



Business Roundtable
Institute for Corporate Ethics

Shaping Tomorrow's Business Leaders:

Principles and Practices for a Model Business Ethics Program

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Business Roundtable

Tomorrow's business leaders will need to be nimble and able to incorporate all aspects of good decision making in an increasingly global and complex business environment. Ethical leadership is vital to the future of American business. Today's executives should take an active role with business schools to ensure that current students are fully prepared for the responsibility and authority they will take on.

In 2004, as part of our overall efforts to build and sustain public confidence in the marketplace, Business Roundtable - an association of chief executive officers of 160 leading U.S. companies with \$4.5 trillion in annual revenues and more than 10 million employees - established the Business Roundtable Institute for Corporate Ethics. The Institute brings leaders from business and academia together to renew and enhance the link between ethical behavior and business practice.

This report - *Shaping Tomorrow's Business Leaders: Principles and Practices for a Model Business Ethics Program* - identifies key principles and leading practices and recommends actions for developing strong ethics programs and building an inspiring vision of the future for tomorrow's business leaders.

As a nation, we need to cultivate our human resources and enhance our educational opportunities. As a business community, we need to support public and private sector efforts to equip our young people with the skills they need to compete in an increasingly demanding global environment. As individual corporate leaders, we need to recognize that success depends not just on our own knowledge and wisdom but also upon our ability to recruit, develop and empower an effective workforce. We also need to model the qualities that we require in our employees - and demonstrate the value of incorporating ethics into everyday business practice and decision making.

Our world is rapidly changing - and the changes affect every business, every industry, and every country. The future growth and competitiveness of U.S. business are at stake. The business world eagerly awaits tomorrow's strong and ethical leaders.

Harold McGraw III
Chairman, Business Roundtable
Chairman, President and CEO, The McGraw-Hill Companies

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Shaping Tomorrow's Business Leaders: Principles and Practices for a Model Business Ethics Program

Putting Ethics into Business

Many leading businesses no longer debate the legitimacy of the role and importance of ethics; rather, they are forging ahead, finding new ways to put ethics into practice. A few recent examples highlight the acceleration of firms taking initiative in developing ethical business practices: Nestlé releasing the 2006 Water Management Report on sustainable water management and signaling a company commitment to this issue;¹ CEOs of 10 industrial companies (including Caterpillar, Inc., Deere & Company, and DuPont) publicly advocating for major reductions in greenhouse emissions;² GE's Ecomagination, investing in technology and innovation toward environmentally sustainable business ideas;³ and Business Roundtable's training program for over 20,000 construction workers in the Gulf Coast states following the 2005 hurricane season.⁴ This report aims to move beyond questioning the value of integrating ethics into the business school enterprise while moving forward to accelerate academia's ability to keep pace with the speed of business in developing the next generation of business leaders.

Successful and sustained businesses, at their cores, share a universal trait—they are focused on providing value to and sharing values with the societies in which they operate. In many cases, the members of these societies are directly involved with the companies as customers, employees, suppliers, and shareholders. Fundamentally, business is about creating value for stakeholders.

Companies also embed ethics into business in a very basic way by adding value to people's lives. Examples of this include developing products that make life more enjoyable like Apple's iPod or offering progressive employment practices like PepsiCo's flexible work programs.⁵ The interests of companies and their stakeholders are, and should be, inextricably linked.

Partly due to these links, business is being called upon to play an increasingly significant role in addressing our most pressing social issues, some of which include education, health care, and the environment. In a 2006 McKinsey Quarterly survey, 59% of business executives surveyed agreed that their peers play "some" role but not a "leadership" role in addressing public issues.⁶ When that group was asked, however, what role executives should play, 44% promoted taking on a leadership role. Preparing future business leaders to take on a leadership role can have a significant impact not only moving society forward on some of the most pressing and difficult issues of today, but also in further tapping the creative and entrepreneurial potential of business.

Addressing the growing challenges of business and the expected role that future business leaders will be called upon to fulfill is part of the academic imperative confronting business educators. In particular, business schools must provide a foundation by introducing and preparing tomorrow's organizational leaders for the interconnectivity of business, ethics, and society. *Shaping Tomorrow's Business Leaders: Principles and Practices of a Model Business Ethics Program* draws from the collective expertise of business ethics academics and current business leaders to provide actionable recommendations for stakeholders interested in implementing a successful business ethics program.

Putting Business into Ethics

The Business Roundtable Institute for Corporate Ethics's (the Institute) approach toward envisioning a model business ethics program in business schools reflects the larger and more prominent mindset necessary for envisioning the critical role of business schools themselves. Large and small corporations from around the globe draw much of their leadership and management talent from business schools, not only by educating individual leaders and managers, but also by serving as a prime resource for innovative management thinking.

