A Contemporary Conspectus of Business Ethics Education: Content and Pedagogy for HRD

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In this paper, I would like to offer the suggestion that HRD become an ethics champion within the corporations and the organizations we serve. By surveying and synthesizing literature from higher education and professional associations on business ethics theory and practice, this paper provides both rationale as well as strategies for HRD professionals to shape the current and prospective ethical climates of organizations.

Keywords: Ethics Pedagogy, Academic Programs, Leadership Development

The ideals for human behavior of justice, honesty, responsibility, and beneficence (Lumpkin, Stoll, & Beller, 2003), transcend time and organizational context. In the last few years the purposeful and intentional pursuit of business ethics training and education has become clearly visible within the academy and within several professional organizations and credentialing bodies. Ethics is the “systematic, rational reflection upon a choice of behavior, and it can be taught” (Ritter, 2006, p. 154). Morality is concerned with that which is of serious consequence to humanity (Shaw & Barry, 2007). While there have been studies and papers dealing with the ethics of HRD, Hatcher (2007) has argued that “HRD has provided modest leadership in business ethics” (p. 47). Scholars and practitioners have begun to study and scrutinize the ethical basis of decisions made by business executives, and the impact of those decisions upon customers, clients, students, and the public’s perceptions of business institutions (Desplaces, Melchar, Beauvais, & Bosco, 2007). The purpose of this paper is to provide a rationale for Human Resource Development scholars and practitioners to champion business ethics in the HRD curriculum, in leadership development, in training, and in organizational development.

This paper extends the argument regarding ethics, from the ethics of the practice of HRD, toward a vision for HRD as champion of ethics. The environmental context of business and organizational America has changed, and corporate scandals and corruption have been ubiquitous in business and popular news (Dellaportas, 2006; Ritter, 2006). Hood (2003) has observed that because of the “growing lack of confidence in ethical corporate practices and the current emphasis of quality of life” (p. 263), researchers and managers have grown increasingly interested in the “evolution and consequences of corporate ethical performance” (p. 263). It is becoming increasingly accepted that business education must acknowledge responsibility for providing ethics education. Just as it is no longer acceptable for ethics to be “elective” in curriculum, this paper argues that it is no longer acceptable for HRD scholars and practitioners to provide ethics training and education as a reaction to leadership or compliance issues.

As HRD matures as a profession, and continues to embrace the ideal of strategic business partner, it no longer can assume a value-neutral position on contemporary problems facing organizational America today that call for attention. The context of business today is permeated by competing demands on leaders, managers and employees to conform to various expectations. The increasingly complex world of business exerts more and more pressure on management and leadership to perform. Among several examples of pressure exerted upon management and leadership includes financial pressure. Wall Street exerts financial pressure on corporate leaders to meet or beat their quarterly earnings estimates (Jennings, 2005). Pressure is not the exclusive domain, however, of management and leadership. As will be discussed later in this paper, peer pressure, exerts influence upon employees of all strata of the corporation to conform to cultural and organizational expectations. HRD has an opportunity to develop as what Hatcher calls a ‘deep’ profession, and one that no longer ignores ethics when “compared to other research topics” (2007, p. 48). The notion of HRD championing business ethics highlights and challenges HRD to consider its role in creating workplaces that are good, just, beneficent, productive, fair, and effective. Business ethics training and education is complicated and perhaps unwieldy, but it presents fertile soil that we must till and cultivate as part of our collective understanding and execution of our responsibilities. The organization and those who practice strategic HRD within it, is made up of stakeholders who have competing interests:

Existing organizational structures and management systems are not neutral or apolitical. Indeed, these structures and systems have developed over time in specific historical and social situations. In other words, there is nothing “natural” or inherently logical or inevitable about turning humans into resources that need.

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to be developed. Yet virtually all of the HRD literature depoliticizes organizational life and obscures the working of power in organizations. For example, HRD practitioners and organizational developers typically see efforts to change organizational leadership, culture, or structure as neutral and objective (Cervero & Wilson, 2001, p. 52)

HRD can become an even stronger strategic business partner in corporations by explicitly understanding the significance of ethical theory and by championing ethical practices and cultures through ethics training and education.

