

Teaching Business Ethics: The Role of Ethics in Business and in Business Education

Wesley Cragg

ABSTRACT. The paper begins with an examination of traditional attitudes towards business ethics. I suggest that these attitudes fail to recognize that a principal function of ethics is to facilitate cooperation. Further that despite the emphasis on competition in modern market economies, business like all other forms of social activity is possible only where people are prepared to respect rules in the absence of which cooperation is rendered difficult or impossible. Rules or what I call the ethics of doing, however, constitute just one dimension of ethics. A second has to do with what we see and how we see it; a third with who we or what I describe as the ethics of being. Of these three dimensions, the first and the third have been most carefully explored by philosophers and are most frequently the focus of attention when teaching business ethics is being discussed. I argue that this focus is unfortunate in as much as it is the second dimension which falls most naturally into the ambit of modern secular educational institutions. It is here that moral education is most obviously unavoidable, and most clearly justifiable in modern secular teaching environments. I conclude by describing the importance of this second dimension for the modern world of business.

Dr. Cragg is George R. Gardiner Professor of Business Ethics at York University, Canada where he is responsible for encouraging and coordinating research and curriculum development on the ethical dimensions of public, para-public, not-for-profit and private sector management and administration for the Schulich School of Business. He has published widely in applied ethics, and moral and political theory. His current research includes issues in business and occupational ethics, environmental ethics, moral education, and philosophy of law. He is (1995/96) the President of the Canadian Philosophical Association.

Part I: The ethics of business

Those who teach business ethics will be familiar with two common responses that the topic generates in conversational settings. On the one hand is the quip: "Business ethics, is that not an oxymoron?" On the other hand, is the view that while ethics has a crucial place in business it is not something that can be taught. Managers who fall into this second group typically assume that when people join a firm they are either ethical or they are not. And there is not much either business or business schools can do about it.¹ Both responses have a deflating quality. Both pose a serious challenge to those who believe that ethics has a central place in the business education.

Of these two views, the first is perhaps the least surprising. At a personal level, most people have had the experience of being seriously misled by an advertisement or a sales pitch or a new coat of paint administered to cover otherwise obvious defects. Of course, the evidence goes well beyond the purely anecdotal. Those at all sensitive to the social environments in which business is conducted will be aware of the quite remarkable insensitivity of free enterprise economies to striking disparities in the distribution of wealth. And of course, there is the evidence provided by defenders of free enterprise and not a few business leaders who have advanced a range of positions from the view that if business has ethical responsibilities they are very limited in scope, to the view that the driving force behind private enterprise is greed.

There is, what is more, a certain realism about human nature that underlies widespread scepticism about the notion of business ethics. In our

culture, people engage in business, for the most part, to make money. It is not difficult to move from this observation to the conclusion that where this is the case, the interests or well-being of others is unlikely to assume a high priority except where it can be shown to be directly connected to the goal of increasing personal wealth. To paraphrase some well known commentators, the proper focus of business is profits. People with altruistic impulses should express them elsewhere.

For many, this view, when couched in relatively moderate language, is persuasive. Business is a hard-nosed, competitive affair. To be successful business people must put profits before people. Indeed, or so some would argue, where business does not put profits before people, people ultimately suffer.

The tension this view of business generates for ethics is obvious. The focus of ethics is people, their rights and their welfare. The focus of business, on this view, is profits. If the guiding principle of ethics is the golden rule – do unto others as you would have them do unto you – then for business, the guiding principle is “caveat emptor”, let the buyer beware.

The resulting picture of both business and ethics is beguiling in its simplicity. It is, however, incomplete. Both have to do with profits, as we shall see. And both also have to do with people. To see why requires a more sophisticated account of both the nature of ethics and the nature of business. Let us begin with the latter.

Ethics is about people; that is true. But more particularly, ethics is about cooperation. The importance of ethics in our lives is testimony to a number of fundamental truths about the human condition. Human beings are social animals who need each other to meet even their most basic needs. Taken as isolated individuals we are virtually defenceless in the face of serious attack. In absence of substantial social supports, none of us would survive infancy or childhood. Even as adults our survival, to say nothing of the quality of our lives, is directly dependent on the assistance and cooperation of others.²

Morality sets the parameters of cooperation and creates conditions necessary if cooperation is to flourish.

Business is an example of an area of human activity that rests on cooperation. This is obviously true of large business organizations. It is equally true of small ones. Any business needs suppliers, methods of communication, places to do business, clients and so on, all of which assumes cooperative interaction.

This observation, however, is open to a serious objection, or so it might be thought. Business needs a modicum of cooperation. But in our society at least, private enterprise is grounded on competition. Cooperation, it might be argued, is peripheral to a free enterprise economy.

This objection, however, is mistaken in its view of the relation of competition and cooperation. Competition is not the antithesis of cooperation. Rather, cooperation is essential for genuine competition. Competition in business is a good example. Business people cannot compete without the cooperation of employees, suppliers, the government, customers and the public generally. What is more, the less certain the ethical environment in which business is conducted, the higher the cost of doing business.