To successfully incorporate ethics at the core, business schools must clear substantial hurdles. Among the major obstacles to success are: the magnitude of the task such that there needs to be a broad-based enterprise ethics approach; the challenge of achieving wide support and participation of faculty across other core disciplines; and the lack of recognition for the urgency needed in this effort.⁷

Business schools have made a great deal of progress in these areas over the past decade. The number and quality of required and elective business ethics courses has grown, as have the extra-curricular offerings and the recognition by other faculty that ethics is a core business discipline. A 2007 study of ethics, sustainability, and corporate social responsibility programs from the *Financial Times* top 50 business schools found an increase in the number of stand-alone ethics courses offered to 25% of respondents, up from 5% in a 1988 study.⁸

In a 2006 Institute survey⁹ conducted for this report, 59% of respondents rated their own school's program as either excellent or good for its effectiveness in embedding ethics into the decision-making of tomorrow's business leaders. When asked to assess changes in the past three to five years, 75% responded that the attitudes of faculty from other areas of the business curriculum had grown increasingly positive towards the ethics curriculum.

The *Shaping Tomorrow's Business Leaders* report acknowledges not only the significant constraints and barriers to achieving success, but also the effort and progress achieved by business schools. The report offers a new framework and set of principles and practices for further developing, evaluating, and enhancing business ethics programs that will meet the needs of tomorrow's business leaders. Today's call to action is to determine how future managers can be better equipped to meet rising financial and ethical expectations.¹⁰

Overview

The Institute has engaged a number of business and academic perspectives in order to develop a model business ethics program. In July 2006, the Institute surveyed members of the Society for Business Ethics¹¹ (SBE), a professional organization of over 700 business ethics academics from more than 40 countries, on a number of topics related to business ethics programs. In a standing-room-only session with over 100 business ethics educators, the Institute hosted a panel on this topic during the August 2006 SBE annual meeting led by Institute Academic Advisors George Brenkert, Joshua Margolis, and Diana Robertson. Other academic and business thought leaders also contributed to the report. This report is structured around the three-level framework—Course, Curriculum, and Community—which emerged from the group discussion.

Combining perspectives from a number of experts, the report's principles for a model business ethics program represent the group's collective aspirations. The report specifies common principles,

objectives, and themes for MBA programs; isolates leading practices as well as the major challenges and areas for improvement; and moves the conversation around envisioning a model ethics program forward from theory to implementation.

Background

While the business ethics discipline has matured over the past several decades, a number of issues concerning best approaches continue to be debated. Some notable and well-documented discussions have covered a wide spectrum of perspectives (**Figure 1**). These viewpoints have come from academics, accreditation agencies, reports analyzing business school rankings data, media groups, society, and business. Some of the leading viewpoints are described herein.

Figure 1. Selected perspectives in thinking on business ethics programs.

<i>Can Ethics Be Taught?</i> (1993)	AACSB Accreditation Review (2003)	Report on Ethics at FT Top 50 Programs (2007)	Report on Shaping Tomorrow's Business Leaders (2007)
<ul style="list-style-type: none"> • 5-year effort at HBS to fully integrate ethics into curriculum • Numerous studies, including Mary Gentile's "Barriers Report" • Furthered discussion on how to prepare future business leaders 	<ul style="list-style-type: none"> • Decision not to require ethics course for accreditation • Sparked debate among academics on the "gold standard" for business ethics programs 	<ul style="list-style-type: none"> • Review of ethics programs in leading business schools • Looks separately at ethics, CSR, and sustainability • Highlights leading practices 	<ul style="list-style-type: none"> • Offers framework for thinking about ethics in business schools • Proposes principles for model business ethics program

In 1993, *Can Ethics Be Taught?* authors Thomas Piper, Mary Gentile, and Sharon Daloz Parks detailed one academic view of the challenges involved in Harvard Business School's five-year effort of institutionalizing ethics into the first-year MBA curriculum. Part of this effort, Gentile's "Barriers Report,"¹² distilled a list of challenges, or barriers, for faculty attempting to integrate ethics into the first-year MBA curriculum. Gentile identifies levers for working through the barrier issues and for working toward success in these efforts.

A decade later, after a review of its accreditation standards, the Association to Advance Collegiate Schools of Business (AACSB) recommended that business school programs incorporate ethics content into the curriculum by choice. It did not specifically recommend that business schools require a stand-alone ethics course. The decision was controversial and openly opposed by many members of the Society for Business Ethics and the Social Issues in Management Division of the Academy of Management. A group of scholars requested additional dialogue on the issue of mandating "a required, stand-alone business ethics course as a requirement for achieving accreditation."¹³ This faculty group generally argued for a required, broad foundational course in business, ethics, and society, taught early in the program by trained ethics professionals and supported by systematic integration throughout the rest of the school's curriculum, along with other available ethics electives.¹⁴ Dr. Milton R. Blood, Managing Director of Accreditation Services for AACSB International, responded to the group of scholars saying, "Though we disagree on the one issue of a mandated course, I hope you will concur that there is much more on which we agree concerning the importance of ethics in education."¹⁵

The 2007 report “Ethics, CSR, and Sustainability Education in the *Financial Times* Top 50 Global Business Schools: Baseline Data and Future Research Directions” examined the coverage and inclusion of these topics in this group of leading business schools. The study aimed to identify current practices in MBA education; to examine trends in the topics of ethics, CSR, and sustainability; and to determine areas where additional research is needed. Findings indicated that one-third of the top 50 *Financial Times* business schools mandate inclusion of all three subjects in their curriculum, while 84% require mandatory courses in at least one of the topics.¹⁶

A Historical Viewpoint – Diane Swanson

In the early 1990s, the Association to Advance Collegiate Schools of Business (AACSB) modified its previously stronger policy on teaching ethics in the business curriculum by adopting more flexible, mission-driven accreditation standards. The new standards effectively allowed stand-alone coursework to be dismantled in favor of distributing ethics across the curriculum. In 2003, as news of corporate scandals hit the media, Bill Frederick and I led a petition campaign in support of Duane Windsor’s *Open Letter on Business School Responsibility*.¹⁷ The campaign’s intent was to encourage the AACSB, which was in the process of revising accreditation standards, to accept the recommendation made by hundreds of ethics professionals that at least one ethics course be required for accreditation. AACSB rejected our recommendation in favor of a more flexible standard.



