

## TEACHING BUSINESS ETHICS: AN INTEGRATED APPROACH

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**Abstract:** Inculcating a strong sense of ethical values among tomorrow's managers and leaders has become both a necessity for industry and an academic imperative, during these times of scams and governance failures. This paper examines challenges Indian business schools in general and LIBA in particular faces in teaching business ethics and related areas and the attempts at developing a pedagogy that can help in grooming effective and ethical managers. One of the ways in which LIBA is attempting to rise to the challenge is by adopting a three-pronged approach of research, education and co-curricular activities aimed at cultivating a strong ethical ethos. The experiments have borne fruit in the form of books and research papers on ethics and corporate governance and course in ethics and related areas. Further students actively contribute to the administration of our CSR Award, besides organizing conferences on issues with an ethical significance and engaging in community interventions.

**Keywords:** teaching ethics; corporate governance; CSR; pedagogy; research; India

### Introduction

#### *Research and Content Development*

The Centre sees thought-leadership as the new paradigm for differentiation. Thought leadership has evolved in the course of developing a deeper understanding of the specific ethical issues in business. Three textbooks and several research articles have been published that include:

1. Business Ethics: An Indian Perspective by Prof A.C Fernando
2. Corporate Governance: Principles, Policies and Practices by Prof A.C Fernando
3. Business Ethics And Corporate Governance by Prof A.C Fernando

Several papers have been published in international peer reviewed journals on topics like ethical decision-making, moral disengagement and ethical ambiguity. The Centre is currently working on a research paper on ethical supply chain management.

#### *Reaffirming Core Values*

Three years back the institute drafted an ethics oath, which students take on their graduation (kindly see Appendix). Since research has found that honor codes enable students to better frame their ethical reasoning and students in institutions that have honor codes are less likely to cheat (McCabe et al., 1999), it is hoped that the oath will reiterate to students their responsibility of solving problems with sensitivity and a deep sense of fairness and justice.

### ***Appreciating the Reality of India***

Today's management graduates have to face a multitude of challenges. No longer is it sufficient to master the functional skills of traditional management program but to lead in the globalized world they have to learn about not just business but also society. Businesses help nation develop and grow. However, with the disparities growing among the people it is necessary for the students to be familiar with the social environment in which businesses will have to be run, managed and governed, so as to create a positive impact for all concerned. In tune with this, the institute has incorporated a course in Government Business and Society as a core part of the curriculum in the first year of study. The objective is to expose the students to the historical realities of India, to national and global economic issues and comprehend unique Indian circumstances which influence businesses in terms of the polity of the country, governance structures and issues, and the social milieu. The course includes a stay in a village that helps develop student's sensitivity to disparities and an appreciation of the need to consider the impact of industry on the environment as well as the need and urgency of developing sustainable models of growth.

### ***Curriculum Design***

One of our early realizations has been that we need to build in ethical sensitivity early on and hence business ethics is offered as a foundation course in the management curriculum. Reviews of studies investigating the impact of business ethics or business and society courses show that in general courses do aid in the improvement of ethical awareness, reasoning skills and resolution of cases or dilemmas, although it is believed that this improvement is short-lived (Glenn, 1992; Weber, 1990). The Centre has designed the business ethics course in three modules one of which is offered each trimester allowing time for critical reflection and internalization and gradually stepping up the level of discussion, as moral problems need to be approached with thoughtfulness and intellectual sophistication. The goal is to improve ethical decision-making amongst the student and management community through attention, observation, reflection and appropriate cognition of moral challenges to the end of taking a fair and ethical position and translating it into upright behavior.

In the second year, the attempt is to integrate ethics content into all other business disciplines so that the importance of an ethical approach in decision-making is emphasized and students are familiarized with ethical challenges they are likely to face across different functional areas. Ethics, we believe may not be very effective if taught as a stand-alone course but needs to be discussed and taught from a multi-functional perspective.

### ***Bringing together Western Ideas and Indian Philosophy***

For ethics teaching to be meaningful it needs to be situated in the Indian context and an empirical, problem-solving approach with student participation needs to be used. It has been found that case materials and methods developed for Western university students cannot be used with equal felicity in Indian Business schools and that here is a need to focus attention on developing indigenous content that is culturally relevant. The Centre is therefore building content derived from the Indian context while also incorporating important elements of Western ideas for meaningful dialogue and discussion. The paper on common good leadership in business management by Prof. John Alexander (Alexander & Buckingham, 2011) is an apt example of how ethical models from Indian tradition can be incorporated in the area of leadership ethics to illustrate how they

are compatible and have contemporary relevance in insisting that working for the common good is at the heart of effective business and executive activity. Prof Alexander uses leadership thinking of Kautilya<sup>1</sup> and Ashoka<sup>2</sup> both of which offer a common good approach, emphasizing the leader's moral and legal responsibility for people's welfare, the robust interaction between the business community and the state, and the importance of moral training of leaders in identifying and promoting the common good.

