College business schools are taking a hard look at how they teach ethics, looking for ways to help graduates think and prevent future scandals and half-baked business experiments that backfire.

"Too many times the focus of ethics courses has been on not stealing pencils," said Joseph A. DiAngelo, dean of the Haub School of Business at St. Joseph's University. "The need for change is more complex than that.

"There are overarching business issues that business schools cannot ignore," said James M. Danko, dean of the Villanova School of Business.

Schools of all sizes are developing fresh ways to teach how to assess the impact of decisions on others and how to search for better alternatives.

By Henry J. Holcomb
INQUIRER STAFF WRITER

St. Joseph’s is weaving ethics into every business course and giving professors time and assistance to figure out how to do that effectively.

Villanova University’s business school is merging some courses and having professors from two disciplines team-teach them. This, officials say they believe, will give students a more realistic view of how decisions get made and help them think more about consequences, near- and long-term.
“For ethics to be effective, you’ve got to understand how it applies in real situations, how it permeates everything,” Danko said.

Gettysburg College, a small liberal-arts school, takes management students to the sewer-treatment plant. “I want students to see how even routine decisions have an impact on other people’s interests. . . . Their jaws drop when they realize that our treated sewer water goes into the Potomac River and Washington’s drinking water,” said Daniel R. Gilbert Jr., a Gettysburg professor.

There is a sense of urgency as the nation reels from the hubris of banks collecting fees for bundling bad loans with good. Last month, federal authorities arrested 406 people on mortgage-related charges and accused two former Bear Stearns Cos. Inc. hedge fund managers of fraud.

“We’re seeing a pervasive pattern of good people going bad. We want to put students in situations where they have to make decisions under pressure to succumb. We want them to experience how once you’re on the slippery slope, it is hard to come back,” said Jonathan P. Doh, director of the Center for Global Leadership at the Villanova School of Business.

New, more dynamic exercises are being developed to simulate — rather than just look at and discuss — decision-making. Rather than follow a script, students act out roles, responding in real time to what happens as the scenario plays out.

“We want students to experience what it will feel like when they are caught between a client and a partner who wants to keep the client happy. We want,” Doh added, “to build the strength and competence of character to stand up to the client or executive. We need to teach them how to do it. . . . The only way is to make them feel the sweat and pressure.”

There is a new emphasis on role-playing exercises and observations that simulate the reality of decision-making.

This is in contrast to the ethical case studies that have been around for years — on the Internet and in textbooks.

Some traditional case studies are based on situations in which people such as Enron Corp.’s Ken Lay went wrong at the expense of many. Others describe thorny situations involving sales, advertising, accounting, purchasing, what people are required to wear to work, getting friends to leak information, and ignoring safety warnings. Many have a script with lines for people to spark discussion.

This traditional approach often leads to “a vigorous discussion, with opinions bouncing around the room. But often no one walks out with a way to come to a conclusion,” said Stephen J. Porth, associate business dean at St. Joseph’s.

“Too many are focused on legal, not moral, answers,” DiAngelo said.

Scandals spawn laws and rules, but there has been too little focus, professors say, on what led people onto the slippery slope. Examinations of ethical failures often find “that the people involved didn’t see the whole picture” so they could think about consequences, Danko said.

Professors say teaching must go beyond knowing right from wrong. Students must develop the skills to participate in processes — involving many cultures and disciplines — that produce ethical behavior.

New initiatives seek to promote a more critical view of business. “Maximizing shareholder value is a legitimate objective, but it has to be pursued within a moral context. . . . The singular pursuit of any objective can produce perverse results,” said John J. McCall, professor of management and philosophy and director of St. Joseph’s Pedro Arrupe Center for Business Ethics.

“We must teach that business is not primarily about making money. It is about providing goods and services that other people need. Businesses that are the most successful are the ones that pay attention to what they’re doing and how they’re doing it,” McCall said.

These companies develop a corporate credo, and “they don’t just hang it on the wall, they live it,” McCall said.

Such businesses, he and others said, take a hard look at the sustainability of new ventures and avoid doing things that lead to laying off workers and leaving communities with debt from utilities and schools built to support plants that failed early.

The pressures for profit on corporations can crowd out critical thinking and block important information, said David M. LeVan, former chairman and chief executive officer of Conrail Inc., the Fortune 500 railroad. His concerns about ethics led to a $1.25 million gift to Gettysburg College to fund an ethics professorship — his first contribution after Conrail was taken over by rivals and broken up in 1999.

“I decided to do this based on observations, particularly after I became CEO,” he said in his office of the Gettysburg Harley-Davidson dealership he and his wife, Jennifer, own.

Students must learn to overcome “the natural tendency to protect the boss from bad things.” If they become CEO, he said, they will have to “bypass normal channels and tap into key places to find out what’s going on.”

And, he added, they will have “to create an environment where people are confident enough to tell the truth.”

Crafting fresh approaches to teaching ethics is just beginning. Deans and faculty are meeting with companies that recruit their students, graduates, current students and others.

The new emphasis is on principles, not rules.

“Ethics is a tradition of disciplined thinking. I teach 21-year-olds to think in disciplined ways they haven’t thought before,” said Gilbert, who holds the professorship LeVan endowed.

“Enrons come and go,” Gilbert added. “I don’t think a scandals-based approach to teaching works. I want to connect ethics with everyday lives, teach that organizations couldn’t operate if people didn’t tell the truth and come to the aid of each other.”

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