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## AN ALTERNATIVE INSTRUCTIONAL METHOD FOR BUSINESS ETHICS: EXAMINING THE ROLE AND RATIONALIZATION OF WHAT IS "RIGHT"

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*This paper introduces a teaching methodology for business ethics based, in part, on the Institute for Global Ethics' Ethical Fitness model which utilizes "right versus right" paradigms to identify and analyze ethical dilemmas. Whereas the Ethical Fitness model finds clarity in the identification of what is "right", this paper suggests that students will encounter and observe numerous situations in business where there is little clarity available for such a determination. Therefore, this discussion suggests that students probe cognitive dissonance: the tension between two ideas or beliefs that creates the tendency human beings have to justify their actions and decisions, and develop self-serving values definitions. To better appreciate the root of an individual's self justification, this discussion proposes that students utilize Maslow's hierarchy of needs as a context for determining, or at least better understanding, why actors who make unethical decisions see those decisions, at one point in the decision-making process, as "right".*

### INTRODUCTION

"...self justification is more powerful and more dangerous than the explicit lie. It allows people to convince themselves that what they did was the best thing they could have done. In fact, come to think of it, it was the right thing" (Tavris & Aronson, 2007: 4).

Undergraduate instruction in business ethics, more frequently mandatory in BSBA programs, has blossomed in the past several years as academics and corporate trainers attempt to ensure that future business leaders have learned from the disasters of the recent past. Indeed, many ethics instructors introduce courses by launching into a litany of the more familiar corporate catastrophes: Enron, World Com, Adelphia, Tyco, Arthur Anderson, and ImClone . . . . They then segue neatly to the economic fallout, personal devastation and resulting legislative responses spawned by these fiascos.

As the introduction and development of business ethics courses grows, so does the plethora of textbooks available to instructors, each with a somewhat similar methodology: establishing a context of the bad things done in the last decade, all of which involved illegal acts and unethical behavior; introducing the philosophical foundations of Kant, Aristotle, Bentham and Mill, to name a few, and throwing in Milton Friedman for a less than subtle twist; outlining the tenets of Corporate Social Responsibility; defining the stakeholder approach as developed by R. Edward Freeman, and often using the major stakeholder "categories" as the outline for the remainder of the book. The stakeholder outline then provides the instructor and students with fodder for consideration and discussion on the concerns of internal, external, community and regulatory stakeholders, primarily focusing on such topics as legal protections, association codes of ethics and issues of public interest such as advertising aimed toward children and child labor issues in third world countries.

The journey sketched above is legitimate and substantive and the issues addressed, significant. A legitimate concern, however, is whether this course of instruction teaches students to be ethical: to recognize ethical dilemmas in their purest state, and to have the tools to make the best decision . . . the right decision. Instructors and college administrators worry that

business students are being exposed to theoretical approaches that they are not able to translate into a practical application while on the job. Do what is best for the stakeholders. But, is that the right avenue to take? Do what insures the most profit. Is that the right decision to make? Stay within the law. But what if I am told not to? Do what results in the greatest good for the greatest number. Is that always right? How does classroom instruction teach students about ethics while teaching them how to be ethical in their daily professional life, how to recognize when others are not, and what to do when faced with this dichotomy?

### Instructional Methodology

To gather more tools with which I hoped to better prepare my students for possible career turmoil, I enrolled, as a student and then as a candidate for a training certification, in the Ethical Fitness Seminar offered by Institute for Global Ethics. The Institute is headed by its founder, Rushworth Kidder, a former professor of English and journalist for The Christian Science Monitor. Kidder created the Institute, with the assistance of the W. K. Kellogg Foundation, when the subject of ethics "proved too large and commanding for even a fine newspaper" (Kidder, 1995). Seeking to develop a "language of public discourse that lets one talk about moral values without sounding preachy, naive or old fashioned", Kidder went on to add executive ethics seminars to the Institute's initial think-tank mission that focuses, still, on "right versus right" dilemma paradigms (Kidder, 1995).

The foundation of the Ethical Fitness training is that a true ethical dilemma is a right versus right dilemma - two "right" choices demonstrating competition between two core values. Kidder offers various examples in his book *How Good People Make Tough Choices*. For instance: "It is right to protect the endangered spotted owl in the old growth forests of the American Northwest - and right to provide jobs for loggers . . . . It is right to take the family on a much-needed vacation - and right to save that money for your children's college education" (Kidder, 1995).