### ***Pedagogic Innovation***

The pedagogy for teaching ethics related courses has been a mix of lectures and case discussions. The endeavor has been to initiate debate and discussion on several cases of ethical infractions involving both private and government enterprises in the country. Students use the *Economic Times*, a business newspaper every student subscribes to, to select relevant real world instances for study. These sessions require students to independently research on the case and speak to different stakeholders to not only bring out different facets of the issue but also to comprehend the fallout of unethical decisions.

Business schools that live the ethics and values contained in their mission statements are capable of producing graduates who are highly valued and sought by organizations that value ethic and responsible business practices (Procario-Foley & Bean, 2002). But to do so they need to go beyond merely offering business ethics or social responsibility courses. It is imperative that they create an ethical environment starting with a strong commitment to ethics found in the organization's mission and development of a series of important ethics initiatives and the allocation of resources to maintain these initiatives.

### ***Beyond Management Guest Lecture Series***

Realizing the utility of hearing from and interacting with business leaders and professional from various walks of life in broadening the perspective of students, we created a "Beyond Management" Guest Lectures Series almost a decade ago. Several of the speakers featured in the series have shared their experiences of facing and resolving ethical dilemmas and gone on to re-affirm the importance of an ethical orientation to business.

The institute has deliberated on how to go about offering action-learning experiences beyond ethics courses and invitation lectures and has attempted integrating classroom learning with an opportunity to organize events that underscore the importance of ethics in business. Our students actively participate in organizing three annuals events that are testimonials of our commitment to advocating ethics and social responsibility in business.

**1. *The Mother Teresa Awards for Corporate Citizens.*** The Mother Teresa Award for Corporate Citizens, instituted in 1998, is presented every year to a company that has shown exemplary commitment to the ideals of corporate citizenship. The objective of the Award, which has acquired an all India reputation and is well known in corporate circles, is to showcase a corporate which has gone far beyond its call of duty to promote welfare activities for the benefit of the poor and marginalized sections of society and is environmentally conscious. The Award presentation includes:

- The presentation of the Award and citation to the corporate citizen for the current year
- The Mother Teresa Memorial Oration by the Chief Guest of the function

All listed Public Limited Companies are eligible for nominations. The earlier recipients of the award were Titan Industries Ltd. - 1998, Tamil Nadu News Print and Papers Limited (TNPL) - 1999, Orchids Chemicals and Pharmaceuticals Ltd. - 2000, Indian Oil Corporation - 2001, Shriram Investments Ltd. - 2002, Polaris – 2003, TVS Motor Company - 2004, Tata Steel - 2005, National Thermal Power Ltd. (NTPC) - 2006 and Chennai Petroleum Corporation Ltd. (CPCL) - 2008, Tata Chemicals Ltd and Special Award to Sobha Developers for the year 2011.

There are seven distinct criteria that guide the Awards Committee in the process of selection of the recipient of the award namely: explicit recognition of social responsibility in the mission statement of the company, commitment to quality and customer satisfaction, pursuit of value addition to shareholders as a consistent goal, harmonious industrial relations with employee welfare as its strong focus, direct sponsorship and active involvement in permanent projects, which promote the social and economic empowerment of the poor, the disabled and the marginalized sections of its neighborhood, concern for environment protection including adoption of eco-friendly technology and promotion of ancillary units with emphasis on training and development and on employment generation and entrepreneurship.

Students go through all the entries and do the due diligence to authenticate nominations. Shortlisted companies present their case to a jury. A student jury comprising of three students selected through a quiz and an interview offers its recommendations to the award jury for deciding the final winner.

2. ***Mindful Leadership: Essay and Elocution Competition.*** Mindful Leadership is an essay and elocution competition aimed at promoting ethical business practices and social responsibility among the youth and is organized in association with University of Dayton, Ohio. Students deliberate on and select a contemporary theme every year and dispatch the competition details to over 350 colleges across the length and breadth of the country. Out of the several essays received 10 are shortlisted and invited for the elocution at LIBA. Mindful Leadership competition has been able to offer a platform for students to express their thoughts as future leaders and the solutions the youth have to offer. The recently concluded competition chose Eco innovation as a theme for students to ponder over. Environmental deterioration and the consequent risks are bound to disproportionately affect young people, who will have to live in a deteriorating environment bequeathed to them by earlier generations. We therefore thought it was imperative that we sensitize them on environmental challenges, give them an opportunity to dwell on and propose innovative and sustainable practices that can safeguard the environment.

3. ***BEACON: Annual International Business Ethics Conference.*** BEACON the annual business ethics conference chooses an extant ethical issue for discussion and eliciting suggestions from subject matter experts and seminar participants. Recognizing eco-innovation as the need of the hour, BEACON 2012 deliberated over current and future environmental challenges, solutions and sustainability. In the past, significant issues like integrity and leadership, social innovation, sustainability, surfing the slump and inclusive growth have been reflected upon.

