, emerges from thinking about moral dilemmas (Crain, 2005). Social experiences and education are a part of advancing in moral stages because they stimulate mental processes. This holds true in higher education systems and business climates where people question an individual's unexamined childhood assumptions forcing them to consider different possibilities.

An effective business ethics education can provide moral stimulation or development not available in other settings at a time when people are exploring new understandings of the world. Additional benefits including greater awareness of moral dilemmas, wiser decision making, and clarity of personal values increase the value of including ethics education in business school and other educational programs. However, such benefits are not limited to individuals, as organizations also gain positively from ethics education.

**Benefits for organizations.** The 29 business leaders interviewed showed that there are organizational benefits as well as individual benefits to having ethics education. Primarily, ethics education is a useful way to communicate and guide the development of a more sustainable, productive organizational culture. As mentioned in the literature review, business school accrediting organizations like the AACSB require the inclusion of ethics in business school programs, so ethics education in higher education is not a new phenomenon (Business Roundtable Institute for Corporate Ethics, 2007; Grant, 2008; Mele, 2008; Mullins Beggs & Lund Dean, 2007; Waples et al., 2008). From the business world perspective, legislation such as Sarbanes-Oxley (SOX) has required publicly traded companies to have ethical components such as an ethics policy and ethics hotline (Ethically Managed, 2010; The Data Governance Institute, 2012), so ethics education in business is fairly common. In fact, almost all of the companies represented by the study participants, including privately held businesses, regularly have some form of ethics education. The question is, how can ethics education benefit higher education and business organizations that promote it?

When asked about the importance of business ethics, 22 of the business leaders said ethical business is good business. Ethical business practices are more sustainable and reduce the risk of running into legal or organizational policy problems. Ethical practices protect the company and increase employee commitment, investor loyalty, customer satisfaction, and profits (Ethically Managed, 2010; Ferrell et al., 2008). People care about ethical business and believe socially responsible business is good business (Trevino & Nelson, 2004). This was confirmed by 21 of the study participants who felt it is important to work with a sense of CSR. While some businesses are willing to take the risk for short-term gains through unethical behaviors, most recognize the increased sustainability and benefits of operating ethically. Due to constant

pressures, organizations that hold high ethical standards need to frequently communicate those standards to employees and stakeholders.

For companies valuing ethical behaviors, annual ethics education communicates important values and expectations. Ethics education clarifies for employees what leaders of the organization will and will not tolerate and influences how people perceive ethical business. As many of the study participants mentioned, the annual educational component reminded them of organizational values and encouraged them to take a moment to think about how their own values applied to work. These leaders recognized that professional development demands life-long learning and practice in all fields of expertise including business ethics (Goodpaster, 2007).

Leadership based on values, modeling ethical standards, and stressing the importance of ethics provides a powerful force for professional development and shaping organizational culture (Vanourek, 2010). As Schein (2004) observed, when leaders consistently model and promote desired values, beliefs, and assumptions they are more likely to become embedded in the organizational culture. Primary mechanisms to embed values in a culture include what leaders do, pay attention to, and how they allocate resources. Investing in ethics education at a corporate level and in business schools can serve dual purposes of shaping the culture in positive ways and encouraging professional development.

The value of organizational communication of important values through ethics education is seen when hiring and firing. Twenty two of the business leaders talked about the importance of making sure potential employees are comfortable with the organization's values, including ethical expectations. This is followed up with education to further promote a good fit between employees and the organization. When used for new employee orientation, ethics education

serves as an important tool for setting the desired tone in the organization by impressing upon new employees the company does value ethical behaviors.

Ongoing ethics education reinforces values, encourages communication about ethical issues, and promotes use of available resources. While many employees may see it as one more task to accomplish, it positively communicates organizational standards and provides guidance especially when dealing with difficult situations. This potential for guidance is true in a number of scenarios including the firing of individuals who have behaved unethically according to articulated company standards. As many of the study participants talked about the challenges of firing, they also brought up its important role as a tool for ethically shaping the organization's culture. Companies connecting ethics education to hiring, promoting, and firing make a clear message about the importance of ethical behaviors.