For the sake of recognition and analytical simplicity, the Ethical Fitness model focuses on four dilemmas so often

present in the various walks of life that they can act as models, or "paradigms":

- Truth versus loyalty
- Individual versus community
- Short-term versus long-term
- Justice versus mercy (Kidder, 1995)

These types of dilemmas, Kidder notes, "reach inward to our most profound and central values", not allowing us to simply pretend that one of these choices is simply wrong (Kidder, 1995). "Right versus wrong" dilemmas, Kidder notes, have no such depth, prompting him to state that "the closer you get to them, the more they begin to smell" (Kidder, 1995). This depth, once we train ourselves to recognize it, provides us with the intellectual tool to understand the dilemma in ways heretofore unfamiliar to us and, in turn, devise particularly appropriate, and perhaps creative or unique, solutions to these complex dilemmas.

Kidder offers three reasons why fitting ethical dilemmas - any ethical dilemma - into one of these four paradigms assists us in making tough choices: it helps us pare away the complexity and confusion of seemingly overwhelming situations; it allows us to get to the heart of the matter by stripping away data and detail that muddies the dilemma's water, and it helps us segregate the 'right versus right' dilemmas from those best categorized as "right versus wrong" situations (Kidder, 1995).

The "right versus right" analysis, the basis of the Ethical Fitness training, is a fascinating tool for college business students. It allows them to dissect a situation, often beginning with simple dilemmas from their personal life which they, somewhat surprisingly, readily share. The use of the Ethical Fitness paradigms helps students to see that, often, the obvious answer may not be the right answer and, indeed, that there may be multiple right answers depending on the perspective taken of their personal values.

However, no ethics model, regardless of how simple, wholesome or workable it may be, provides the entire solution, academic or otherwise, to prevent another Enron. Kidder poses a question that comes close to hitting at the heart of students' actual dilemma: "Is 'wrong' only someone else's definition of what I think is 'right'?" No, says Kidder. Right versus wrong choices are not dilemmas, but "moral temptations" (Kidder, 1995:17).

However, business students, semester after semester, ask "isn't 'right' only someone else's definition of what I think is 'wrong'?" Rather than appearing as moral temptations, versions of what is right present themselves to these students as necessary; unavoidable; mandatory and often desirable. This question, posed by students who are deluged daily with messages about the importance of money and status, as well as faced with a viciously competitive job market, competition from larger universities and more prestigious private colleges and a global market to which few of them have yet to be exposed, hits the proverbial nail squarely on the head. How are people, who do things that are wrong, able to think, or better yet, feel, they are right? How did Ken Lay and Jeffrey Skilling

ever get to the point of believing that what they were doing within Enron was right? And better yet, why did the Arthur Anderson executives who helped them achieve that distinction, see their actions as appropriate? Moral temptations? A society run amuck? Abuse of power? Fear? What made the corporate crises that wallpaper our recent business history seem "right" enough for them to happen?

The Ethical Fitness model proves to be perfect fodder for these discussions. Each semester to enrich students' appreciation for the complexity of a real ethical situation, they are pressed to test the waters of the dark side and rationalize an argument that makes something wrong seem right. This exercise brings out the true complexity of ethical dilemmas and allows students to begin to acquire tools to survive in business. Asking "why?" proves to be the most powerful moment of business ethics instruction, as it gets to the heart of reasons behind behavior . . . or as close of college students can get, given their life experience. Inevitably, whether subtly guided by the instructor's prompting or resulting from slightly irrational and thoroughly emotional sparring amongst classmates, the question remains, what is "right"? To further demonstrate the classroom analysis, let us first delve deeper into the students' reactions to the Ethical Fitness paradigms. Then, we shall address methods by which students can better understand why some decision were made that ostensibly seemed "right" to someone, although they were fundamentally "wrong".

### Student Analysis and Interpretations

The Ethical Fitness paradigm of "truth versus loyalty" provides a fruitful example of the in-class analysis possible when exploring the "rightness" of a particular action. This paradigm is presented, as it is the one that students tend to address and resolve most quickly. However, when encouraged, they can spend the remainder of the class time realizing that there are varying perceptions of "truth" and "loyalty" causing many "right" actions to surface.