Let me illustrate this with just one example. Competition requires communication of many kinds in the absence of which competition could not occur. Communication in turn presupposes the willingness of people to be truthful or honest in the exchange of information. Thus when we ask for information we assume as a matter of course that those who respond will tell us what they believe to be true. And when it is not, or appears not to be we will normally assume either an error in communication or an honest mistake. The conclusion that we have been deliberately misled or deliberately confused is normally entertained only as a last resort. In those contexts where trust in others to tell the truth as a matter of course has been seriously eroded, the capacity of those affected to communicate is also eroded. Paradoxically, there would be no point in dishonesty if we did not expect most people to tell the truth most of the time. Indeed, the assumption that mostly people can be trusted to tell the truth is so fundamental to business activity that it goes largely unnoticed.

Let us take this thesis one step further. If cooperation lies at the root of competition, success

in business should be a function of the capacity of a business to facilitate and encourage cooperation. Further, if, as I have suggested, ethics provides the parameters of cooperation, we should expect those businesses that take ethics seriously to be more likely to succeed than those that do not. This “expectation” is not widely shared in popular commentary which is often dominated by the aphorism that “nice guys usually finish last”. However, although available research is not decisive on this point, some recent studies do suggest that ethical businesses are more profitable on the whole than unethical business.³ Perhaps more surprising to some is the fact that an increasing number of business leaders agree. For these people, giving ethics a central role in their business activities is simply good business.⁴

Most of this is relatively well known. It is counterbalanced, however, by surveys that indicate that the majority of both business students and business people put profits first and ethics a distant second in order of priority. And the news media are filled with headlines such as the following:

The New Crisis in Business Ethics
*To meet goals in these tough times,
more managers are cutting ethical corners.*⁵

Surveys of students in North American business schools also seem to suggest a general willingness to cut corners where success appears to demand it. A recent study reported in the *Journal of Business Ethics* suggests that many students are prepared to pay bribes, break rules in awarding contracts, compromise their ethical principles in conflict of interest situations, lie about price discounts in promotional campaigns and so on where achieving success seems to require it.⁶ Studies also suggest, however, that business students are no worse in this regard than their peers in other university programs. Furthermore, and on a more optimistic note, those same studies suggest senior managers tend to be more sensitive to the ethical parameters of business and the need to respect those parameters than either junior managers or students.

What then are we to conclude? Is ethics good business or not? The answer here like the answers

to a number of the questions I propose to address in what follows is both yes and no. It is hard to see that there could be resistance to ethical business practice where ethical business practice enhanced the pursuit of profit or when it carried with it no obvious or serious costs for those making the decisions. Unfortunately, this is not always the case. Further, when it is not, is it reasonable to assume that members of the business community, or anyone else, for that matter, should put business interests aside and pursue the common good?

For some, the correct answer to this question will be an obvious “yes”! But for others, acting ethically when there are serious costs attached will be problematic. Let us assume for the moment that this second view is the correct one and ask what it implies for business ethics. The answer is instructive. Where ethics and enlightened self-interest coincide, to act prudently, that is to pursue one’s own interests intelligently, will be to do the ethical thing. However, where ethics and enlightened self-interest do not coincide, business interests should take precedence. It follows, then, on the view we are now examining, that where business is concerned ethics should guide business practice only where it coincides with prudence or enlightened self-interest. Where it does not it should be ignored. In either case, ethics is largely irrelevant in business.

Let us turn then to the second view. What arguments can be offered in support of the position that business people should work within ethical parameters even when to do so will undermine profits? Perhaps more to the point for our purposes, which of these two views should business educators adopt?

Sceptics have two answers available for those who would commit business schools to convincing students to do the moral thing even in the face of substantial costs. They will point out first, that for the most part, which view someone will take to these questions will already have been determined before they are admitted to a business program. Second, to seek to change students’ minds on this matter is an abuse of authority and a form of indoctrination. It is up to students themselves to decide how they will conduct

themselves as business people. Business faculties should content themselves with pointing out that most of the time a prudent business person will live within the parameters set by the ethical conventions of his or her society and then get on with the job of developing skills and conveying knowledge.

This conclusion is not a comfortable one for people who think the task of business ethics is moral education. It is, on the other hand, a conclusion with which a fair number of students and faculty will feel some sympathy. Hence it cannot be dismissed. On the other hand, it does need careful examination. Undertaking that examination requires, however, that we determine more explicitly what ethics is.

Part II: The business of ethics

What then is ethics? And how does ethics impact on our lives? The conventional modern view is that ethics has to do principally with what we do, with our actions. Seen from this perspective, moral values are most easily understood as rules, the kinds of rules that have a good deal in common with laws. In our culture, morality construed this way is sensitive to the language of rights. One of its primary functions is to identify constraints that place limits on what people should and should not do. We praise those who respect those constraints and criticize or blame those who do not. When people deviate from the more fundamental rules, discussion turns easily to enforcement, punishment and the creation of laws.

In our culture, the paradigm example of ethics seen from this perspective is the Mosaic code (set out in appendix I).⁸ It has also been a dominant preoccupation of modern moral philosophy as Kant's categorical imperative and Mill's principle of utility illustrate (see appendix II).⁹ This perspective on ethics is also the focus of most courses and texts in applied ethics particularly those taught in professional schools.¹⁰ I suggest that ethics seen from this perspective is most appropriately described as *the ethics of doing*. It is concerned for the most part with outputs or actual behaviour.