We feel a required, stand-alone, foundational ethics course in the business school curriculum helps prepare students for fast-growing careers in ethics, compliance, and corporate social responsibility. The three-part benchmark standard for business ethics education is quite straightforward:

1. A required, foundational ethics course is necessary.
2. Efforts to integrate ethics across curriculum should be a goal.
3. Extra-curricular initiatives, such as offering service learning projects, are highly desirable.

The three-part benchmark standard, taught by ethics-trained faculty who give priority to the subject of ethics, allows for coherent and in-depth coverage across the curriculum. Signaling to students that ethics has a high priority, this practice 1) counterbalances the amoral subtext that dominates much of business education, 2) offers the conceptual building blocks needed to make integration effective and life-learning possible, and 3) renders an accurate assessment of learning outcomes possible.

By using the more flexible standard, two assessment errors are inevitable. First, diluted, trivialized, and scattered ethics coverage may be mistaken for comprehensive, substantive ethics content. Second, acceptable ethics coverage may be equated with the language, but not the substance, of ethics integration. The first step toward remedying these problems is to require a stand-alone, foundational ethics course in the business curriculum.

Diane Swanson is the von Waaden Professor of Business Administration at Kansas State University where she teaches undergraduate and graduate courses in Business and Society and Professional Ethics and serves as the Founding Chair of Kansas State’s Business Ethics Education Initiative.

Principles of a Model Business Ethics Program: Course, Curriculum, and Community

To outline a model business ethics program, this report employs a framework based on three interconnected dimensions: Course, Curriculum, and Community. The framework starts with suggested principles for the individual ethics foundational course, set within the full business school curriculum, comprised of all courses of various disciplines, and nested in the context of the overall academic community.

It is important to consider not only the effect of a single course, but also the combination of courses and how ethics is integrated throughout to form a curriculum. The stand-alone course is critical, but if ethics is not integrated into other courses, then it is much less effective. Additionally, it is essential to analyze the culture of the school or of the department. Stakeholders need to think in terms of the particular course within the context of the entire curriculum and embedded within that entire community or culture. All three components are necessary and work together to support a model business ethics program.

Course

An ethics course should be:

1. Grounded in the leading thinking and practice about ethics and moral philosophy from academia, business, and other organizations;
2. Connected deeply to all other disciplines of business, including management, leadership, strategy, finance, business law and organizational behavior, based on a belief that business ethics is inherently interdisciplinary;
3. Required as a foundational course placed early in the curriculum, taught by ethics-trained faculty or a multi-discipline faculty team including ethics-trained faculty;
4. Designed to promote highly-engaged student participation through a variety of teaching tools and techniques such as small class size, outside speakers, experiential components, case studies, etc.;
5. Aimed at preparing students for understanding their roles as ethical leaders, managers, and followers.

Curriculum

As an integral part of the curriculum:

1. Ethics should be a core and fundamental business discipline;
2. Ethics content should be integrated into all other business disciplines, and other business content should be integrated into the ethics discipline;
3. Ethics content should be equally weighted and valued with other disciplines through early semester introduction, required, graded content, the offering of ethics electives, etc.

Community

The entire academic community (students, faculty, administration, and business partners) should:

1. Demonstrate commitment to ethical practices;
2. Support ethics programs through an active research process that produces leading-edge field research, practice aids, published works, and teaching materials;
3. Collaborate on issues such as recruiting, role models, and relevant research.

Course

Principles

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A course is a group of classes designed by a professor or professors to be taught to a set of students in a series during a semester. Three overall goals and objectives for the course are: imparting concrete knowledge to students about ethical theory and frameworks for analysis; helping students develop a set of skills for integrating ethical concepts into business decision-making and management practices; and moving students to greater self-awareness by encouraging personal reflection and values clarification—on individual, organizational, and societal levels.

Addressing the first objective of imparting concrete knowledge is like explaining the rules of the game. The foundational ethics course should include key ideas such as: analytical frameworks, alternative models of business, capitalism and value creation, shareholders and other stakeholders, social responsibility and sustainability, how to treat people, business in a global context, fiduciary duties, and fraud.

The second objective is to help students develop a set of concrete skills. One of these skills is having the courage to speak up. This might occur through a required course where students test their beliefs and argue with one another using a case discussion method. Aspen Institute's Business and Society Program is developing materials through the "Giving Voice to Values" project, which will provide specific tools for teaching this skill.¹⁸

The ability to apply frameworks is another valuable skill to be fostered in a foundational ethics course. Regardless of the particular framework specific to a given course, students can understand the need to apply an analytical framework when they are making management decisions, rather than assuming intuition is sufficient.