While this research study began with discerning the benefits of ethics education for individuals, the business leaders made it clear there are benefits for organizations as well. Ethics education provides valuable communication of ethical expectations, values, and standards. More than communicating standards, ethics education provides guidance to individuals and organizations especially when dealing with important decisions such as hiring, promoting, and firing. The education, communication, and guidance provided through ethics education can be an effective way to positively shape organizational cultures increasing sustainability and productivity. Data and literature have shown there are important benefits for organizations and individuals, impressing upon higher education the need for including ethics education in business school programming.



### **Need for Business Ethics Education in Business Schools**

Study findings show that business ethics education can help people deal with moral dilemmas and make ethical decisions. However, the data also shows a need for having business ethics education at business schools. Significant reasons for the need of business ethics education include business schools' responsibilities of contributing to the well-being of society and preparing students to deal with business pressures constructively.

Business schools influence perspectives guiding leaders in the business world and have a responsibility to contribute to society in positive ways. The fact that 19 of the leaders felt business schools should take some blame for scandals in the last decade, and 24 felt business schools should do more to promote ethical business behaviors are strong indicators of a need for business schools to include more ethics in their programming. From the perspective of the business leaders interviewed, business schools have a responsibility and ability to encourage ethical business practices. In doing so, many participants said, business schools can influence the corporate world. While the institution of management has clearly shaped business schools, the reverse is also true (Khurana, 2007). Business schools focusing on technical skills to the exclusion of moral reasoning and other softer skills, has resulted in shaping graduates with a weak understanding and concern for the society they will have to function in (Colby et al., 2011). Frequent unethical behavior resulting in scandals confirms this reality.

In addition to social responsibility, business schools have a responsibility to provide adequate training to prepare students for sustainable professional work. Ethics play a key role in determining career sustainability, and ethics education can help professionals deal with the pressures of business. Twenty four participants said a person's sense of ethics does play a role in the hiring process and many stressed the importance of ethical behavior regarding career

sustainability and possibilities. Almost half of the participants energetically claimed a person's sense of ethics is one of the most important aspects of her/his abilities. As authors have contended for years, ethical business practices are more sustainable, both for personal opportunities and the company one works for (Blanchard & Peale, 1988; Senge, 2006; Trevino & Nelson, 2004).

While 20 participants stated a person's moral foundation is developed before college, 21 of the business leaders also expressed that work experiences and organizational cultures influence how a person understands business ethics. Many leaders talked repeatedly about the pressures in business and the power of organizational culture to influence "good people" to do unethical things. As Kohlberg acknowledged, moral behavior is contextually specific and all people have the possibility of acting morally or immorally (Rich & DeVitis, 1985). While organizational cultures vary in moral development, culture always exerts significant pressure on participants (Ferrell et al., 2011; O'Toole, 2010).

Whether business school education can promote moral development or not, study participants felt ethics education can help individuals develop a solid grounding in their values to deal with the intense pressures they face in business. Exploration of concepts such as morality encourages students to engage in questions of personal meaning and work more responsibly in the world around them (Colby et al., 2011). When professionals practice how to handle difficult moral situations and understand their own values they are more able to work from their strengths and act on their values (Gentile, 2010).

Responsibilities to society and students point to the need for business schools to include ethics in their programs and dedicate ample resources to do so. Some of the study participants had a business ethics class, and fewer experienced ethics integrated through core courses, but all

of the participants stressed the importance of business ethics being part of programs in some way. As many noted, ethics is a part of everyday functioning in the business world and how people respond to moral challenges determines what career options will be available. Because ethics is such a vital part of sustainability, from individual and organizational perspectives, it should be considered foundational to business school education. The abundant data provided by the experienced business leaders regarding business ethics education leads to a number of recommendations for business schools.

### **Recommendations**

After talking with 29 business leaders, it is clear that business schools and other business education providers need to include ethics education in their programming for undergraduate students, graduate students, and professionals. Another striking point coming out of the data is the value of other providers such as professional and business organizations providing business ethics education. The study participants expressed that business ethics education can play an important role in corporate organizational functioning, benefitting both individuals and organizations. Business ethics education should have components addressing all four categories of promoting and teaching ethics, understanding ethics, dealing with power and pressures, and pursuing professionalism. I recommend business education providers:

1. Include an ethics education program promoting ethics within and outside of the school campus by creating ethical cultures. This includes designating sufficient resources towards the effort, performing research to help professionals, and providing contextual learning experiences off campus.
2. Help students understand the dimensions of ethics, their own sense of morality, and how ethics affects their career.