**Research Questions and Literature Review Methods**

The subject of Business Ethics education, pedagogy, and practice within corporate America is enormous in scope and in significance. This paper does not presume to provide a comprehensive exploration of the issues of Business Ethics education. Rather, it is a presentation of the rationale for HRD to embrace its role as an advocate, and as a subject matter resource, for Business Ethics training and education within corporate America today. Drawing upon management literature, specifically, EBSCOhost, ABI/Inform Global, ProQuest, and SAGE databases, I searched on keywords “ethics AND pedagogy” and “ethics AND training” in order to examine and then acquire a framework to discuss contemporary scholarly thought on the subject. Additionally, as a scholar, practitioner, and educator of HRD, and as a Business Ethics professor, I have drawn upon my direct experience and reflection to inform many of the ideas and suggestions set forth herein.

**HRD as a Champion of Ethics**

The direction and our priorities of HRD have been posited in recent works. For example, Eichinger & Ulrich (1995, in Gilley & Maycunich, 2000) identify seven priorities of HRD. Embedded in those priorities are implications for the championship of ethics. For example, Eichinger & Ulrich offer that HRD should help the organization reinvent itself to compete more effectively. Organizations who experience public black eyes due to corporate malfeasance must reinvent themselves in order to regain market standing. Another of the suggested priorities is that we should reinvent the HRD function to be aligned with a customer-focused organization. HRD can help organizations who aspire to develop their customer focus, by helping corporate leaders understand the importance of product and service safety and quality, ethical marketing and advertising practices, financial and accounting accuracy, employee welfare, and corporate social responsibility. Other suggested priorities are to attract and develop the next generation of leaders and executives within the organization, and to contribute to the continuing cost containment efforts. HRD can and should play a major role in the development of ethical leaders, and HRD can help financial managers balance the tension between the desire to contain costs, and the responsible distribution of corporate assets and capital as well as the fair and accurate financial reporting.

Henderson & Provo (2007) identified five questions that we will be facing in the near future: the emergence of Gen X and Gen Y into key leadership positions; the emergence of China as a world power; the virtual, 24/7 world of life and work; the short shelf life of knowledge; and the increasingly multicultural environment (p. 275). Henderson & Provo posit that HRD “will only be relevant in the future if we can extend out vision to the cars ahead of the one immediately in front of us, so to speak, and try to anticipate and project the future we will be living in long before we encounter it” (p. 274). Ethics permeates all of these projections and suggestions for HRD. HRD has an opportunity to enhance its relevance within corporations today by serving as ethics champions in the training, education, leadership development, and organizational development it researches, provides and evaluates. Substantive evidence exists to demonstrate the impact that the purposeful, systematic design and inclusion of business ethics codes of conduct, and commensurate education and training programs that highlight those codes, produce desirable results for individuals, groups, organizations, and communities.

Hatcher (2007) argued that HRD’s focus on learning and performance excludes the research of ethics. However, it is possible to imagine that this shift to ethics champion presents minimal tension between the learning versus the performance focus of the field. There is sufficient evidence today to prove the economic value of positive corporate reputation, employee well-being, and corporate social responsibility to justify the addition of ethics to the research and practice agenda of the HRD profession. Clearly, HRD must earn its keep as a strategic business partner. HRD is bound to the production of proof that its presence is a value-add proposition. Swanson presented the model of the Human Resource Development Value Chain, which suggests that HRD researchers should think like business managers, and understand how their organization creates value (Swanson & Holton, 1997). The HRD Value Chain is a schema of HRD activities that begin with understanding the strategic goals of the business, focusing the HRD efforts to those strategies, providing training and development, facilitating the transfer of learning, and then proving the value of that HRD effort through evaluative means (Swanson & Holton, p. 25). By championing ethical organizations through training, development, leadership development, and organizational
development, HRD has an opportunity to increase its relevance, to show return on investment, and to balance the
pressure between HRD as the “handmaiden to capitalism” (Hatcher, 2007, p. 52), versus HRD as a thoughtful,
critically reflective advocate for what is good, right, just and fair. Jackson has observed several factors that have
created an impetus for business ethics education (2006). Those factors include not only the recent spate of corporate
malfeasance by large corporations such as WorldCom and Parmalat, but also the environmental context that is now
permeated by expectations of social responsibility, and by legal and regulatory standards.