Paradoxically, a significant characteristic of *the ethics of doing* is that people can live within its constraints without being ethical. That is to say, it is possible for someone to live within the bounds set by a moral code quite independently of any sense of moral commitment to the code being observed. Someone who believed that good ethics was good business might be such a person. The same would be true of a person who lived within the constraints of morality because that was how he was brought up.

Equally unsettling for many people is the fact that it is virtually impossible to prove to a sceptic that any particular person was living or had lived within the constraints of morality construed this way for anything but self-interested reasons. For those so inclined, there is no action that is so self-evidently ethical (or altruistic) that it cannot be given a selfish (or egoistical) interpretation.

It is *the ethics of doing*. I suggest, that underlies most discussions of business ethics. However, it is clear on reflection that this view reveals just one of three dimension of ethics, each of which needs to be explored if the relevance of ethics to business is to be properly understood. I shall support this view by appealing to moral experience and considered judgements.

Let me turn first to a New Testament example. If the Mosaic code is a central statement of Old Testament ethics then arguably the Sermon on the Mount (see appendix III) is a central example of New Testament or Christian ethics. Karl Jaspers, a German philosopher, describes Christian ethics as having an inner rather than an outer focus. He describes Jesus as demanding a mode of being, not a set of outward actions or adherence to a code or law. This is not to say that codes or laws are irrelevant. Rather, it suggests that what we do is best seen as an expression of what we are. This implies that the true focus of morality is the inner reality not the outward manifestation.¹¹

A second example illustrates the same point. Jaspers argues that, for Buddha, the universal moral imperative is "let perfect wakefulness accompany all your action and experience". Here the contrast with a Kantian ethic is striking. Jaspers goes on to identify as the central moral values of Buddhism: "infinite gentleness, non-

violence, the magic that attracts the beasts and appeases their wildness, compassion, (and) friendliness toward everything that lives, whether man, beast or god.”¹²

If we turn to aboriginal wisdom we find yet another contrast. Dr. J. W. E. Newbery, the founding director of Laurentian University’s Native Studies Department, summarizes one aboriginal view as follows:

*Respect the earth as mother:
Be true to traditional wisdom
Be attentive to the spirit creator
Reverence childhood.*

How then do we account for these examples, none of which takes as its primary focus *the ethics of doing?* The answer, I think is to recognize that values, including moral values have an impact not simply on what we do, but also, on *what and how we see* and finally, on *who we are*.

Values and perception

Of these three dimensions, it is the second that has received the least explicit attention and analysis particularly from philosophers. This is at the very least unfortunate since for educators, I shall argue, it is the most important. The failure to address this dimension of ethics may have its roots in two places. First, the impact of values on what and how we see is substantially less obvious than their impact on what we do. Second, and related, most of us have been conditioned by our science-oriented culture to see the world of values and the world of facts as logically distinct and independent. What this view suggests is that since seeing has to do with the world of facts, we should strive to disentangle the process of seeing from value-laden influences which if allowed to play a role introduce bias and distortion.

I do not want to suggest here that this “modern” view of the relation of empirical knowledge to values is void of merit. Neither do I intend to enter into a systematic examination of the fact/value distinction on which this view is grounded. Such an enquiry is well beyond the scope of this discussion. Suffice it to

say that it remains one of the central issues in our understanding of science and our knowledge of the world around us. I propose simply to ask the reader to consider the following examples and to consult his or her own experience and apply what is found there to an understanding of the influence of values on what and how we see.

I begin with the duck–rabbit example (see appendix IV) made famous in philosophical circles by Ludwig Wittgenstein. My point in including this figure is the obvious one. What we see is not simply a function of what is there. This drawing illustrates this truth. Some people looking at this figure for the first time will see it as a duck while others will see the same figure as a rabbit. Most people can learn to see it as both a duck and rabbit when the possibility of doing so is pointed out to them.

Reading is a more complex example of the same phenomenon. No one reading this article will have any trouble seeing “welcome” as an English word meaning welcome. This would not be true of someone who was illiterate. Neither would it be true of someone unfamiliar with the English language. Appendix V illustrates this point. Some of the markings there will be seen as words by some; others will not. In fact, all of these markings mean “welcome” in different languages or so I have been told. Yet, in a neutral context where viewers were not primed to see these figures or markings as words, at least some of them would not be recognized or seen as words at all. What this illustrates is the fact that whether someone recognizes what he or she sees as a word is a function of a complex process of language learning, a process which changes in a number of very complex ways what and how we see.

A third example: Imagine three people walking down a nature trail in a national park. One of the three has never been out of the city before. The second is a naturalist and outdoor educator, the third is a forester. Is it likely that each of these three people will see the same things or see them the same way as they walk? The issue here is not whether each could come to see what the others see with effort and training. Rather, given who they are, will they see the same things in the same way as they walk

down that trail? I suggest that the answer is no. The city dweller would in all probability see relatively undifferentiated bush. Depending on the locale, the forester might see a second growth hardwood forest consisting of several distinct species, each with an identifiable value as wood fibre or lumber. The naturalist would no doubt see a variety of wild plants, a habitat for wild life, evidence of a variety of forest inhabitants and so on.