3. Prepare students to make ethical decisions by giving them strategies to pursue professionalism and deal with business pressures. Strategies include operating with work perspectives not solely based on financial numbers, fostering virtues such as humility, and working holistically by engaging personal values.

Recommendations based on the data and analysis for each of the four categories provide a glimpse of effective business ethics education based on the insights of 29 experienced business leaders. Recommendations are shown in greater detail in Appendix C.

Regarding the first recommendation, teaching and promoting business ethics is important because ethics is integral to daily functioning for sustainable success. I recommend that ethics education includes coursework clarifying concepts of ethics and components in other courses demonstrating the involvement of ethics in all aspects of business. To increase relevancy of ethics education business schools need to employ teaching strategies moving from theory to practice such as having guest speakers, mentor programs, community service opportunities, and ethics oriented discussions covering relevant topics. Experiential teaching strategies are vital to effective ethics education and can help close the gap between higher education and the business world.

There are also numerous things business schools can do to promote ethical business practices outside of the campus. It is important to acknowledge there are other systems that can or are effectively delivering business ethics education. To foster business ethics beyond the campus higher education institutions should dialogue with these other providers to engage in mutual learning and expanding offerings. Additionally, business schools can provide research and resources assisting business leaders by modeling and promoting ethical business practices in organizational cultures. More than simply teaching, business schools can model the theories and

strategies they claim are ethical and effective. This includes showing commitment through the allocation of resources to promote business ethics and social responsibility.

Business schools can help prepare students for dealing with moral dilemmas by helping them to understand business ethics, the second recommendation. This involves looking at the dimensions of ethics by clarifying concepts and emphasizing social aspects in ethics specific coursework. Both data and theory call business schools to consider moral growth as an important goal of education promoted through exposure to higher levels of moral thinking and experiential learning in various social contexts. Business schools can acknowledge the role of ethics in a career by integrating it in core disciplines, encouraging open discussions, and exposing students to professionals who can share their experiences from an ethics perspective. As some of the business leaders noted, providing opportunities for professionals to talk with students benefits professionals as well by affirming ethical behaviors and the importance of thinking about one's own values. Such sharing often leads to the inevitable role of dealing with power and pressures.

The third recommendation is focused on providing strategies to pursue professionalism and deal with power and pressures. Business schools can help students prepare to make ethical decisions by helping them learn how to understand the pressures involved with all three properties of leadership, organizational culture, and outside forces. Teaching students how to model ethical leadership, assess and shape organizational cultures to be more ethical, and balance the pressures of outside forces are examples of how ethics education can help individuals become more prepared to deal with moral dilemmas and respond ethically. While considering the power and pressures in business that either challenge or enable ethical business practices,

most of the business leaders talked about the importance of intentionally pursuing professionalism.

In order to provide an effective ethics education, it is recommended that business schools offer ethics related components regarding pursuing professionalism. This component includes strategies to foster virtues such as honesty and skills for ethically shaping cultures. Helping students articulate their own values so they can work in holistic ways and exposing them to various perspectives of work can give students a solid foundation enabling them to face moral dilemmas in healthier ways.

As the business leaders brought up, it is important that business schools not only include such important components of ethics in their programming, but also in school functioning. Objective assessment of how business schools demonstrate ethics and related concepts is just as important as teaching ethics. Modeling along with teaching that ethical business is good business can be the most powerful work a business school does.

### **Limitations**

Like any research study, this qualitative study has limitations that are important to note. Two limitations include a lack of random sampling and possible bias regarding my religious affiliation. A primary limitation is the purposive sample of 29 business leaders was not a random sample of leaders from a national or international perspective. Some skeptics may question the validity of a study only involving people who advocate for business ethics. However, the depth of participant experiences with what they considered unethical leadership or organizations counters such an argument. Many of the business leaders interviewed talked about the repercussions they experienced after being pressured or participating in unethical behaviors.