It is crucial to help students see themselves as future managers who will have power and responsibilities or as future leaders who will be able to influence their organization and community.

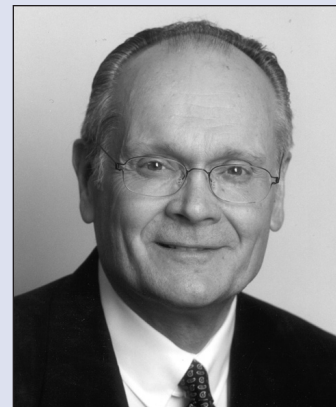
The third objective of a stand-alone course is to engage students in a process where they can develop a greater self-understanding. Students should be encouraged to reflect on their own ethics and sense of themselves and on the views of other students whom they encounter in the classroom and who may have radically divergent points of view.

The second component of this is implicitly, and in some ways tacitly, to help students develop their moral imagination. Social scientific research shows that self-construal, how people see themselves, has a dramatic effect on their behavior. It is crucial to help students see themselves as future managers who will have power and responsibilities or as future leaders who will be able to influence their organization and community.

Students will need to understand, for instance, the influence of authority structures, incentive systems, role assignments, performance management systems, and leadership on employees' ethical behavior. They also must clarify their own boundaries around what specifically they will and will not do as employees early in their careers, repeatedly considering what it means to be responsible leaders and actively engaging in the study of current business issues they may face as future leaders.

An Update on *Can Ethics Be Taught?* – Thomas R. Piper

In our 1993 book, *Can Ethics Be Taught?*, Mary Gentile, Sharon Daloz Parks, and I found a need for the following ethics requirements in an MBA program: 1) a graded, 30-session course offered early in the curriculum, reinforced by electives and outside-the-classroom speakers; and 2) an ongoing effort to include ethics issues in other required courses. The program at Harvard Business School features all of these elements.



Our emphasis is on a three lens model: an economic imperative; a legal/regulatory imperative that connects to public policy concerns; and an ethical imperative. We believe that each lens is very important; no one lens is sufficient; all three must be given strong weight in assessing strategy and action; all three must be reflected in the organizational processes, systems, and structure that guide thought and action.

Our staffing model for such a required course reflected a need to develop a fresh way of thinking about the challenges of leadership. The Leadership and Corporate Accountability (LCA) teaching group includes faculty trained in law, ethics, marketing, finance/accounting, economics, general management, strategy, and organizational behavior.¹⁹

I believe our three lens and staffing models have contributed substantially to broad faculty support for the initiative and to very high student evaluations of the course's impact in preparing them for their careers. The broadened support for the initiative has also contributed to increased interest in distributing these topics in a number of required courses in ways that legitimize concern for law and ethics. We question, however, whether a distribution strategy by itself will provide a sufficiently coherent learning experience.

Thomas R. Piper is the Baker Foundation Professor and Lawrence E. Fouraker Professor of Business Administration, Emeritus at Harvard Business School.

Use of Narrative in Class – Timothy Fort

Cases are narratives; they are stories about something that happened that we can then analyze. It's important to include the use of narrative in class, and there are often other more subtle and powerful forms of narrative that can be used as well.

On the micro-level, sharing personal stories gives students permission to share their own stories. Story-telling is a natural way to communicate about ethics. Without turning the classroom into a therapy session, sharing stories of struggle invites students to share their own accounts. As students share their personal stories, they begin to connect with the larger themes of ethics.

As a first assignment, students in my class tell a personal story of something that happened in business that they believed to be good. They then justify why it was good beyond the sentiments of just feeling good. This proves to be a difficult task and one that leads students to more principled thought while grounding them in their own experiences.

On a macro-level, the class itself can be used as a model of a narrative story on how to create positive organizational cultures. Simple things like detailing a syllabus can be linked to contract models. A syllabus is an extant social contract, and we evaluate a contract not only by consent but also by whether it meets certain overarching norms of higher education. Giving students a voice in how the class runs can be linked to stakeholder theory. Without going so far as to make the class a democracy, a voice does allow student input and insight for class enrichment. Allowing students to “elect” the virtues they would like enacted in their own hypothetical corporation gives them a feel of virtue theory as well. Should students later ask how these theories apply in a business organization, faculty can reference how it worked in class because the narrative, that is the class, just exemplified the content of the theories.

Timothy L. Fort is the Executive Director for the Institute for Corporate Responsibility and Lindner-Gambal Professor of Business Ethics at the George Washington University School of Business.



Curriculum

Principles

As an integral part of the curriculum:

1. Ethics should be a core and fundamental business discipline;
2. Ethics content should be integrated into all other business disciplines, and other business content should be integrated into the ethics discipline;
3. Ethics content should be equally weighted and valued with other disciplines through early semester introduction, required, graded content, the offering of ethics electives, etc.

The curriculum is the total group of courses available across a variety of disciplines over the time-frame of the student experience in an educational institution. A key point to note about ethics in the curriculum is the value of starting the conversation about ethics early. This not only demonstrates the importance of ethics, but also raises awareness so that future learning opportunities are recognized. Early inclusion may involve incorporating ethics into orientation or delivering ethics modules.²⁰

Once the issues have been introduced, the challenge is to determine methods for continuing those conversations throughout the curriculum among both the students and faculty. Weaving ethics into discussions in other core business disciplines, offering additional ethics electives, and incorporating other business content into ethics classes are several important features of a seamlessly integrated curriculum.