A final example: Recently, the insurance industry has changed the way in which it *looks* at life insurance. For most of its history, what we called life insurance was really death insurance, insurance taken out principally to protect dependents in the event of the death of the policy holder. A few years ago, the Canadian President of Prudential Life, a person with an active social conscience, visited an AIDS hospice in Toronto. What he found there deeply disturbed him. And so he turned his mind to how he might help. One problem, he discovered, was that people dying from AIDS were usually in great need of financial support as they approached death. Many of these people had life insurance policies. But these policies were of no value to them or to their loved ones prior to their death. As he reflected on what he had seen, he came to the realization that there was really no need to require that a person die before benefits were made available. He proposed to his company a "Living Needs Benefits" option for policy holders who were terminally ill or permanently confined.

His proposal met with enormous resistance from people in the company. Essentially, they had to be convinced to *see* life insurance in a new way. They were so persuaded after time. The new benefits were introduced and were widely applauded. A "Living Needs Benefit" option is now commonly available to life insurance policy holders throughout North America.¹³

What, then, has all this to do with ethics? The answer is both simple and complex. If we cast our minds back over some of the most significant controversies we face in contemporary society, it should be apparent that in many cases they revolve around what and how we see things and people in the world around us. The envi-

ronment is very good example. Those amongst us who want us to change our attitudes toward nature are calling for a changes in what we do and the way we live. It is very unlikely, however, that those changes will occur if people persist in looking at nature as they always have. Until quite recently nature was commonly viewed simply as repository of natural resources whose value was to be measured by reference solely to human patterns of consumption. Natural resources were seen as a form of wealth there to be exploited and then if of no further use to us discarded.

Consider the sharp contrast of the attitude just described to the perspective urged by Chief Seattle, a west coast aboriginal 19th century leader (appendix VI) or that reflected in the poem by Buddhist poet Chan-Jan (appendix VII).

Today we are being challenged to look at nature through new eyes. Those who are sounding the alarm want us to learn to see the natural world as of value independently of its resource value for human beings. Their success in that venture will turn, I suggest, on whether we can be convinced to add new to us ways to the ways in which we now see the world around us.

Let me turn to a second example. Traditional language forms are a contentious issue in debates whose focus is gender equality not because they offend some people. If that were the central issue, there would be little to justify change since the alternative words and expressions gradually gaining currency are equally offensive though to different groups. Rather, what lies at the heart of the debate is a concern with how language shapes not how we act, though it does shape that indirectly, but how we *see* women and how women *see* themselves. Prejudice too is a problem because it affects how those who are the object of prejudice are *seen* or *perceived*. The most effective antidote to both forms of discrimination, I suggest, is education. To weaken the grip of prejudice in a society, people, particularly children have to be brought into contact with images, stories, experiences that challenge stereotypes and change perceptions.

This last point is illustrated by an interesting experiment conducted recently in Rosedale Heights, a Toronto high school. Experience

suggested that black and Portuguese students had become trapped by behaviour and educational patterns entrenched in their respective communities and which had the effect of limiting their educational ambitions. The result was both poor school performance and a belief on the part of their teachers that poor performance was a sign of limited ability. To see whether these perceptions could be shifted, a group of black and Portuguese students were enrolled in a first year university course in sociology with a view first to convincing teachers to change the way they saw their students and second to changing how the students in the program saw themselves. The experiment seems to have succeeded. Reports suggest very few drop outs, substantially changed expectations on the part of the teachers and substantial changes in student self-image. As one student is reported as saying: "They made us feel like we can do it. *This has changed the way I look at the world.*"

The impact of values on what we see and how we see it is one of the central themes of religion, literature and the arts generally. Social scientists too have explored it at length. In contrast, however, it has not been a subject of great interest to philosophers at least until quite recently. That is now changing thanks both to the development of feminist philosophy and to the emergence of a field of philosophy called applied ethics. As a consequence we now have available to us increasingly sophisticated philosophical analyses of the interplay of values in the acquisition of knowledge. Taken together, there is now a range of quite sophisticated tools available to those interested in exploring this second dimension of ethics, that is to say the impact of values on what and how the world around us is perceived.

Dimension three: the ethics of being. Let me turn now to the third dimension of ethics to which I referred earlier. Values in general, and moral values in particular shape who we are. Seen from this perspective, the focus of ethics is character. I suggest, though I cannot argue it here, that it is this dimension of ethics that is the primary focus of the world's great religions. The set of quotations referred to earlier illustrate the

grounds for that suggestion. However, understood this way, ethics has also received the sustained attention of moral philosophy. Aristotle is an eminent example. Who am I, Aristotle might be paraphrased as asking? He answers: I am a human being whose defining characteristic is my capacity to direct my life in accordance with reason. What reason commends is the cultivation of a life in which certain fundamental virtues are so deeply embedded in my character that putting them into action becomes second nature, a matter closely akin to habit.

For the purposes of this discussion, what is most striking about Aristotle's account of the nature of ethics is the lack of emphasis placed on rules and their application. Acting morally requires judgement. And sound judgment for Aristotle is a product of a sound character, not the capacity to apply, interpret or follow rules.¹⁴

An overview. If the account I have just offered is substantially correct, we have now arrived at a considerably more complex view of ethics than that with which we began, one which can be summarized as follows. Values impact on our lives in three ways. They shape our actions; they influence what and how we see; and they shape who we are. Moral values are among the values that play these various roles.