The business leaders interviewed represented a variety of industries and business school experiences, but the majority of participants were Caucasian males with a Christian faith background. Eight females, one Hispanic, and two individuals with a Jewish faith background participated in the study representing non-Caucasian Christian male leaders. Such a small representation of people from other faith backgrounds, gender and minority groups, limits the study data in regards to insights leaders from minority groups can offer relevant for business ethics education research. Most of the business leaders were located in the Midwestern portion of the United States, although they all participate in business at a national and/or international level.

Of the 29 participants, nine were recruited through connections with business schools at several Catholic universities. Not all of these participants represented the beliefs of the Catholic Church, but almost all of them came from a Christian background. In fact, a majority of participants including those not connected with a faith based business school talked about their faith as informing how they have dealt with ethics.

Researcher biases stemming from my background and belief systems may have limited what individuals said and what was concluded from the data. Furthermore, participant perception of my position as an ordained Protestant female clergy may have influenced what was offered. To my knowledge, however, only three individuals knew I was an ordained clergy before the interview, and the rest of the participants were genuinely surprised when I informed them of my role as an ordained clergy after the interview was completed. Getting a neutral perspective from my dissertation chairperson, Dr. Thomas Fish, helped me to question assumptions and dig deeper into the data. Despite the limitations of the participant group and researcher bias, the 29 business leaders offered a great deal of insight to dealing with moral

dilemmas and the benefits of ethics education leading to implications for business schools, organizations, and professionals.

### **Implications for Theory and Research**

#### **Theory**

There are several theoretical implications of this research. First, while many authors profess the importance and benefits of business ethics education, there is very little research substantiating their claims. This qualitative study getting input from 29 experienced business leaders validated the belief that business ethics education in business schools can make a difference. The strong data regarding the influence of organizational culture on professionals also refuted the belief that a person's moral development is done by the time they reach higher education, hence eliminating the need for ethics education. Such research findings confirm the value of having ethics education at all levels and open the door for moral development theories covering a whole life span.

#### **Suggested Research**

Future research looking at business ethics education outcomes and how they apply to professional practices can help the effort of developing more effective ethics education programs in higher education. Studying the effects of different business ethics education delivery systems such as higher education, professional, organizational can help these different systems learn from each other to provide the most effective educational experiences. Recruiting a larger sample of business leaders representing more gender, faith, and cultural groups for this research on business ethics education would have been ideal. A larger participant group from various countries could have provided an even greater view representing international business leadership perspectives of business ethics education.



Additional recommendations for research on pedagogy and outcomes include studying the number of business schools promoting ethics education as a part of their programming and how they do so. While many schools include a statement about ethics in their values and goals, there is little proof they actually do promote ethical business practices. The studies found in literature looking at this are outdated, and many authors proclaiming the lack of ethics in business school education do not have current statistics to back up their claims.

With ethics playing a central role in professional development and career opportunities, there is doubt that it is getting the attention needed in business school programming (Bennes & O'Toole, 2005; Khurana, 2007). Practical research connecting with business professionals is needed to advocate for ethical business practices and close the gap between higher education and the business world. Examples include research studies focused on helping professionals work in more holistic ways, evaluating the effectiveness of corporate ethics education programs, assessing what tools can most effectively shape or transform organizational cultures ethically, and evaluating the cost effectiveness of ethical cultures. Such research focused on ethics and related concepts in the business world could assist business educational programs in helping individuals develop sustainable careers despite moral challenges and pressures. Business schools and other educational providers responding to their social responsibilities in such ways ultimately leads to the creation of ethical business cultures promoting success from the perspectives of all stakeholders.

### **Concluding Remarks**

Business leaders are confronted by moral dilemmas on a daily basis. Whether those challenges are as routine as how to deal with a coworker's discriminating comment or as significant as being pressured to falsify company records, how a person responds affects many

factors including their career and society's well-being. The pressures placed on business professionals to perform often create challenges to doing what that individual considers morally correct. As many of the business leaders noted in this qualitative study on business ethics education, it is not always clear when one is facing a moral dilemma. Social, psychological, and contextual complexities add to the difficulty of dealing with ethically challenging situations.