Ethical behavior can neither be assumed, taken for granted, or ignored in corporate America today. The field of
HRD is positioned to help shape corporate cultures by providing training, education, and organizational
development activities that foster sound ethical and moral awareness and judgment. There is much at stake in the
current environment of business. Ethical failures cost organizations in terms what Thomas, Schermerhorn and
Dienhart (2004) identify as level one, level two, and level three costs. Level one costs are those easiest to identify,
and they include government fines and penalties. Level two costs include costs of “clean up” (p. 59), which are
administrative and audit, legal and investigative, remedial education, corrective actions, and government oversight.
Level three costs are the most damaging costs, the most understated, and the least acknowledged by executives. These
costs include customer defections, loss of reputation, employee cynicism, lost employee morale, employee
turnover, government cynicism, and government regulation (Thomas, Schermerhorn and Dienhart, 2004).

**Business Ethics in Leadership and Organizational Development**

Because of decreasing confidence of corporate ethical practices as well as the increasing legal attention to the ethics of
diversity, employment, and product development, there is significant and emergent attention to corporate ethical
behavior (Hood, 2003). HRD can impact the ethical climate and the ethical practices of organizations through
multiple means, including leadership development and organizational development.

HRD can shape corporate culture through organizational development efforts that identify ethical imperatives
throughout organizations. HRD can strategize with senior leadership to systematically operationalize codes of
conduct, ethics training programs, educational awareness, and performance management programs that have a
dimension that measures ethical behavior. HRD should assume that it can help add value to corporations by
helping to shape their culture. Corporate culture is not a given, and it is not fixed. Rather, corporate culture is
morally malleable. Small (2006) observed that because equality, fairness and morality within corporations are not
guaranteed, and because some senior managers have behaved in ways that call into question their own ethical
judgment, contemporary management theory is becoming more inclusive of moral philosophy. A growing number
of studies have addressed the issue of improving the ethical standards of businesspeople and students by exposing
them to ethics education or training (Halbesleben, Wheeler, & Buckley, 2005). Jackson presented the idea of the
morally educated business person, who is one who is “equipped with ethical awareness, ethical reasoning
skills…and is postured to shoulder the duties and rewards of stewardship, including consideration of multiple
stakeholders’ concerns before making decisions and using power responsibly” (p. 66). Feldman (2006) has
identified the relationship between morality and corporate traditions, and illuminates the business effects of what he
calls “moral memory.” These effects, or “moral traditions” enhance competitiveness. For example, when leadership
creates a moral culture characterized by trust, respect, recognition and compassion, employees respond with a sense
of ownership, entrepreneurship and accountability (p. 401). Additionally, moral traditions enhance competitive
advantage through a commitment to product quality, and through building trust in brand identity.

The ethics and morality of a corporation begins with the leadership of the organization. Thomas,
Schermerhorn, and Dienhart (2004) stated that “the ethics message that begins at the top of a firm, and cascades
down and throughout its membership can be positive, neutral, or negative…Only the former is acceptable” (p. 56).
Jennings (2005) presented a model of ethical culture, represented as pyramid, that also emphasizes the criticality of
the ethical tone set by an organization’s leaders. The base layer of this pyramid of ethical culture are the “facial
trappings of ethics” (p. 38). Jennings noted that Enron had a “64-page, award-winning code of ethics” (p. 64). The
base layer of the pyramid also includes annual ethics training, and an infrastructure for reporting, investigating,
enforcing, and gathering feedback on ethical lapses, questions and breaches. The next layer is the “people layer,”
which is comprised of the nature of the employees, and their ethical attitudes. This layer acknowledges the impact
that training and development can have upon employees, and it also acknowledges intra-generational differences in
moral and ethical awareness. For example, Jennings notes that “for college graduates today, cheating has been a
part of the game…they know there is a risk, and apparently it seems like it’s worth taking” (p. 40). The third layer
of the pyramid is the policy and the leadership layer. Executives, it is argued, set the ethical tone of the corporation,
and they become moral managers by “recognizing and accepting their responsibility for acting as ethical role
center of gravity” which they liken to “mold of Jell-O®” (p. 62). Thomas, Schermerhorn, and Dienhart posit that because most employees and middle level managers in corporations act amorally, which means that they do not take into account the ethics of business behavior, they tend to respond to “the ethical culture of the organization, ethics models set by supervisors, and the ethical expectations of peers” (p. 62). Leaders, therefore, should recognize that they greatly influence the behaviors of their followers by their actions and behaviors.