Faculty members may view themselves primarily as individuals responsible for teaching particular courses—a view which might be detrimental to a curriculum integration effort. Taking an alternative perspective can better assist in the integration, especially if a faculty member takes a broader view of himself as a part of a larger group of faculty. George Brenkert observed:

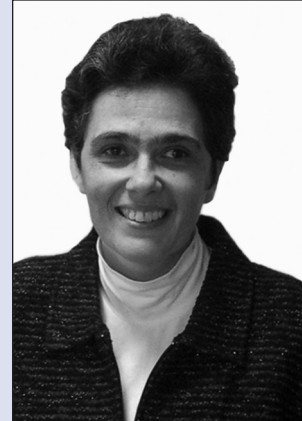
We need to think of ourselves not simply as individual faculty members teaching this or that course, which then we have control over, but how do we fit within a faculty; how do we relate to our students; and how do we relate to the outside world such that we can try to bring these different kinds of pressures to bear, to bring out the ethical dimensions that we think are so important in education that includes business ethics.

All business school stakeholders must determine where they can best influence and engage in the effort of integrating ethics throughout the course, curriculum, and community. An ethics faculty member can positively affect the curriculum by encouraging students to raise ethical issues in other classes. Students can make other faculty aware that they view ethical dimensions of business as important. Faculty in other business disciplines can work together with faculty in ethics to enhance the cross-pollination of ideas: incorporating ethics into courses and materials from other disciplines and incorporating key concepts from other disciplines into the ethics courses. Ethics faculty also can help demystify business ethics by clarifying with faculty in other disciplines how to effectively frame ethical concepts and encourage ethical conversations in their own courses.

Strong commitment and funding support from a school's dean and the administration is particularly helpful in this area. The Markkula Center for Applied Ethics at Santa Clara University offers a program inviting faculty to apply for assistance with incorporating ethics into any undergraduate course in any department from an "ethics curriculum consultant."²¹ The range of services provided includes course assessment, case development, ethics pedagogy modeling, and course reading recommendations. Business leaders can exert influence as members of business school boards of advisors when they express that ethics should be an important focus issue for the school.

Giving Voice to Values - Mary C. Gentile

Giving Voice to Values (GVV) is a research, dialogue, and curriculum development program focused on current and emerging corporate leaders.²² The purpose is to identify and analyze ways that business practitioners can voice and implement their values in the face of countervailing pressure and to share this capacity through a skill-building curriculum and publications.



GVV is not about deciding what the right thing to do is or what position one is going to take; it's about the times when individuals know what they think is right. The focus is post-decision making. It aims to help individuals learn to speak and act on their values when conflicts arise. The materials examine how a manager raises issues in an effective manner; what to do and say in order to be heard; and how to correct an existing course of action when necessary.

Informed by scholarly research, GVV is a practical curriculum grounded in peer-coaching and composed of short cases, scripting guidelines, and exercises. GVV has over 150 pages of readings, cases, teaching plans, and annotated bibliographies and is still growing. Business schools and business school faculty can use and/or adapt the GVV Collection in a variety of ways: stand-alone workshops, course modules, dedicated courses, peer coaching programs, and custom curriculum development.

Distinctive features of the Giving Voice to Values curriculum include:

1. A focus on positive examples of times when individuals have found ways to voice and thereby implement their values in the workplace;
2. An emphasis upon the importance of finding alignment between an individual's sense of purpose and that of the organization (involves self-assessment and focus on individual strengths);
3. The opportunity to construct and practice responses to frequent reasons and rationalizations for not acting on one's values;
4. The ability to build commitment by providing opportunities for participants to practice delivering responses and to provide and receive peer feedback and coaching to enhance effectiveness.

Mary C. Gentile, PhD, is the Research Director for the Giving Voice to Values initiative and Senior Advisor to The Aspen Institute Business & Society Program. Giving Voice to Values is sponsored by The Aspen Institute Business & Society Program and the Yale School of Management.

Business Ethics at Tuck - Richard S. Shreve

At the Tuck School of Business at Dartmouth, the business ethics course is team taught by an ethics professor and several guest professors from other disciplines such as finance, marketing, operations, and organizational behavior. Typically, the ethics professor teaches the first and last classes of the course. The other classes are led by different guest professors who, together with the ethics professor, choose an ethical issue that is related to their individual fields of study.

Students enjoy experiencing several different faculty members in a single course, and professors are less reluctant to swim in unfamiliar ethics waters when they have an ethics professor alongside in a lifeboat. Having spent time thinking about the ethical issues inherent to their core disciplines, professors who have taught in the business ethics course report they are much more likely to address ethical topics in their own core courses. Furthermore, they feel more comfortable handling the inevitable ethics questions that come up in ordinary class discussions.

Our goal is to utilize a broad representation of faculty for this course. To date, over 30 different faculty members, including all of the deans, have participated. All MBA students are required to take ethics classes during Orientation Week, but the business ethics course is an elective. In order to make it accessible to as many students as possible, it is offered several times throughout the year. Typically, between one-half and two-thirds of the graduating class elect to take the course.