In light of frequent news about unethical business behaviors, I have asked the question: Can ethics education at business schools help graduates deal with moral dilemmas and make ethically conscious decisions in the professional business world? This is a significant question many authors have answered with a resounding "yes," but have failed to substantiate their answer with data from business professionals. After long interviews with 29 experienced business leaders, it is clear that business ethics education is beneficial for both individuals and organizations. Study participants' views on the role and responsibilities of business schools also establish a need for business schools to include ethics education if they are to promote successful development of students as professionals and add to the well-being of society.

Despite a common skepticism regarding the relevancy of higher education for the business world among study participants, there was a uniform belief that business schools can positively influence society by teaching, researching, and modeling business ethics. As many of the leaders noted, ethical business is good business. Ethics leads to more sustainable, productive careers and organizations. Study participants showed that people want to work in ways aligned with their values and thrive when they do so with a purpose greater than financial gain.

In order for business schools to fully prepare students to deal with moral dilemmas and make ethical decisions they need to teach and promote ethics on and off campus, promote understanding of ethics, address the power and pressures professionals have to deal with, and

help individuals pursue professional growth. The 29 experienced business leaders have made it clear business schools can and should do this without apology or justification. Ethics is a part of business and including ethics education is simply part of providing a good education.

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## Appendix A

**CONSENT FORM**  
**UNIVERSITY OF ST. THOMAS***A Qualitative Study Identifying the Effectiveness of Ethics Education in Business Schools*

# A11- 205-01

I am conducting a qualitative study identifying whether or not business professionals feel ethics education is helpful and, if so, what teaching strategies are most helpful in preparing people for dealing with moral dilemmas in the work place. I invite you to participate in this research. You were selected as a possible participant because of your experience in the business world. Please read this form and ask any questions you may have before agreeing to be in the study.

This study is being conducted by:

Rev. Karen Schuder, Student in University of St. Thomas Educational Doctorate in Leadership program.

Dissertation advisor is Dr. Thomas Fish

**Background Information:**

The purpose of this study is to help business schools identify if ethics education is helpful for business professionals in dealing with moral dilemmas, and if it is, what teaching strategies or experiences are the most effective.

**Procedures:**

If you agree to be in this study, I will ask you to participate in an interview lasting ninety minutes or less by telephone or in person at a time and place of your convenience. The interview will be recorded and a transcript will be made to ensure accuracy of the data. You will be given an opportunity to check transcripts and if I have further questions I would like to be able to make a follow-up phone call or email.

**Risks and Benefits of Being in the Study:**

The study has several risks. First there is a risk that what you say will be misrepresented, but to reduce this risk interviews will be recorded, transcribed, and you will have an opportunity to read through the transcript. Second, there is a risk that what you say will not be received positively by an organization. To avoid this risk, however, names will not be included in the study results and no one other than my advisor and I will have access to interview recordings and transcripts. Despite such precautions there is a risk someone's story may be recognized.

The direct benefits you will receive for participating includes helping business schools identify what teaching strategies and experiences can help students and business professionals effectively deal with moral dilemmas in the work place. This may help provide resources you and others can use to more effectively deal with moral dilemmas, as well as more adequately prepare future business leaders.

**Compensation:** There will be no compensation for the participants.



**Confidentiality:**

The records of this study will be kept confidential with digital information stored in a password protected computer and paper copies stored in a locked file. In any sort of report I publish, I will not include information that will make it possible to identify you in any way. The types of records I will create include written survey, recording and transcript of the interview. My advisor and I will be the only individuals with access to the surveys, interview recordings, and transcripts. I will use pseudonyms for institutions and participants unless the information used is public data.

**Voluntary Nature of the Study:**

Your participation in this study is entirely voluntary. Your decision whether or not to participate will not affect your current or future relations with the organization you are working for. If you decide to participate, you are free to withdraw at any time up to and until completion of the study. Should you decide to withdraw data collected about you will be deleted. You are also free to skip any questions I may ask.

**Contacts and Questions**

My name is Rev. Karen Schuder. You may ask any questions you have now. If you have questions later, you may contact me at 218-728-6205. You may also contact my instructor, Dr. Thomas Fish, at 651-962-4436. The University of St. Thomas Institutional Review Board can be reached at 651-962-5341 with any questions or concerns you may have.

