

# Developing Students' Competence for Ethical Reflection while Attending Business School

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**Abstract:** Business students early on should be offered a course presenting and analyzing ethical dilemmas they will face as human beings both in the business world and in society. However, such a course should use literature, plays and novels to illustrate ethical norms and values in the intertwined relationships of human activities. Better than business case studies, literature offers portraits of characters as leaders, employees, consultants and other professionals as ordinary human beings with conflicting desires, drives, and ambitions. Literary texts offer excellent descriptions of the circumstances or the organizational settings in which people find themselves.

I believe this is the best way to sensitize students without business experience when they are still open to such a formative learning process. At the same time, this pedagogical method linking ethics and literature may help to critically expose some of the weak or missing aspects of various management theories students encounter in their business curriculum and make them more observant and critical.

**Key Words:** business ethics, literature, critical reading of management theories, case studies, Shakespeare, 'homo economicus',

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*work with an honorary doctorate degree. Among her numerous publications her book Moral Leadership in Action, Building and Sustaining Moral Competence in European Organizations (2002) stands out.*

### **Developing Students' Competence for Ethical Reflection while Attending Business School**

By the time they graduate, today's business school students are extremely well trained in a large number of highly specialized disciplines, theories and analytical skills. But often, they lack the ability to see the moral relevance and interconnectedness of the things they have learned in a larger context. After four to five years of academic training, it takes several years more of hands-on experience before they reach -if ever- the personal and professional maturity and courage necessary to become responsible business leaders.

Is it wrong to ask the troubling question whether business schools have missed out on a unique opportunity while having these students in their halls?

Critics claim that even as students many already seem to have lost touch with reality. Some surveys show that students are not particularly interested in what is going on in society or in politics. They do not find time to read other books than the mandatory ones in their subjects. They seem not to be interested in non-academic and non-exam related topics. Partially, this could be due to the fact that many disciplines

at business schools have developed in isolation from others because the demand to be “scientific rather than applied” has forced some of them to sacrifice nearness and relevance to real business challenges and practical wisdom.

Shortly before he died in 2005, Sumantra Ghoshal, an eminent researcher and professor at London Business School, wrote a very critical article entitled “Bad Management Theories Are Destroying Good Management Practices”. In this article he criticizes business schools and their faculty for promoting theories and ideas that have done much harm. Referring to Enron and Tyco, he claims that “many of the worst excesses of recent management practices have their roots in a set of ideas that have merged from business school academics over the past 30 years “ (Ghoshal, 2005, p.75). He maintains that “by propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility” (Ghoshal, 2005, p.76).

According to Ghoshal, dominant management theories have excluded any role for human intentionality or choice in order to make business studies a “science”. The assumptions of “homo economicus”- a model of human beings as rational self-interested maximizers - is very much at the core of teaching and research at business schools. This view of the nature of human beings lacks empirical evidence, says Ghoshal. He reminds us that human behavior can be influenced by other motives apart from self-interest.

But where do students get a chance to make this discovery? Will they get it in a separate course on ethics or in a course on corporate social responsibility?

Ever since Milton Friedman, the most dominant assumption in business schools is that doing business implies foremost a fiduciary responsibility to shareholders. This claim is simplistic at best, as it entails that one does not need to pay attention to what really is meant by going “beyond a return on investment”. The message is clear: doing business simply can be interpreted as carrying out whatever is necessary to do well in business. Sadly this was confirmed by my own MBA students who were asked to screen their mandatory reading material in the core courses of the program for implicit or explicit messages. They found the following messages: managers cannot be trusted, and therefore, to do their jobs well and to overcome agency problems, managers’ interests and incentives have to be aligned with those of shareholders, preferably with the help of stock options. Transaction cost thinking apparently leads to systems where employees have to be monitored and controlled to prevent opportunistic behavior. Ever since the early 1990s, when ethics officers and compliance programs became mandatory in larger companies, such control mechanism became a managerial instrument. Also, in the field of strategy, Porter’s five frameworks suggest that companies must compete not only with their competitors but also with their suppliers, customers, employees and regulators (Ghoshal, 2005, p.75).

This form of thinking is in sharp contrast to the growing concern for other stakeholders of a business, such as the environment, customers, employees and society. Yet, seldom do students get a chance to critically understand that, in some cases, this may require something more than just balancing different economic interests. Business leaders at times have to make tough choices. For these choices,

there are no economic models or tools available; they are essentially personal, often painful and most of the time, costly. Are business students being prepared for this in business schools?

Universities and business schools, in particular, seem to have failed to create a space in the curriculum for a broader education of a student's mind and the formation of character. What should be understood as the most important experience of a student, the process of becoming an "educated" person in accordance with the old humanistic ideal of "Bildung", has been eliminated from the curriculum in most business schools or, at best, is offered as an elective.