**Developing “Moral Fiber”**

Management scholars argue that it is not knowledge of business ethics that is lacking, but strong moral fiber to resist wrong doing in the face of pressure. The concept of moral fiber has emerged as a key factor of ethics training. Jennings (2006) argues that the focus of ethics training should “shift to resisting pressure and promoting introspection for the purpose of developing inner confidence that would provide the necessary gumption for raising questions and red flags” (p. 46). Desplaces identified the role that peer group influence plays upon the ethical behavior of individuals in business settings (2007). Anand, Ashforth, and Joshi developed a framework that describes the “acceptance and perpetuation of corruption in organizations” (p. 39). Included in this framework are mechanisms that rationalize and socialize newcomers into the unethical practices of organizations. Rationalization tactics include denying responsibility, in which “individuals convince themselves that they are participating in corrupt acts because of circumstance—they have no real choices” (p. 41). Such tactics also include denial of injury, in which employees “convince themselves that no one is really harmed by their actions” (p. 42). The solution to these rationalization tactics, according to the authors, is to recognize and understand how mechanism of social cohesion and socialization induce otherwise well-meaning employees to act unethically. They argue that management must avoid denial and move quickly to remedy ethical lapses, and to involve external change agents who can identify corruption and question taken-for-granted assumptions about business practices.

**Corporate Codes of Conduct and Codes of Ethics**

Brandl and Maguire (2002) observed that as of October of 2002, over 100 companies had hired ethics officers, and that the Associated Press “pointed out that companies can no longer afford to leave ethics as an afterthought” (pp. 9-10). Corporate codes of conduct present standards of dealing with internal clients, external clients, recruits, and other stakeholders within an organization. Corporate executives play a major role in establishing an ethical tone but then positively influencing “organization-wide ethical conduct…including selection and hiring of ethically-oriented employees, establishing codes of ethics, developing employees internally, and taking a stewardship perspective (Kulik, 2005, p. 347). Messmer (2003) emphasized the importance of the collective participation of employees in the development of a code of ethics, and that open communication and consistent procedures are vital to their effectiveness. There is no doubt that corporate codes of conduct are critical to helping to shape and create ethical organizations, and in fact, the Sarbanes Oxley Act of 2002 requires public companies to disclose whether or not they have implemented codes of ethics (Anand, Ashforth, & Joshi, 2004). However, it would be a mistake to assume that the presence of a code of ethics singularly produces systematic results. Anand, Ashforth and Joshi proclaimed that by themselves, corporate codes of ethics are insufficient and that they must be accompanied by several levers of interventions. These interventions include fostering awareness among employees, using performance evaluations that go beyond numbers, nurturing an ethical environment in the organization, and cultivating ethical leaders who serve as ethics exemplars. Because the fundamental activities of HRD include performance management, HRD is well-positioned to play a strategic and integral role is shaping and sustaining ethical corporate cultures.

**Ethics Training Programs**

In addition to providing leadership development that encourages leaders to internalize ethical and moral behavior, and in addition to providing consultation on the development of codes of ethics, HRD can play a vital role in ethics training programs. Callahan (1980, in Ritter, 2006), “Suggested that the goals of ethics education should be: (1)stimulate moral imagination …(2)recognize ethical issues, (3)elicit a sense of moral obligation, (4) develop analytical skills, and (5)tolerate and reduce disagreement and ambiguity” (p. 156). Weber (2007) conducted a study that explored research in educational psychology and learning theory, in order to attain some insights to improve business ethics training programs. Weber observed that “formal business ethics training, often mandatory, is now common in companies around the globe. Ethics training can also occur less formally through publicizing ethics policies and codes and encouraging all employees to carefully review ethics handbooks and related videotapes” (p. 61). Weber determined that pedagogical variety, group discussions, stakeholder analysis, inductive learning, and training wrap up (where the trainer asks participants to reflect on changes in their “personal code of conduct” that resulted from the training) help increase training’s effectiveness and impact.