Richard S. Shreve is an Adjunct Professor of Business Ethics at the Tuck School of Business at Dartmouth.



Community

Principles

The entire academic community (students, faculty, administration, and business partners) should:

1. Demonstrate commitment to ethical practices;
2. Support ethics programs through an active research process that produces leading-edge field research, practice aids, published works, and teaching materials;
3. Collaborate on issues such as recruiting, role models, and relevant research.

The community, or culture, includes the entirety of the student experience with the educational institution: inclusive of courses, the full curriculum, extracurricular activities, student organizations, faculty/student interactions, and interactions with corporate partners. As more corporations approach business with ethics in the center of decision making, so must an ethics mindset be embedded throughout business school communities.

Deans and institutional thinkers can play a key role in this effort by ensuring that all processes and practices are considered from an ethics standpoint. Just as most corporations now have codes of ethics, business schools should consider the role of honor codes in teaching students to work in such an environment.²³ Some signs of a healthy community are: (1) that all constituents participate in curricular and extracurricular discussions on ethics, (2) that research projects or partnerships with firms bring faculty and students into constant contact with practical business ethics issues, (3) that there is adequate funding and other support for ethics within the institution, and (4) that the community understands, abides by, and discusses its values and encourages all members to challenge when they are not being adhered to.

An opportunity for collaboration between corporations and business schools involves both entities making ethics central to the recruitment and interview process. Students should be urged to ask prospective employers how they maintain their ethical standards. Such questions may include: Do you have an ethics office? Is it separate from the compliance office? Do you have a toll-free number for reporting suspected ethical violations?

Patrick Murphy, co-director of the Institute for Ethical Business Worldwide at the University of Notre Dame and an Ethics Resource Center Academic Fellow, developed an ethical business practice guide which helps job seekers and recruiters integrate ethics into the recruitment process.²⁴ The guide covers the benefits of ethical work environments, includes sample questions which recruiters and job seekers can pose during an interview, and identifies a set of unethical behaviors to avoid. Corporate leaders might consider more active involvement in shaping the recruitment process; however, even if leaders want to consider ethics when hiring, it may not occur in practice if they are too far removed from the process.

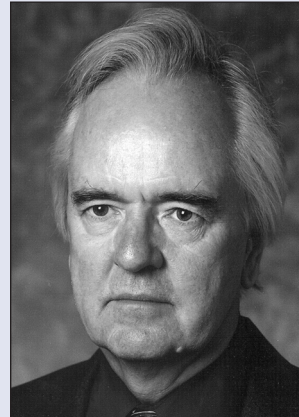
NYU Stern Creates New Business Ethics Faculty Symposium - Edwin Hartman

New York University Stern School of Business announced the Daniel P. Paduano Faculty Symposium on Business Ethics. The purpose of the Symposium is to build and sustain a vibrant community of faculty across disciplines who conduct research in business ethics and related fields.

The Symposium is designed to develop a number of Stern business ethics research fellows — research-active professors from across academic areas who share a commitment to issues related to business ethics. The Paduano Fellows will engage in monthly seminars taught primarily by leading scholars in the field of business ethics, providing a scholarly forum for innovation and idea exchange that will ultimately inform the classroom dialogue with undergraduate and MBA students. Fellows will be charged also with contributing to their own disciplines by incorporating the language of business ethics and integrating business ethics into the pedagogy of their academic areas. Faculty from NYU departments, including economics, philosophy, psychology, neural science, sociology and law; faculty visitors from other universities; and prominent practitioners will partake in these symposia to enrich their scholarship and strengthen the business ethics research community in New York City.

The Symposium advances Stern's longstanding commitment to business ethics. More than 35 years ago, Stern introduced a required course in Professional Responsibility in the MBA core curriculum, ensuring that every MBA student benefits from a business ethics framework. This course is administered and annually updated by the School's Markets, Ethics, and Law (MEL) Program. Stern faculty from every academic department teach and contribute writings to the MEL Program. Additionally, approximately 60% of Stern's fulltime MBA-level courses integrate aspects of corporate social responsibility into their syllabi.

Edwin M. Hartman is a visiting professor of business ethics in the Stern School of NYU. He teaches in the Markets, Ethics, and Law Program and has written many articles and three books, of which the most recent is Organizational Ethics and the Good Life (Oxford University Press).



Considering Effectiveness

Looking at the current state of business ethics programs, it is important to consider possible metrics for gauging effectiveness and assessing how current efforts measure up to those standards. The aim here is to issue a challenge to be mindful of effectiveness; the intent is not to be prescriptive or provide an answer. The entire community, not just an individual course leader, should consider effectiveness, ask questions, and look for opportunities for growth and positive change.

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Since measuring is so elusive, one useful way to think about measuring effectiveness is to apply a version of Harvard Professor J. Richard Hackman's three normative criteria for measuring group and organizational performance.²⁵ Administrators and business ethics program faculty can use the criteria to assess their progress and how they are doing. The first criterion asks the question: "Are we satisfying relevant audiences?" Business schools have diverse audiences, such as businesses or organizations looking to hire their graduates; faculty across disciplines; students; and colleagues in business ethics.