Paradoxically, some companies have come to realize this necessity even before business schools. They have begun to focus on "knowledge workers", on assessing "human capital", and lately, also "emotional capital". However, the curriculum in business schools is still traditionally based on teaching students models and skills in "functional areas" with a heavy focus on the scientific aspects of the disciplines. Humanistic aspects are often left out or offered in elective courses only.

In 2005, Jeffrey E. Garten, the former dean of the Yale School of Management gave the following account:

*"Before I stepped down as dean, the question I was most frequently asked by people outside the university was whether business schools were doing enough to instill the right values in their students. My answer: MBA programs have come a long way – but not nearly far enough..."*

*The most prestigious faculty should lead the way in promoting ethics, or students will quickly infer the subject is not critical. (p.87)* He even goes as far as to suggest that a

condition for tenure for the next generation of faculty members should be “to pass a rigorous exam on such matters” (as ethics), graded by experts inside and outside the academy. (p.87)

If I read him right, he suggests that faculty members should start rethinking what they teach, how they do research and to what extent they are under the influence of the Friedmanite or Chicago School agenda, dominated by agency theory, transaction cost economics, game theory and so forth. To make room for questions on values and institutions they have to critically review their openness towards intellectual pluralism such as can be found in the humanities. Ethics or morals are mental phenomena that cannot be presented causally or functionally like matters in physics or biology (Elster, 1983 in Ghoshal 2005: 78) This definitely is a challenge to the faculty trained in the dominant paradigm of Milton Friedman. What A. Sen (1986) once called the “engineering approach” to ethics must be replaced with an ethics approach, properly speaking. But how?

When searching only for greater efficiency in the functional areas, one forgets that in companies people are asked to use more aspects of their intelligence than the mere application of tools and models. The more decentralized organizations become, the more the demands on an individual’s total competence increase. Individuals need to understand the implications of responsibility and accountability. Ethos is at stake. However, ethos is not something that can be taught in an evening course; it is the result of a person’s character formation process shaped during student years. Social intelligence, emotional intelligence and moral competence are equally important and cannot be developed overnight. Furthermore, in order to fulfill a variety of new

demanding tasks, people in work life must be able to function in teams. They should be able to manage difficult projects in and through the challenging relationship with other people and other professions. Also here, moral sensitivity and competence are necessary.

Moral competence “is a capacity which brings perception, reflection and action together into a coherent whole. Moral competence is the ability to understand our choices and actions as non-trivial since they confront us with significant claims stemming from outside ourselves. Since the human person is a social being, moral competence is not a strictly individual characteristic. It is socially influenced and can even sometimes appear as a collective ability, especially in working life. At the same time, moral competence is the ability to understand the self as a personally responsible subject. However, this understanding is also socially influenced, something which makes the self intimately connected to the welfare of others. Others’ claims on us make our own lives meaningful. Thus, how we relate to others influence our capacity to understand ourselves” (Brytting, 2002: 268)

The above arguments suggest that we seek other ways of helping business students understand the challenges and expectations they will face.

The European Commission’s White Paper “Teaching and Learning: Towards the Learning Society” (1995) contains an interesting passage challenging educational institutions to ensure that future professionals are taught to understand the “meaning of things” (European Union, 1995, p.15). This requires educational institutions to instill in students the capacity to interpret reality with the help of a broader education. This could be accomplished with the help of reading assignments in literature,



philosophy and the arts. The White Paper suggests that these subjects should be given more importance in all university education again. Thus, the study of subjects in the humanities can constitute the proper balance against the dominant quantitative knowledge. Critical thinking is more than analytical thinking; literary education is education of the mind and character, and ethical competency requires training in ethical reflection.

### **Proposal for educating the mind and heart of students: building moral competence**

Instead of approaching the formation of ethical competence by teaching courses on moral philosophy in various professional contexts, I suggest following Martha Nussbaum's proposal to use literary texts as sources of inspiration and character formation. (Nussbaum, 1990) She argues convincingly that by reading literary texts, students can learn to develop the capacity to identify with others, sharpening their emotional intelligence and learning to see issues in a larger context. These capabilities are necessary to counterbalance pure rational arguments. Literary and poetic texts capture best what is meant by breaking out of the limited hermeneutic circles of one's perception. It allows students to see, sense and experience the multiplicity of interpretations available in any given situation. "To bring novels into moral philosophy is not ... to bring them to some academic discipline which happens to ask ethical questions. It is to bring them into connection with our deepest practical searching for ourselves and others, the searching in connection with which the

influential philosophical conceptions of the ethical were originally developed.”(Nussbaum, 1990, p. 24)

A very similar argument has been made for the use of the “case method” in teaching: “It asks not how a man may be trained to know, but how a man may be trained to act.” (Stone Dewing, 1931) The underlying reasons for such learning processes were best expressed by John Dewey. For Dewey, education consists in the cumulative and unending acquisition, combination, and reordering of experiences: “Just as a tree does not grow by having new branches and leaves wired to it each spring, so educational growth does not consist in mechanically adding information, skills, or even educative experiences to students.....” (Dewey, 1916, p. 50). He defined the educational process as a “continual reorganization, reconstruction and transformation of experience.” (p.50) Literary texts, plays, poetry and philosophical texts are more than just documents of historical value, they are manifestations of human experiences and opportunities shaping life, work and happiness.