With this more complex account in hand, we can now identify briefly the most important characteristics of each of these three dimensions for our understanding of the nature of ethics.¹⁵ The focus of ethics seen from the first perspective is outputs or actions, what we do. The focus of ethics seen from the second perspective is inputs: perception, vision, awareness, insight. The focus of ethics seen from the third perspective is character.

Each dimension reveals a different perspective on the relation of moral and non-moral values. Seen from the perspective of dimension one, moral values are over-riding. Where our moral obligations or rights clash with other values, to fail to act in accordance with morality is immoral or unethical.¹⁶ Seen from the perspective of dimension two, moral values are complementary. Ethics seen from this perspective does not generate constraints; rather it opens new vistas or

creates new ways of seeing, understanding and interpreting the world in which we live. Seen from the perspective of the third dimension, ethics embedded in character in the form of virtues or character traits functions to prioritize or order values both moral and non moral, to shape judgments and ultimately to guide behaviour.

The function or goal or object of ethics seen from perspective of dimension one is correct behaviour. From the perspective of dimension two, it is broadened understanding or insight. From the perspective of dimension three the function or goal of morality is self-knowledge and personal growth or development.

We tend to think of the values that guide our behaviour as acquired by choice. In the end we like to think that individuals decide what values will guide their lives. The values that guide what and how we see, on the other hand, are in the first instance at least, acquired or infused not chosen. Awareness comes in the form of discovery. Those value can and do change but usually not as a result of deliberate choices or decisions. Rather, we suddenly realize that our view of nature is changing, that our perception of a colleague was seriously biased, that a biography has changed our view of the character of an historical event or epoch. So too values reflected in character, are acquired or infused. Those values that are so important to who we are, the ones that define our character, can and do change also. However, in this case, change is often a result of reflection. Dramatic change can also occur as the result of conversion.

Finally, one can be motivated to live within the constraints of a set of moral rules for reasons extrinsic or intrinsic to their ethical character.¹⁷ That is to say, one might be motivated to respect a set of rules out of self-interest or some other factor with no intrinsic connection to those rules themselves. Alternatively, one might be moved to respect them because of their moral character. In so far as the values that influence what and how we see are consciously acquired, the motivation leading to their endorsement might be either intrinsic or extrinsic. For example, learning to see the world or some part of it from a new perspective might be motivated in the first instance by extrinsic considerations. The promise

of rewards may induce a child to study history or natural science. However, learning is unlikely to continue to any great depth unless the inherent value of the kind of study involved reveals itself as the difficulty of mastering the activity or learning process intensifies. The values that shape in significant ways how and what we see are by their very nature values we are committed too whether we are aware of that fact or not. Finally those values that shape character reflect our most profound allegiances. A person cannot be motivated to be a generous or compassionate person for other than generous or compassionate reasons. Character is defined by commitment.¹⁸

Part III: Teaching business ethics

With this more elaborate account of ethics before us, we can now turn back on two questions that emerged from earlier discussion. (I shall add a third below.) First, can values be taught? Second, can business schools in particular or educational institutions in general teach ethics? That is to say, can business schools induce commitment to ethical standards of behaviour in business practice by including ethics courses in the curriculum?

It seems to me obvious that the proper answer to the first question is "yes!". Values are communicated from one generation to the next. The central question is not whether but how it happens. Perhaps of equal interest, can that process of communication be given a pedagogical form that is open to and capable of being influenced by moral appraisal?

Our second question yields to greater scepticism. Let me first cite anecdotal evidence to this effect. It is widely thought that any student inclined to cut corners is unlikely to be convinced of the error of his ways by an ethics professor, or through formal classroom exposure to ethics. Symptomatic of this assumption is the fact that ethics texts and ethics courses typically simply ignore the whole issue of character development.¹⁹ Indeed, though character development was once seen as the primary purpose of moral education at all levels of the educational system, its close association with religious instruction together with concerns about indoctrination

led to its rejection as the defining goal of moral education in the nineteen fifties and sixties.²⁰

Sceptics have also pointed out that introducing students to the analysis of rules and cases is equally unlikely to impact in a morally positive way except for those students already inclined to take ethics seriously, a view that would seem to lead logically to the conclusion that business ethics courses are unlikely to have much impact on the moral character of students taking them.

It will not come as a great surprise to the sceptics that available research tends to confirm these perceptions. There is little empirical evidence that formal ethics courses impact in any significant way on the behaviour of students who take them. Indeed some critics have voiced a concern that ethics courses may actually have the effect of weakening rather than strengthening the moral commitments of students who take them. This worry is generated by the knowledge that in a contemporary university those teaching ethics frequently take a detached, non-committal moral stance in discussing the moral quality of various moral perspectives. What is perhaps more worrisome to many is the fact that the materials used in ethics courses frequently seem to imply an endorsement of outright moral scepticism or moral relativism. To entrust such courses to the care of philosophers versed in moral theory is unfortunately no antidote in this regard since the dominant contemporary moral theories tend to point in quite different and frequently incompatible directions.

In light of these reflections, the answer to our second question seems less than encouraging. It is not at all clear that currently favoured approaches to teaching business ethics are likely to strengthen the commitment of those who take them to ethical business practices. Perhaps the appropriate strategy, then, is to shift our attention to a third question: Do educational institutions, including of course Business Faculties, influence the values of students and if so how?