The second criterion poses the question: "Has the group or performing unit gotten stronger over time?" When faculty teach or when they think about a particular cohort in an MBA program, do they think those students will become more capable of having conversations about deep challenging ethical issues? Are they better equipped to respect one another, to voice their own points of view, or to learn from one another? The third criterion involves individual learning and growth by asking: "Are students, both in their specific courses and throughout the curriculum, developing and expanding their horizons while struggling to think and act differently as a result of what they're doing in their courses and throughout the curriculum?"

It is very difficult to measure a program's impact, especially when the real measurement may be how much good or how much harm students actually impart over the course of their cumulative careers. Each is impossible to measure. Using the three proximate criteria to assess the effectiveness of business ethics programs while remaining focused on important objectives may be helpful.

What's Next?

Business schools must address all three levels of the model framework—Course, Curriculum, and Community—in their quest to infuse ethics into the mindsets of students. Their efforts should examine the ethical and normative assumptions of the other fields within business schools. This involves viewing business ethics in its broader political, legal, and socio-economic contexts.

Integrating issues of ethics, corporate social responsibility, and sustainability into course work is essential, but a great deal can be accomplished on the extracurricular front as well. Many schools engage in innovative programs to demonstrate the importance of student integrity. Honor codes and honor systems may be emphasized, volunteer activities encouraged, and orientation sessions and activities may focus on the importance of student reflection about their own values.

Business ethics faculty need to work more fully and ardently with some of their major stakeholders: faculty, deans, students, and businesses. Business ethics faculty must renew efforts to get others in the business school not simply to offer a begrudging or ironical acceptance of business ethics, but to welcome it, not only as a stand-alone course, but as a critical thread integrated across the curriculum.

Faculty evaluation committees should accept work in business ethics as comparable to work in other main functional areas. Such efforts require support from deans and other administrative leaders. Leadership must support a broader range of scholarship in the traditional fields of strategy, organizational behavior, marketing, and even finance and economics. If business school leadership did this, the place of business ethics would be less controversial in the curriculum and in assessments of research.

Businesses should express their commitment to the role of ethics in the learning experiences of business students. Corporate recruiters should incorporate questions regarding ethics into their interview protocols. Businesses may take a more active role in opening their doors to faculty and students for research and internships as they relate to ethics.

Looking in the Mirror - Joshua Margolis

There is often a proposal, and sometimes even a lament, that core courses in the MBA curriculum integrate ethics into their materials. Is this our only option for integration? Introducing ethical issues into courses on finance, marketing, or operations, for example, reflects the way ethical issues are encountered by our students – intertwined with the business problems they wrestle with day-to-day. It would be ideal to weave ethics throughout the curriculum, but that is often difficult if taken seriously; it may even be unrealistic.

Short of that ideal, there is an alternative route for this integration. Courses taught on ethics can serve as the venue where various disciplines are integrated and students encounter ethical issues along with other business disciplines.

As we call for other disciplines and faculty to attend to ethics, we must also challenge ourselves to learn more about areas such as marketing, finance, organizational behavior, accounting, strategy, and operations and find ways in our courses to introduce the integrated predicaments that future managers will encounter. Even as we call for integration of ethics elsewhere in the curriculum, we need to ask ourselves, “What are we doing in our own professional development and in the courses we offer to integrate other components of business?”

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Recommended Actions

For Business School Leadership:

1. Advocate and strongly support the inclusion of ethics throughout the course, curriculum, and community.
2. Demonstrate institutional commitment to ethics and responsible business conduct through explicit statements and activities of the institution.
3. Provide funding and support for research in ethics across other core business disciplines.
4. Support that core ethics faculty have appropriate background in moral philosophy.

For Faculty:

1. Renew efforts at gaining acceptance of business ethics as a stand-alone course and integrating across curriculum.
2. Encourage students to actively engage in business ethics discussions across the curriculum in all courses.
3. Integrate ethics across all other core business disciplines and other core business content into stand-alone ethics courses.
4. Perform research in areas within core discipline which overlaps with ethics discipline.
5. Engage the business community in actively building faculty knowledge of business practice.
6. Search for cutting-edge business ethics issues and opportunities to develop new cases and teaching materials.
7. Express a strong commitment to considering ethical dimensions throughout courses, curriculum, and community.

For Business School Students:

1. Envision themselves as future ethical business leaders and act accordingly.
2. Clarify personal ethical boundaries and determine what will or will not be done.
3. Integrate ethical thinking into other courses throughout the curriculum.
4. Engage in ethics-focused, extracurricular conversations and activities.
5. Initiate discussions of ethics and values as key criteria of the overall employment recruiting process.

For Business Leaders:

1. Clarify values within the organization.
2. Weigh responsible business behavior as part of merit review and performance evaluation process.
3. Pursue opportunities to make statements, visit classrooms, and share leading practices (successes and failures).
4. Provide research and internship opportunities for faculty and students interested in the study of applied business ethics.
5. Offer feedback to business school leaders on the level of sophistication of the ethical decision-making ability of the schools' graduates.
6. Recognize the value of ethics experience and expertise in recruitment, operating, and strategic activities of the organization, including senior management and the Board of Directors.