**You will be given a copy of this form to keep for your records.**

**Statement of Consent:**

I have read the above information. My questions have been answered to my satisfaction. I consent to participate in the study. I am at least 18 years of age.

\_\_\_\_\_  
Signature of Study Participant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Study Participant

\_\_\_\_\_  
Signature of Researcher

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Instructor

\_\_\_\_\_  
Date

## Appendix B

### Interview Questions

#### Demographic information

Gender:

Years of professional business experience:

Educational background:

Region work (geographical):

Current Position:

- 1) How would you describe the business you work for/with? (size, general location, industry)
- 2) What ethical issues or dilemmas have you faced in your work?
- 3) How well prepared did you feel by the business school education you had?
- 4) Business schools have been criticized in response to the prevalence of business scandals, do you think they should be? Why or why not?
- 5) What ethics education do you remember having at the business school you attended?
- 6) What was most helpful?
- 7) What was not helpful?
- 8) What could have made the ethics education more helpful? (E.g. Are there specific kinds of case studies, experiences, or reading that could be most helpful?)
- 9) When and how do the issues of power within corporate structure and its effect on ethical decision making come up?
- 10) If you are hiring, does a potential employee's ability to deal with moral dilemmas and make ethical decisions play a role in the process? If so, how?
- 11) If you were talking to a class of business school students, what would you tell them about the role of ethics in their career?
- 12) What would you tell students is important to learn or understand in order to deal with moral dilemmas and make ethical decisions?
- 13) What would you say has informed your sense of business ethics and how you deal with moral dilemmas?
- 14) What training or experiences would help you deal with moral dilemmas now?

## Appendix C

### Recommendations for Business Ethics Education

#### Teaching & Promoting Ethics

##### Business School Role & Responsibilities

- Include ethics because it is integral to daily functioning & succeeding
- Allocate resources showing importance of ethics

##### Teaching Strategies

- Experiential learning (i.e. projects, internships, service opportunities)
- Use stories and realistic case studies (not just extreme cases)
- Use social environment for learning experiences
- Expose to variety of perspectives
- Ethics based discussions and opportunities promoting reflection across curriculum
- Liberal arts and humanities courses to promote thinking differently and collateral learning

##### Creating Ethical Cultures

- Social responsibility extends beyond campus
- Model ethical business practices and perspectives
- Provide research and resources for businesses in regards to ethics and organizational culture
- Close the gap between higher education and business world
- Promote networking, support systems, teamwork
- Celebrate ethical businesses

#### Understanding Business Ethics

##### Dimensions of Ethics

- Clarify ethics concepts
- Emphasize social aspects
- Provide ethics specific classes

##### Moral Foundation of Individuals

- Promote social awareness through experiential learning and networking
- Expose to higher levels of thinking
- Give opportunities for discussion and processing moral dilemmas
- Develop awareness of influences of leadership and organizational cultures

##### Role in Career

- Integrate ethics in all disciplines
- Expose to ethical impact on career

## **Dealing with Power and Pressures**

### Leadership

- Model and promote ethical leadership
- Teach about positive ways of embedding culture as leaders

### Organizational Culture

- Educate on organizational culture and how to assess
- Use ethics education to positively shape culture
- Provide cultural assessment tools
- Assess business school culture and work towards alignment at all levels

### Outside Forces

- Teach balance between survival, success, and all stakeholders' needs
- Promote articulation of organizational values and goals with consideration of stakeholders
- Clarify business components of outside forces such as legislation, cultural differences, etc.
- Teach goal building skills

## **Pursuing Professionalism**

### Strategies

- Experiential learning opportunities
- Promote virtues such as humility, honesty, and openness
- Develop skills for strategies to shape culture and align with values (e.g. hiring, firing, communication)
- Encourage networking and mentor opportunities
- Model involvement of ethics and values in functioning strategies
- Provide interactions between professionals and students

### Beliefs and Values

- Articulate personal beliefs and values
- Promote working for organizations with similar values
- Resource on engagement of personal values and beliefs in professional practices

### Work Perspectives

- Expose to various perspectives of work
- Expand awareness of social responsibility
- Help engage faith with work
- Foster and reward teamwork