It is virtually impossible to avoid giving this question a positive answer in my view. Education impacts on the way in which students think about the world of which they are a part by providing them with skills that allow them to see and understand that world around them in new

ways, by focusing their attention on things they might not otherwise notice and by bringing them into contact with people and ideas that undermine preconceptions and broaden outlooks. A simple reference to names like Copernicus, Galileo, Newton, Darwin, or Freud is all that is required to confirm the impact of knowledge on conceptions of morality since the renaissance. Furthermore, we know from history and experience that one of the most effective ways of undermining prejudice is to increase knowledge of and interaction among people of different racial, religious and ethnic backgrounds.

We have also seen that values influence how we see the world around us. To put the matter in its simplest form, learning, and this includes *learning to see what would otherwise not be apparent to us*, requires effort. And the expenditure of effort has to be motivated. A child will not learn chess or any other skill unless he or she wants to do so. And that wanting will rest in turn on a belief that making the effort to learn is something worth doing. That sense of value may rest on factors extrinsic to the learning process. Or they may be intrinsic. To return to our chess example, a child can be enticed to learn through the promise of rewards or even the threat of punishment. But she is unlikely to become a good player until she finds herself caught up in playing the game for its own sake.

Genuine teaching and learning of the kind that shapes attitudes and beliefs requires shared values, values that give learning its point. Some of those values will be common across all learning activities. The value of honesty, truthfulness, perseverance, and perhaps patience are examples. Others will be specific to disciplines and areas of knowledge, for example, beauty, elegance, efficiency, economy, precision. In some cases, the values will have explicitly moral contours: values associated with medicine, law, social work, education illustrate this point. In others, the moral implications of the values intrinsic to the learning process will be less direct.

What this tells us is that values are communicated to students in the course of formal study at the university level. However, because of the nature of the learning process, because the role of values in the learning process is often allowed

to remain implicit, the values in play can and often do go unnoticed. What is less attractive is that values can be and not infrequently are quite explicitly imposed through the employment of learning strategies that are as old as education itself.

What I conclude from this review is that an institution or faculty seriously committed to values education should begin by committing itself to the identification and exploration of the values implicit in the materials, theories, cases, research and pedagogical strategies that inform the structure and content of the teaching curriculum. For it is here that the educational process impacts directly and powerfully on the lives of students and their mentors.

What this will involve will be clearer in some cases than in others. Advertising is an obvious case in point just because it has an implicit objective of changing the ways in which people exposed to it perceive the product being advertised. Here, as elsewhere, convincing students that ethics has a role in advertising will almost certainly fail unless and until those students see the central role which values play in the development of marketing strategies as well as the nature of the values commonly in play.

“Accounting is an art, not a science,” a senior and well respected member of the accounting profession informed my students in a discussion of business ethics recently. Accounting is an art because it unavoidable requires the exercise of judgement. Judgement, in turn, is shaped by individual and professional values as reflected in individual and corporate character. Values are therefore an unavoidable component of the education of accountants.

The same is true of the whole of the business curriculum as well as education more generally. What is equally true is that this truth will be a good deal more obvious for some subjects than for others. Nevertheless, it is these values which guide the educational process and it is these values which shape, sometimes openly often covertly, the educational experiences and the moral development of students and their teachers.

My proposal, then, is that an effective program of ethics education in management and administrative studies must start with a willingness on

the part of faculty members to identify and examine the values that are central to business activity and business education. This should include a willingness to identify and examine the values that shape empirical research, the gathering and interpretation of data, the construction of theories and so on.

It should be clear that this is not a task that could be effectively undertaken by just one person teaching a single course in business ethics or a small group of professors teaching a clutch of ethics courses whether required or elective. Rather, it requires a faculty that accepts that values are intrinsic to the educational and learning process and is prepared to encourage students to explore them as an integral part of their educational experience. In pursuit of this larger goal, a single individual responsible for encouraging interest in the ethical dimensions of business can in fact have a significant impact. For the process of bringing values to light can be both intellectually challenging and arduous. It can also be uncomfortable or, worse, disturbing. To bring the value framework of academic discourse into full view is to open social and academic conventions, habits of thought and stereotypes to analysis and criticism. Neither is there any way of guaranteeing that the process will have beneficial payoffs. To be done well like any other intellectual activity it must be seen in part at least to be worth doing for its own sake.

Once the significance of values both for business and business education is acknowledged, the point of studying business ethics can be communicated and the significance of business ethics fairly evaluated in a classroom context.

Part IV: The role of ethics in business

We can now return to the topic with which we began. What is the proper role of ethics in business? More particularly, does the business community have more than just prudential reasons for taking an interest in ethics? The answer, I think, is yes. The reason lies in the broader picture of ethics set out earlier.

The person who includes ethics among her range of commitments and seeks actively to

integrate those values into her business activities may well on occasion see those aspects of the world relevant to her business activities differently from people operating from a strictly self-interested perspective. In the past decade, this phenomenon has been confirmed most emphatically in the field of environmental management. A decade ago the prevailing business view was that if the environmental movement was encouraged, it would put business out of business. A decade later, it is not at all uncommon to hear senior business people extolling environmental awareness as good business. Environmentally responsible business is now thought to generate a competitive edge.