**The Emergent Visibility of Ethics in Related Professional and Educational Programs**

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The current environment of business is permeated with a moral malaise and a general mistrust of corporate leadership, and with good reason. “AIG lost $70 billion of shareholder value in one month; Tyco lost $40 billion in two months; and Enron lost $90 billion of shareholder value in less than two weeks” (Beggs & Dean, 2007, p. 15). There have been legislative reactions to these major business ethics scandals, as evidence by the Sarbanes-Oxley Act of 2002, and there has been a reaction within the professional associations and higher educational institutions and programs associated with business.

Business ethics has explicitly captured the imagination of educators. According to Allen, Bacdayan, Kowalski, and Roy (2005, p. 170), in 1976, “the American Assembly of Collegiate Schools of Business (AACSB), the accrediting body for business schools now known as the Association to Advanced Collegiate Schools of Business International, formally recognized the importance of ethics in business education by insisting that business educators incorporate ethics into business curricula.” The AACSB mandates that undergraduate business degree programs include learning experiences in ethical reasoning (Beggs and Dean, 2007). Recently, the AACSB published its report of the ethics Education Task Force to AACSB International’s Board of Directors (2004), which was published to “urge and encourage administrators and faculty in business education to contemplate their current approaches to ethics education and to strengthen this vital part of the curriculum” (p. 7). The report identified four major themes of business ethics education: the responsibility of business in society; ethical leadership; ethical decision-making, and corporate governance. While the AACSB standards remain loosely prescriptive, and they continue to remain ambiguous in their requirement to embed ethics education within curriculum, rather than to mandate a separate ethics course, the AACSB has become increasingly explicit about business ethics education. In February of 2006, The Journal of Management Education published a special issue dedicated to business ethics. The Marketing Education Review acknowledged the emerging significance of business ethics education as well, and in the fall of 2004, it published a special issue that dealt with issues such as how to build ethical capacity in business schools, and how to teach business ethics to Generation Y (Beggs & Dean, 2006, p. 16). The Academy of Management themed its entire 2007 annual conference around the idea of “Doing Well By Doing Good.” The proceedings of this conference provided explication of the multiple methods of evaluating corporate performance. Among these methods is the socially responsible, or ethical, behavior and performance of the firm. The Academy of Management has begun to recognize that there are ways to measure performance beyond traditional financial metrics. Since HRD programs are not the exclusive domain of Business Schools, however, it is important to consider ethics curricula in a variety of contexts. As a multidisciplinary field, HRD programs are located in Colleges of Education, Adult Education, and Lifelong Learning. Just as it is timely to champion a ubiquitous inclusion of ethics training throughout all functions and layers of a corporate hierarchy, it is timely to champion Business ethics education in all of the curricular programs that house HRD curricula.

**Business and HRD Curriculum**

Merritt (2003), in Beggs and Dean (2007), asserted that management education, which is where careers begin, plays a significant role in “cleaning up corporate America” (p. 16). As a professor of business ethics in a public, non-traditional college (Empire State College/ State University of New York) as well as in a private, traditional university (Syracuse University), I begin each term with an assignment designed to acknowledge -- and then hopefully dispel -- the cynicism that I perennially encounter in the classroom. This assignment is a one-page reflection paper, with no outside research, titled “Why does the phrase business ethics get a giggle?” I have students reflect upon their own cynicism as well as the cynicism that they hear and witness. After I provide a substantive theoretical foundation in ethics theory, the class then turns its attention to readings and cases of business ethics that cover a variety of business ethics issues such as capitalism and economic distribution, workplace privacy, discrimination, advertising and marketing, and the environment. My style as an ethics professor is iterative and dialogical. I permit students to re-work their cases if they change their minds about their assessments and analyses. For example, one of the cases asks students whether or not a businessman, who buys and sells blood on the private market, is subject to moral scrutiny (Shaw & Barry, 2007). Some students interpret the behavior as capitalism at its finest, but many of them question the ethics of egregious profit margins (he buys the blood, according to the case, from an African tribe for fifteen cents per pint and then sells it to U.S. hospitals for $25 per pint). The purpose of the class is to provide students with ethical frameworks to make informed, logical, moral judgments about business activities such as these, and to problematize situations that might otherwise not be seen as ethically complex.