### ***Community Intervention***

The Centre has co-founded the NGO Advisory Panel in partnership with CSO Partners, an established nongovernmental organization (NGO) working on capacity building. The motivation to start such an

initiative was our finding that several small NGOs face several challenges in adapting themselves to the fast changing operating environment in order to be effective. Agencies/service providers who can address the specialized needs of NGOs are largely non-existent. Where they do exist, NGOs, particularly the smaller ones, do not have access to them due to various reasons like limited paying capacity. Through the institute's network with industry it was found that there is a pool of expert professionals are interested in contributing to the social development sector but did not have a platform through which they could do so. Through an 'NGO Advisory Panel', the Centre has been able to provide an immediate connecting platform to NGOs and the rich pool of human resources hailing from diverse professional background and through their sustained engagement aim at bolstering the effectiveness of NGOs. Four NGOs are currently being mentored. With this initiative, LIBA has been able to demonstrate its commitment and involvement with the larger society and restate to students its responsibility towards enabling less privileged sections enhance their performance.

The pedagogy and the various opportunities offered to students for self-examination of their ethical attitudes and conduct right throughout the program has helped is seen as a probable method of building balanced, ethical and effective managers. The aim is to ensure that while students are made aware of the role of the corporation in society they also learn to appreciate the larger social context in which businesses operates. The institute has taken it upon itself to equip students with appropriate theoretical frameworks to enable ethical decision-making, to create in them an understanding of the consequences of their actions and provide a holistic perspective on the ethical and social responsibilities of business.

## Notes

<sup>1</sup>. **Kautilya** was an Indian teacher, philosopher and royal advisor. Traditionally identified as Chanakya or Vishnu Gupta, he authored the ancient Indian political treatise called **Arthaśāstra**. Originally a teacher at the ancient Takshashila University, Chanakya managed the first Maurya Emperor Chandragupta's rise to power at a young age. He is widely credited for having played an important role in the establishment of the Maurya Empire, which was the first empire in the archaeologically recorded history to rule most of the Indian subcontinent. He served as the chief advisor to both Chandragupta and his son Bindusara.

<sup>2</sup>. **Ashoka the Great** was an Indian emperor of the Maurya Dynasty who ruled almost the entire Indian subcontinent from 269 BC to 232 BC. Ashoka reigned over most of present-day India after a number of military conquests. He embraced Buddhism after witnessing the mass deaths of the Kalinga War, which he himself had waged out of a desire for conquest. He was later dedicated to the propagation of Buddhism across Asia and was a devotee of ahimsa (nonviolence), love, truth, tolerance and vegetarianism. He is remembered in history as a philanthropic administrator.

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## **Appendix**

### **Ethics Pledge**

I promise:

I will act with utmost integrity and pursue my work in an ethical manner.

I will safeguard the interest of my shareholders, co-workers, customer, and the society in which we operate.

I will manage my enterprise in good faith, guarding against decisions and behavior that advance my own narrow ambitions but harm the enterprise and the people it serves.

I will understand and uphold, both in letter and spirit, the laws and contracts governing my own conduct and that of my enterprise.

I will take responsibility for my actions, and I will represent the performance and risks of my enterprise accurately and honestly.

I will develop both myself and other managers under my supervision so that the profession continues to grow and contribute to the well-being of society.

I will strive to create sustainable, economic, social, and environmental prosperity worldwide.

I will be accountable to my peers and they will be accountable to me for living by this oath.

This oath I make freely and upon my honor.

Academic journal article Journal of International Business Ethics. Teaching Business Ethics: An Integrated Approach. By Rajeev, Priya Nair. Read preview. Academic journal article Journal of International Business Ethics. Teaching Business Ethics: An Integrated Approach. By Rajeev, Priya Nair. Read preview.Â Inculcating a strong sense of ethical values among tomorrow's managers and leaders has become both a necessity for industry and an academic imperative, during these times of scams and governance failures. This paper examines challenges Indian business schools in general and LIBA in particular faces in teaching business ethics and related areas and the attempts at developing a pedagogy that can help in grooming effective and ethical managers. Business ethics should be taught in business schools as an integrated part of core curricula in MBA programs with a dual focus on both analytical framework.Â To overcome the reluctance of many faculty to handle ethical issues, a critical mass of faculty must develop suitable materials, educate their peers in its use, and take the lead by introducing it in their own courses and on senior management programs. This is a preview of subscription content, log in to check access. Access options. Buy single article. Business ethics means the application of ethics in business. Business ethics are moral principles that guide the way a business behaves.Â Introduction to Business Ethics. There is a big difference between what you have a right to do and what is right to do. â€” Justice Potter Stewart.Â There are two ways that companies can approach and implement the concept business ethics. These two approaches are based on two schools of thought, each providing a different definition for ethics business. The first school of thought is shareholder-focused. It maintains that ethical business decisions can be made when individuals within the organization and the company as a whole always keep the best interest of the owners in mind.