Identifying "truth" is initially simple for students, as they subconsciously subscribe to Kidder's definition of truth as conformity with facts or reality, the objective side of the paradigm. (Kidder, 1995) Students tend to focus on the legal truth - that set of facts or circumstances made true by law (Balkin, 2003) or grasp as truth that which is experienced or witnessed by the actor in the dilemma. Only with prompting from the instructor or each other, will students grapple with perception as reality, truth versus reality, conflicting legitimate claims to truth or extraneous influences, such as cultural norms or fear, which might reshape the truth (see Barris, 2006).

Admittedly, the majority of class conversation focuses on the subject of loyalty. Kidder notes that loyalty as used in the subject paradigm, "typically involves fidelity to a person or concept that is sufficiently strong to resist the intrusion of contrary opinions or facts." (Kidder, 1995). To students in their late teens and early twenties, loyalty is a value and a virtue: loyalty to your team, your family, and your friends. However, the vice of loyalty, barely realized and seldom experienced at their ages, surfaces when examining the ostensibly "right"

decisions of such collapsed leaders as Dennis Kozlowski, Kenneth Lay, Jeffrey Skilling and Bernard Ebbers and the failure of those loyal to these leaders to face them or others with the truth, all in the name of loyalty.

The complexity of this paradigm is supported by the depth of analysis offered on the subject of loyalty. (Mele, 2001; Schrag, 2001; Rosanas & Velilla, 2003; Thompson & Hart, 2007). In deed, Thompson and Hart refer to the "shades and nuances of loyalty" and "the inherent idiosyncrasy of how people construe it" (Thompson & Hart, 2007:304). Mele wrestles with similar tensions when he queries "what is meant by loyalty in the business world?" (Mele, 2001:17). In his analysis of the historical concept of loyalty and a survey of the word's etymological roots, Mele depicts loyalty as having a broad significance, stemming from fulfillment of commitments . . . "not only from giving one's word, or entering into some promise or pact . . . but also from the adherence to persons, institutions, values, etc., or from friendship or membership in a community of persons . . . from one's very condition, such as paternal-filial loyalty. Others are implicit in membership in a community, such as loyalty to one's family, nation, religious community, or firm" (Mele, 2001:17). Given this breadth of scholarly inquiry, offset by the students' colloquial familiarity with such a notion, it is logical to expect the undergraduate college student to be stymied by such a dynamic concept of loyalty.

### Case Study

The variety of allegiances, connections and considerations embedded in the concept of loyalty, mind-boggling to a college student, forms the foundation of the complexity and resulting confusion brought about by deciding whether an act stemming from or attributed to loyalty is "right". Let us use, as an example of the breadth of possible student inquiry, Kidder's representative "truth versus loyalty" case as presented to Ethical Fitness attendees.

"As a professional working for a large defense electronics firm, Stan found himself riding a roller coaster of concerns about layoffs. Every few years, it seemed, top management slashed jobs as work slackened off - only to hire again when things started looking up. So when Stan and his team members noticed that the executives were again meeting behind closed doors, they suspected the worst.

Stan's boss, however, was a good friend - and also a voluble talker. So Stan felt no qualms asking him about the future. His boss explained the contingency plan at length - mentioning that, if layoffs were needed, Stan's team member Jim would be slated to lose his job. He also made it plain that Stan was to keep that information confidential.

Not long after that conversation, Jim approached Stan and asked whether he could confirm what the rumor mill was saying: that he himself would be the target. That request landed Stan squarely in the truth-versus-loyalty dilemma. Because he knew the truth, honesty compelled him to answer accurately. But he had given his word to his boss not to break a confidence, and felt a strong loyalty to that relationship. Which ever course he chose, then, would be "right". And he could not

choose both" (Kidder, 1995: 18-19).

Is this a right versus right dilemma? The majority of my students disagree with Kidder and says "no". Stan was told to keep what he had been told confidential. It's not about truth or loyalty; it's about doing what you are told to do by your superior. Case closed.

Pushed a bit, students will struggle with the relationship aspects of the case. Jim is a team member of Stan's. That collegial working relationship must have some foundation of loyalty. If the term "team" is accurate, then team members look out for each other. After all, there is no "I" in "team", my varsity players quickly remind me. Therefore, Stan would tell Jim, so that Jim could get a head start on planning his life. Jim just needs to make sure he doesn't let on that he knows from Stan. The loyalty between the two team members will assure that this deal is kept.