Even though the AACSB decided to not require a structural component of ethics, but rather require “evidence of coverage” it has created new standards and expectations for business schools (Dean & Beggs, 2006, p.17). Several business schools today have integrated ethics into their business school curriculum, such as the Mendoza College at Notre Dame and the Kellogg School of Management at Northwestern (Dean & Beggs). At Empire State College /
SUNY, the Area of Study (our non-traditional proxy terminology for “Department”) of Business, Management and Economics has decided to increase its expectations for an ethics component within curricular programs. Ritter (2006) emphasized that business ethics curriculum must be relevant, and that students would recognize relevance “if they are made aware of the multitude of instances in business where ethical considerations should play a role and are provided with examples of situations in which they may face a real-life ethical dilemma” (p. 156). Whether it embeds ethics education within existing courses, or provides freestanding courses in ethics, HRD and business curriculum should educate and sensitize students to theoretical frameworks as well as contemporary examples of ethical dilemmas in corporations today.

Giacalone, Jurkieswicz and Knouse (2003) described their experiences with leading students through a capstone project in which students developed an ethics training program. Students learned to develop familiarity with codes of ethics by obtaining and reviewing some actual codes of ethics from corporations. Next, they refined their ability to synthesize theory with practice in order to raise their level of analytical sophistication. That is, they learned how to situate real-life ethics problems within a theoretical context in order to arrive at the best decisions and conclusions about ethical resolutions. Next, students developed industry-specific familiarity with ethical dilemmas. Finally, students compiled their findings and constructed ethics manuals that included articles and cases to highlight and augment particular situations. This project provides a concrete, tangible framework for HRD practitioners who aspire to partner with senior leadership to create and maintain ethics training programs. Allen, Bacdayan, Kowalski, and Roy (2005) were bold enough to wonder if “although business ethics has found a place in the curriculum of AACSB accredited business schools, we may be teaching it incorrectly or not at all” (p. 178). Allen, Bacdayan, Kowalski, and Roy strongly argue that it is important to have an entire semester dedicated to one course in ethics, rather than relying on the inclusion of ethics within several other courses.

Implications for HRD

“HRD interventions work because they cause some type of change” (Storberg-Walker & Gubbins, 2007, p. 296). This paper highlighted the increasing importance of business ethics as a contemporary HRD concern. There are several different dimensions of the types of activities HRD can initiate and influence in order to help create and sustain ethical cultures and ethical corporations. Admittedly, the subject of business ethics has been the subject of a myriad of textbooks, journal articles, professional conferences, and research studies and this paper has not presumed to be comprehensive or exhaustive. However, it has introduced the idea that HRD can play a vital role in business ethics. HRD can help shape corporate cultures through understanding and appreciating the growing emphasis on ethics in related professional organizations, and in higher education, and by helping to shape ethical corporations through training and developmental interventions. Directions for future research for HRD include examining and evaluating training programs, and learning about HRD practitioner experiences with training. Directions for future research also include studying ethics in industries and professions beyond those who are in the current ethical spotlight, such as finance and accounting. Other questions remain regarding business ethics curriculum. Should business ethics be mandated as a freestanding course, or can it be successfully embedded in other courses? How should it be taught? How does business curriculum take into account international issues, and recognize that ethical practices vary across countries? For example, it is not considered unethical or illegal for businesspeople in other countries to be expected to bribe. However, the Foreign Corrupt Practices Act (FCPA) of 1977, made it illegal for U.S companies to engage in such behavior (Shaw & Barry, 2007). How do international businesspeople act responsibly and ethically in a global marketplace?

HRD can provide contemporary value-add to corporations by assuming a posture of ethics advocacy. By understanding and appreciating the subtleties of the value-add proposition for organizations, HRD can sustain its relevancy in corporations by championing ethical behavior and ethical cultures. The environmental context of business today calls for subject matter expertise in Business Ethics content, and it calls for expertise in effective organizational systems and interventions that create, sustain and encourage ethical behavior.

References