This change of heart is not just a reflection of changing consumer priorities, though this unquestionably is involved. The difference lies in the way environmental awareness teaches those sensitive to it to look at even the most ordinary things they work with in new ways. What emerges are opportunities to recycle, or repackage, or do without that often turn out to be cost effective.

The Prudential story is another case in point. What Prudential was confronted with was deeply ingrained ways of looking at life insurance grounded on a set of conventional industry values. Individual commitment to social values provided the spur to rethink conventional responses to what has become for our society a particularly poignant form of human tragedy. What Prudential discovered was that something which was as a matter of habit and convention seen in one way could with substantial effort be seen in another. The result was a humane response to the needs of people suffering from AIDS. Coincidentally, the changes instituted generated substantial financial benefits both for Prudential Life and for the life insurance industry generally though it could never have been predicted by its originators to do so.

Moral values are frequently seen as constraints against which aggressive, success-oriented business people frequently bridle. Where necessary, those involved will conform to those constraints for self-interested reasons. As we have seen, however, what counts as an obstacle seen from one perspective can also be seen as a

impulse to creative and imaginative problem solving. People can be induced to conform to rules for self-interested reasons, they cannot be induced to rethink or re-see their world from an ethical perspective for self-interested reasons. For the point of doing so can never be made apparent to those whose way of seeing the world has not already been shaped by the values in question. What this suggests is that if ethics seen from the perspective of the first dimension represents a form of constraint, then self-interest seen from the perspective of dimension two constitutes a species of tunnel vision. That it is a form of tunnel vision can in the end only be demonstrated by subsequent events. In the absence of confirmation, those who have eyes to see will see, those who have ears to hear will hear. Those who do not will be guided by conventions, prevailing fashion and what seen from an ethical perspective will almost certainly look like a version of *unenlightened* self-interest.

If this is true, ethics has an unavoidable even though sometimes uncomfortable place in business. It may be of some consolation to observe, however, that at least in this regard, business is not unique.

Appendix I

THE TEN COMMANDMENTS

1. THOU SHALL HAVE NO OTHER GODS BESIDE ME
2. THOU SHALL MAKE NO GRAVEN IMAGE AND BOW TO IT
3. THOU SHALL NOT TAKE THE NAME OF THE LORD IN VAIN
4. REMEMBER THE SABBATH AND KEEP IT HOLY
5. HONOUR THY FATHER AND THY MOTHER
6. THOU SHALL NOT KILL
7. THOU SHALL NOT COMMIT ADULTERY
8. THOU SHALL NOT STEAL
9. THOU SHALL NOT BEAR FALSE WITNESS
10. THOU SHALL NOT COVET

Appendix II

Mill's principle of utility

The ultimate end with reference to and for the sake of which all other things are desirable (whether we are seeking our own good or that of other people) is an existence exempt as far as possible from pain and as rich as possible in enjoyments both in point of quantity and quality; the test of quality and the rule for measuring it against quantity being the preference felt by those who in their experience, to which must be added their habits of self-consciousness and self-observation, are best furnished with the means of comparison.

Kant's categorical imperative

- (1) Act only on those maxims (rules of conduct) that you would be prepared to make laws of nature assuming you had the power to create such laws.
- (2) So act so as to treat humanity, whether in your own person or in that of any other, in every case as an end, never as a means only.
- (3) So act as if you were through your maxims a law-making member of a kingdom that included all of humanity and was committed to treating all its members as equal and of infinite value.

Note: The first and third of Kant's own formulation of the three Categorical imperatives are restatements drafted so as to communicate the basic orientation of Kant's approach to ethics.

Appendix III

THE SERMON ON THE MOUNT

BLESSED ARE THE POOR IN SPIRIT: FOR
THEIRS IS THE KINGDOM OF HEAVEN
BLESSED ARE THEY THAT MOURN: FOR
THEY SHALL BE COMFORTED
BLESSED ARE THE MEEK: FOR THEY
SHALL INHERIT THE EARTH
BLESSED ARE THEY WHICH DO

HUNGER AND THIRST AFTER RIGHT-
EOUSNESS: FOR THEY SHALL BE
FILLED

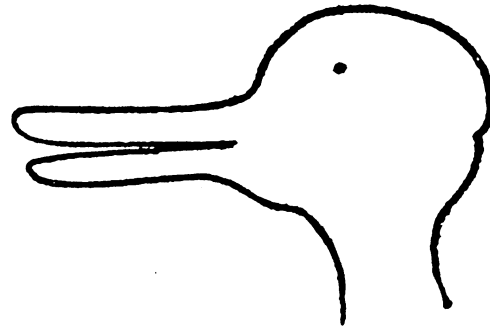
BLESSED ARE THE MERCIFUL: FOR
THEY SHALL OBTAIN MERCY

BLESSED ARE THE PURE IN HEART: FOR
THEY SHALL SEE GOD

BLESSED ARE THE PEACE MAKERS: FOR
THEY SHALL BE CALLED THE
CHILDREN OF GOD

BLESSED ARE THEY WHICH ARE PER-
SECUTED FOR RIGHTEOUSNESS'
SAKE: FOR THEIRS IS THE KINGDOM
OF HEAVEN

Appendix IV



Appendix VIII

Dimensions of ethics

	Dimension 1 Ethics of doing	Dimension 2	Dimension 3 Ethics of being
Focus (a)	Outputs	Inputs	Both
(b)	Actions	Perception, vision awareness, insight	Character
Relation to other non-moral values	Overriding	Complementary	Priorities values
Goal	Correct behaviour	Broadened understanding	Self-development Self-knowledge
How values change	By choice or decision	By education	Reflection Conversion
Motivation required to engage in or respond to each perspective	Extrinsic or intrinsic	Extrinsic as learning begins increasingly intrinsic as learning continues	Intrinsic

Notes

¹ This view is apparently echoed also in business schools or so research by Joanne B. Ciulla suggests ('Do MBA Students Have Ethics Phobia', *Business and Society Review* 1985, p. 53).