In these writings we find descriptions of men and women as they are, whether businessmen, housewives, philosophers, priests, politicians, scientists, professors, servants, blacksmiths, board chairmen or poets. These literary “cases” contain descriptions of human beings’ good and evil sides, their genius, their stupidities and follies. These documents or literary cases document and discuss how people have come to be what they are.

The use of literature in teaching skills for ethical reflection is not new but it is still rare (Coles, 1989; Dooley, 1980; Kennedy and Lawton, 1992; McAdams, 1993; McAdams and Koppensteiner, 1992; Ward, 1982). There are several advantages to the use of novels, plays, and short stories over standard business case studies to explore ethical theories and moral business dilemmas. John Shephard et al. (1997) argued that

“although (business) cases can be complex, they cannot compare to the multifaceted nature of literature. A novel, play, or short story presents a variety of characters with radically different beliefs, desires, and behaviors. The interaction of these characters, of course, increases the complexity of an ethical dilemma. Students cannot easily jump to a hasty solution to an ethical problem because the situations of several characters must be considered, characters that we know much more about than in business case studies. The use of literature helps to overcome the standard student complaint regarding cases: there isn't sufficient information to make a sound decision.” (no page numbers available))

As Kennedy and Lawton put it: “Our students will see the effects of compassion, ruthlessness, and sensitivity; stories will stimulate their experience of recognizing and experiencing moral dilemmas” (Kennedy and Lawton, 1992:194).

Literature can stimulate the moral imagination of students. Literature can penetrate deeply and pervasively into the way we think about the needs of others and about our place in the lives of others. Robert Coles, renowned Harvard professor and psychiatrist, writes of the capacity of a play, novel, or short story to “... work its way well into one's thinking life, yes, but also one's reveries or idle thoughts, even one's moods and dreams“ (Coles, 1969:204).

Finally, literature permits the posing of much more complex questions than do case studies. My own experience using Shakespeare's *Othello* to highlight the ethical dilemmas of the main characters shows the tragic outcome when human beings' desires and ambitions come into conflict. Both characters are influencing and are influenced by their organization which – in the case of *Othello* and *Iago* – is characterized by the norms of the military. Shakespeare's '*Othello*' is a tragedy of human frailty and toxic relations that lead to the tragic death of others. Death is

brought to people by people in this drama because of deception, lies, hatred and loss of control.

'Othello' is about truth and how truth can be maliciously manipulated. It is also about power and vulnerability, trust and risk, envy and resentment, intellect and emotions, and it is about a consultant being the most destructive confidant. It is also about ethics and morality, loyalty and human dignity and values like honesty, honour and integrity. Literary works lend themselves well for the cultivation of emphatic imagination with rational arguments and prove at the same time that rational arguments without imagination are blind. Imagination here means the ability to envisage another person's life and view the circumstances in a holistic way as well. For students and future consultants this is of utmost importance. They have to develop personal skills by learning how to wrestle with complex situations. No other business cases can be as rich in narrative textures as for example Shakespeare's tragedies. (von Weltzien Hoivik, 2005)

### **Goals and objectives of such an elective course for students at the undergraduate level without business experience**

There are several key course objectives. Business students can be made familiar with the language of ethical reasoning, become familiar with major theories of moral philosophy and increase their sensitivity to the ethical dimensions of business issues. In addition they can learn to support their arguments convincingly with reference to values and norms accepted in society.

Therefore, my proposal is to use literature, plays, films of great literary works and other forms of excellent historical writings on commercial life in order to enhance moral competence and understanding of intertwined moral dilemmas. This has to

be done with business students at an early stage of their university studies.

I believe this is the best way to sensitize students when they are still open to such a learning process and have no personal business experience yet. At the same time, this method critically exposes some of the weak aspects of the various management theories students encounter in their curriculum.

Last but not least, such a course should encourage other faculty members at business schools to adopt a more “soul searching attitude” to the assumptions of their own disciplines and yield more respect towards other disciplines. As Ghoshal envisions at the end of his article: “Would it not help us weed out each other’s absurdities in theory and, thereby, reduce the chance of dehumanization of practice?”( Ghoshal, 2005, p. 82)

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