At the same time, loyalty exists between Stan and his boss, but what is the foundation of that loyalty? Friendship, as the case suggests? Students look past the claim of friendship and often discount it. Who is really ever a friend with his or her boss? The loyalty, they claim, is based on the hierarchical relationship, the idea that people are supposed to be loyal to their company, the fear of repercussion, or simply the paycheck. Perhaps Stan simply won't tell because he is a good soldier and follows directions. Is this a test for Stan? Might there be some doubt about Stan's loyalty?

The students' emotional grasp of loyalty bears a striking resemblance to Hart and Thompson's discussion of the three psychological contract currencies of employee-organization loyalty: transactional, relational and ideological (Thompson & Hart, 2007). With far less depth and far more emotion than the scholarship on loyalty, students surprisingly surmise that self-serving behaviors can be cloaked as loyalty. Does it matter why a person is loyal? Are you not loyal if you are loyal for your own reasons, rather than for the sake of others? Is one kind of loyalty more "right" than another? Who deserves more loyalty from Stan, Jim or Stan's boss? Are these behaviors, either as loyalty in its purest sense or masked as loyalty, "right"?

### Defining "Right"

These circuitous, enlightening discussions are similar for the other three paradigms. Imagine the fascinating discussions when dissecting the "self versus community" paradigm with Enron as your context. The assertions from Kenneth Lay and Jeffrey Skilling that their schemes, off shore corporations and energy manipulation processes were for the best of the corporation's community, as they encourage employees to invest more in their Enron stock-invested 401k accounts, reek of "self" cloaked as "community" (Rapoport & Dharan, 2004; Gibney, 2005).

Students dig and ponder and seek answers, seldom uncovering obvious resolutions. Admittedly, resolution is the least of their concerns, although the students do master the three resolution principles of the Ethical Fitness model (Kidder, 1995). The best lesson seems to be in the wrestling: with concepts, definitions, perceptions, and struggling to understand why people behave the way they do. And wrestle they do, as

students are encouraged to look at all behaviors and decisions from all angles. Often, difficulty ensues when students attempt to grasp the complexities of an executive or professional doing something that he viewed at some point as "right", that now seems so obviously "wrong". How could Lay and Skillings have been "right" with this? And, assuming they were, what in their psychological make-up, help them be at peace with what they did? In order to begin understand the motivation behind the behaviors, Maslow's hierarchy of needs has proved invaluable.

Abraham Maslow is accepted as the first to develop a theory of human needs that integrated the work of many of the guiding theorists including Jung, Freud and Adler (Oleson, 2004). Maslow succinctly stated that "man is a perpetually wanting animal" (Maslow, 1943:370) and identified five basic needs that he proposed as the foundation of behavioral motivation theory, augmented by those biological, cultural and situational factors as they presented themselves:

- The physiological needs
- The safety needs
- The love needs
- The esteem needs
- The need for self-actualization (Maslow, 1943)

Maslow's theory is often mentioned in entry-level management courses when introducing the topic of employee motivation. Business students visit Maslow's work again in various other courses, but seldom in standard business ethics curricula. When students struggled with why harmful decisions are made by executives who, almost certainly, end up harming themselves, I decided to try Maslow's hierarchy as a context for their analysis. Is it the correct tool? I am not sure. But it has proved to be useful, enlightening and expanding as students unfamiliar with the more political and self-serving tributaries of business begin to grapple with the comprehension and interpretations of executive malfeasance.

Tyco's Dennis Kozlowski is an interesting example of students' hypothesizing within Maslow's model. Kozlowski is immediately labeled as greedy following viewing of the video of his wife's Sardinia-based 40<sup>th</sup> birthday party and the pictures of the infamous \$6000 gold threaded shower curtain. Once prompted, though, students look deeper.

Kozlowski now keeps office hours in the Mid-State Correctional Facility in Marcy, New York, where he is serving a 25 year prison sentence for 22 counts of grand larceny, conspiracy and securities fraud (Safer, 2007). Kozlowski, the son of a New Jersey police officer, claims to be no stranger to poverty, having grown up broke in a tenement in Newark, working two or three jobs at a time to pay his way through school. Students ponder this background and wonder: Do people sense doing "wrong" is "right" when they subconsciously remember being hungry as they amass millions of dollars? Do they work to never again be from the wrong side of the tracks as they jet to Europe to purchase old master paintings and join prestigious boards? Do they collect friends by wooing them with money, power and status? (Safer, 2007).