Notes

1. Nestlé Water Website; <http://www.water.nestle.com> (accessed 3/27/07).
2. United States Climate Action Partnership Website, <http://www.us-cap.org/> (accessed 3/27/07).
3. General Electric Company Website; <http://ge.ecomagination.com/@v=030820071036@/site/index.html> (accessed 3/27/07).
4. “Great” Campaign Launch in Mississippi by Governor Barbour to Train Construction Workers; <http://www.businessroundtable.org/newsroom/document.aspx?qs=5936BF807822B0F1ADD4E8522FB51711FCF50C8> (accessed 3/27/07).
5. Work/life a Balancing Act, Network says: Latest Best Practices report focuses on solutions” release for Network of Executive Women Consumer Products and Retail Industry, <http://www.newnewsletter.org/news/index.php> (accessed 5/9/07).
6. “CEOs as Public Leaders: A McKinsey Survey,” <http://www.mckinseyquarterly.com> (accessed 3/7/2007).
7. Thomas R. Piper, Mary C. Gentile, and Sharon Daloz Parks, *Can Ethics Be Taught?: Perspectives, Challenges, and Approaches at Harvard Business School* (Boston, MA: Harvard Business School Press, 1993), 10.
8. Lisa Jones Christensen, Ellen Peirce, Laura P. Hartman, W. Michael Hoffman, and Jamie Carrier, “Ethics, CSR, and Sustainability Education in the *Financial Times* Top 50 Global Business Schools: Baseline Data and Future Research Directions,” *Journal of Business Ethics* (Spring 2007) DOI 10.1007/s10551-006-92115.
9. Survey was e-mailed to 626 members of the Society for Business Ethics; 554 emails were successfully delivered; 71 usable responses were received. This represents a 13% response rate. Sixty-three academic institutions (12 of which are non-U.S. based) and four businesses were represented.
10. Joshua Margolis, James Walsh, and Dean Krehmeyer, “Building the Business Case for Ethics,” Business Roundtable Institute for Corporate Ethics Bridge Paper™ series, 2006; available at: www.corporate-ethics.org/publications.html.
11. The Society for Business Ethics (SBE) is an international organization of scholars, founded in 1980, engaged in the academic study of business ethics and others with interest in the field. *Business Ethics Quarterly* (BEQ) is published by the Society for the dissemination of the most important scholarship in the field.
12. Piper, Gentile, and Parks, *Can Ethics Be Taught?* 78–94.
13. Exhibit E, letter from Dr. William C. Frederick, *Journal of Business Ethics Education* 1, no. 2 (2004) 194–197.
14. Duane Windsor, “A Required Foundation Course for Moral, Legal and Political Education,” and Laura Hartman and Edwin Hartman, “How to Teach Ethics: Assumptions and Arguments,” *Journal of Business Ethics Education* 1, no. 2 (2004).
15. Exhibit I, letter from Dr. Milton R. Blood, *Journal of Business Ethics Education* 1, no. 2 (2004) 206–207.
16. Christensen, Peirce, Hartman, Hoffman, and Carrier, “Ethics, CSR, and Sustainability Education in the *Financial Times* Top 50,” *Journal of Business Ethics* (Spring 2007).
17. Windsor, “A Required Foundation Course for Moral, Legal and Political Education.”
18. http://www.aspeninstitute.org/site/c.huLWJeMRKpH/b.612031/k.A582/Business_and_Society_Program.htm (accessed 12/4/06).
19. The LCA teaching and design group has included Joseph Badaracco, Rohit Deshpande, David Garvin, Bill George, Allen Grossman, Joshua Margolis, Nitin Nohria, Lynn Paine, Tom Piper, Hank Reiling, and Sandra Sucher.
20. For a series of spotlight features on recent business school innovations in teaching business ethics, see “Ethics, CSR, and Sustainability Education in the *Financial Times* Top 50 Global Business Schools: Baseline Data and Future Research Directions;” 10–12 and 16–18.
21. <http://www.scu.edu/ethics/about/faculty/curriculum.html> (accessed 3/16/07).
22. http://www.aspeninstitute.org/site/c.huLWJeMRKpH/b.612031/k.A582/Business_and_Society_Program.htm.
23. For additional thought on this topic, see L. K. Treviño and D. McCabe, “Meta-learning about Business Ethics: Creating Honorable Business School Communities,” *Journal of Business Ethics*, 13 (1994) 405–416.
24. For an ethical business practice guide for recruiters and job applicants developed by Patrick Murphy at the Institute for Ethical Business Worldwide at the University of Notre Dame, see: <http://www.corporate-ethics.org/news/060818.html> (accessed 3/28/07).
25. J. R. Hackman, *Leading Teams: Setting the Stage for Great Performances* (Boston, MA: Harvard Business School Press, 2002), Chapter 1; and J. R. Hackman, “The Psychology of Self-management in Organizations” in M. S. Pallack & R. O. Perloff (Eds.) *Psychology and Work: Productivity, Change, and Employment*, (Washington, DC: American Psychological Association, 1986) 89–136.

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Special thanks to George Brenkert, Joshua Margolis, and Diana Robertson for leading the Institute panel at the 2006 Society for Business Ethics annual meeting. We are grateful for the thought leader contributions which Timothy Fort, Mary C. Gentile, Edwin Hartman, Joshua Margolis, Thomas R. Piper, Richard S. Shreve, and Diane Swanson provided. Lisa Stewart authored the report, and Heidi White provided overall editing.

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