² Observations of this nature have been offered as an important background to the discussion of ethics and related matters by a wide range of commentators. One example is H. L. A. Hart in the *Concept of Law* (Oxford: Oxford University Press, 1961).

³ See for example the research of Max Clarkson, e.g. *Corporate Social Performance in Canada, 1976-86, Research in Corporate Social Performance and Policy*, Vol. 10, pp. 241-265.

⁴ See, for example, a recent speech by Isadore Sharp, 'Marketing and Strategic Management' to the Faculty of Administrative Studies, York University, October, 1993 (available from the author).

⁵ *Fortune*, April 29 1992.

⁶ 'Ethical Decision Making', *Journal of Business Ethics* **10**, 147.

⁷ These and subsequent references are set out in appendices for purposes of illustration.

⁸ These and subsequent references are set out in appendices for purposes of illustration.

⁹ Appendix two quotes Mill and paraphrases Kant.

I use these references because of the influence of Mill and Kant on post-renaissance moral philosophy. Many other examples could be used to illustrate the point. For example, social contractarian and utilitarian theories which have dominated moral philosophy for much of this century typically focus on resolving moral dilemmas and moral issues or constructing frameworks of rules whose central purpose is to guide behaviour or policy development.

¹⁰ There are many reasons for this. The case focus of business education is one. For example, in *Teaching with Cases* (The School of Business Administration, University of Western Ontario, 1981) the authors suggest that cases should be approached using "the problem solving model" the last step of which is formulating a plan of action (p. 102). The need to generate tension, debate, controversy to hold interest and attract enrolments is perhaps another. The dominance of this orientation can be confirmed by reviewing the contents of widely used texts in Business Ethics, for example, *Business Ethics in Canada* (Ed. Poff and Waluchow, Scarborough: Prentice Hall, 1991) or *Good Management: Business Ethics in Action* (Bird and Gandz, Scarborough: Prentice Hall, 1991).

¹¹ *The Great Philosophers* (New York: Harcourt, Brace & World, Inc., 1962) pp. 76-79.

¹² *Ibid.* pp. 36-38.

¹³ The applause may in fact not be universal. The ethical character of a principle does not guarantee fairness in its application. The extent to which insurance companies have been fair in their calculation of the living needs benefit is not something that this author has been able to determine.

¹⁴ My account of Aristotle's ethics owes a good deal to my reading of *After Virtue* by Alasdair MacIntyre (Notre Dame: University of Notre Dame Press, 1981), pp. 137–154. MacIntyre makes a comment similar to what I say here about “the modern reader”. The validity of his comment, I am suggesting, is both illustrated and confirmed by what the modern applied ethics student reader typically encounters in the anthologies from which applied ethics courses are now typically taught.

¹⁵ I set out their characteristics in summary form in appendix VIII.

¹⁶ The over-riding character of ethics or morality has been explored by many authors. It is significant in seeking to understand the nature of morality and its relation to non-moral values and principles and interests. For example, its significance is obvious and central to an understanding of the relation of legal and moral obligation. I explore some dimensions of the moral point of view in *The Practice of Punishment: Towards a theory of restorative justice* (London and New York: Routledge, 1992), pp. 82 ff.

¹⁷ Note: Something is extrinsic in this sense if it is not an essential ingredient. It is intrinsic if it is. For example, the paint colour of a car is extrinsic. One way of putting this is to say that it is not a defining characteristic. In contrast, cars have to have wheels

to be cars at least at this stage of technological development. It would be appropriate to call this an intrinsic feature of cars.

¹⁸ For a much more intensive and extensive exploration of this theme, see ‘Corporate Roles, Personal Virtues: An Aristotelian Approach to Business Ethics’ by Robert C. Solomon (*Business Ethics Quarterly* 2(3), 1992, 317–339).

¹⁹ A caution needs to be noted here. Obviously this is a generalization. It points to a pattern. Equally obviously there are and will be exceptions to the pattern. Focus on character building, while clearly not a dominant theme in contemporary North American education at any level, nevertheless has never been completely abandoned. Its most comfortable home today, however, is in the private school sector whose vigour is in part at least a reflection of a concern on the part of some that character development is a legitimate and indeed central task of education whatever prevailing patterns might imply to the contrary.

²⁰ See for example the debate about religious and moral education generated by the Mackay Report entitled ‘Religious Information and Moral Development’ which was commissioned by the Government of Ontario with a view to confronting the need for a non sectarian approach to both religious and moral education in an increasingly pluralistic post-war society.

4700 Keele St.
North York, Ontario (M3J 1P3)
Canada