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Maslow notes that the esteem needs can be classified as two subsets: first, "the desire for strength, for achievement, for adequacy, for confidence in the face of the world, and for independence and freedom" and secondly, the desire "for reputation or prestige (defining it as respect or esteem from other people), recognition, attention, importance or appreciation" (Maslow, 1943: 381-382). The money, noted Kozlowski, was "a way of keeping score" and he and his new wife worked hard at "keeping up with the masters of the universe" by purchasing mansions in Nantucket, Boca Raton and Colorado in addition to a \$13 million vintage yacht. Social acceptance, Kozlowski noted, was also very important to him and he met that need by purchasing art, including a Renoir and a Monet (Safer, 2007). Where Kozlowski and his money went, friends followed, but not any longer. Kozlowski readily admits that he has few friends left. He discovered, once toppled, that about 90% of the people in his life were there to share in his power and wealth (Safer, 2007). His esteem needs, students' discover, were momentarily met, in an odd way, through his eventual undoing. And perhaps his love needs, as well. Wife Karen, a former New Hampshire waitress who visited Kozlowski once in prison to ask for a divorce...and some money... is attempting to prevent the government from selling his assets so that she may claim a share in them to support a lavish Boca Raton lifestyle (Dunleavy, 2006).

The connection between Maslow's hierarchy of needs and the behaviors of failed corporate leaders doesn't, in students' minds, excuse what was done. But it does help explain it. Most importantly, though, it helps these young professional realize how they, too, could fall prey to satisfying similar "needs". To cause this realization to occur, students must have tangible evidence of their susceptibility. They investigate society's perpetuation of money, status and "things" as satisfaction for these needs during a simple magazine-based exercise. With a depiction on a screen of an annotated hierarchy, students leaf through popular magazines, looking for advertisements that associate Maslow's five needs with status items. From watches, to private banking services, to cars and cologne, students shout out their findings with metronome-like assurance. You'll have friends if you drive the right car and invest at the right firm. Dress your children in the right clothes and you will be seen as successful. Make enough money and you can afford the right caviar, and you will never be hungry again. Slowly, the hunger for money, power and status that Kozlowski admits to, and Lay and Skillings, among many others, revealed, makes sense.

## Conclusion

"... a healthy man is primarily motivated by his needs to develop and actualize his fullest potentialities and capacities" (Maslow, 1943:394).

"... the unbending need to be right inevitably produces self-righteousness. When confidence and convictions are unleavened by humility, by an acceptance of fallibility, people can easily cross the line from healthy self-assurance to arrogance" (Tavris & Aronson, 2007:228).

The tensions inherent in the global business environment are unavoidable. These tensions, and the ethical dilemmas that

result, are realistically represented by the four Ethical Fitness paradigms. Today's business students must be trained to identify, address and resolve these dilemmas. However, the identification process of a true "right versus right" dilemma proves to be the obstacle, as what is "right" and what is "wrong" grows murkier as our students mature. With a society that lauds wealth and worships status, an investment industry that demands ever-increasing profits and stock prices and a retail economy that successfully markets cars, clothing, housing and jewelry as evidence of success, students are justifiably confused. They are told to do the "right" thing, but then directed that the right thing is to increase a stock price, guarantee a quarterly revenue goal, or achieve status through a high bonus, using whatever means available. No longer are the "wrong" decisions simply moral temptations. (Kidder, 1995).

A business ethics course of instruction must provide students with the tools to identify when an unethical decision is being made; understand why it is being made, and appreciate the complexities of the ethical tensions at play. When students grasp these concepts, they are better prepared to put social pressures in perspective and develop alternate courses of action that both address the needs of their superiors and preserve the ethics of their organizations. Understanding the energies behind unethical decision-making also may give our students the personal insight necessary to mature as aware, confident business people, thus avoiding the pitfalls of cognitive dissonance and moral temptation. Business Ethics instruction with this multi-faceted approach teaches students to survive in business; encourages their contribution to healthier organizational cultures, and prepares them to help prevent future corporate scandals.

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