Can the Service Learning Model Help Business Ethics Courses From Being an Oxymoron?

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Abstract

Colleges of Business face new challenges in teaching students about Business Ethics. Some laugh off the notion as an oxymoron; they assert that you cannot teach morality, ethics or values. Others look to our nation's universities as the place where ethical behavior should be defined, nurtured and encouraged. Unlike courses offered in religion or philosophy, students and employers want to know how to apply these models and concepts. Exhortations do not suffice. This article defines a successful class project that applies business ethics to organizational realities. Student teams work with a client system to develop a Code of Ethics for the firm. These projects incorporate the established benefits of service learning – students learn while doing, strongly reinforcing classroom lessons. Does this approach make a difference? Results from the accreditation process document that it contributes to an increase in student learning.

1. Introduction

Bob Dylan wrote that "the times, they are a-changin'."   Indeed, undergraduate and graduate business education is in the midst of major changes brought about by numerous factors: globalization, new uses of technology to enhance or replace classroom seminars, changing consumer expectations, new courses (e.g. small businesses, family-owned firms, entrepreneurship), and a more diverse student body. Given the past two decades of corporate misbehavior, schools of business are finding ways to teach ethics in all aspects of the curriculum.

The traditional approach to teaching business ethics has been through using a textbook which included case studies for class discussion.   Often these resulted in stimulating in-class role-plays and engaged conversations. Augmented with professional videotapes and movies (e.g. *ENRON: The Smartest Guys in the Room*), these efforts were better than not teaching ethics at all. But limitations centered on the hypothetical application of ethical concepts in organizational life.

As the international accreditation process for collegiate schools of business strengthened its approach, faculty in business schools responded positively (well, to the extent that faculty ever respond positively to outside forces!). The new attention to including multi-disciplinary, cross-functional content in many courses during the undergraduate years is replacing the capstone course at the end of the senior year as *the only* time to integrate and synthesize material from the previous 3-5 semesters (Athavale, et al, 2008). Rather than saving these lessons until the end, building a broader perspective for students throughout their academic programs stresses the reality that decision making is indeed multi-disciplinary. As a consequence, ethics is now seen as an important element of this teaching-learning process, rather than just content to be studied as an elective during a student's senior year.

Another change is that curriculum structures are now trying to give the students more applied experiences rather than relying solely on case study discussions. This article provides an example of how combining the elements of service learning with the central concepts of business ethics can benefit students, the curriculum and the organizations who participate as teaching and learning partners.

2. Decision Making Environments

Organizational decisions made in an environment of certainty involve facts, logical analysis, and data from a variety of sources (Schleifer and Bell, 1995a), but they also involve to some degree gut-reactions, intuition and values. These values include both the organization's values and those of the decision maker. This differs greatly from decisions made in more uncertain environments where major elements are in flux. These elements could include changes in law, technology, cultural values, international tensions, and the constant concern about the amount of, accuracy of, or meaning of information. Of course, no decisions are 100% certain (Schleifer and Bell, 1995b), but some are more profound and enduring than others. Tactical choices involve those that have short-term impacts while strategic perspectives involve perhaps 3-5 years. In both situations, pricing, market analysis, inventory control, salary scales, probability analysis and forecasting are common decision inputs and supports. Teaching business ethics and including these concepts, models and corporate values can complicate the decision process. Think about these questions:

- "Do we really want to consider the social consequences of closing our domestic offices and moving these jobs to other countries with lower salaries?
- 'Does our company stand for environmental stewardship even if it might cost us 3 cents per item?"

They compel decision makers to include new criteria. In 2014, General Motors ended a decade-long delay in accepting responsibility for defective ignition switches and the deaths that these caused? Did corporate profits drive out safety? What are the ethical implications when a hospital closes a little used service, thus depriving some patients of services they need in favor of expanding a more needed program? (Ritvo, et al, 2004)

Decision making in most organizations compels the balancing of numerous factors: cost, risk, benefits, time perspectives (long term, short term), geographic concerns, liability and other legal concerns, tax implications, personnel and facilities. Adding ethical factors includes analysis of four more: the action itself, its consequences, the character of the decision maker(s) and their motivations. In the public sector, establishing a new service program is more than just a short or long term decision. What are the motivations of those who selected that course of action? Was it to help people in need or to satisfy a political constituency? The consequences can be positive to those who receive these services, but by choosing program A over program B, others may not receive services they need; is this ethical? Do we promote one product with a higher profit potential (snack food) over a healthier alternative? Without an ethical component in business decision making, United States history has shown time and again that quarterly profits and stockholder returns dominate many choices.

Until recently, ethical issues have not been part of the traditional decision analysis in most corporate conference rooms or in business school classrooms. To that end, this article provides an active way to connect these two rooms through using the concepts and values of the service-learning (SL) model.

3. Service Learning

Service-learning concepts were codified into law by The Community Service Act of 1990 (Public Law 101-610) as "a method under which students or participants learn and develop through active participation in thoughtfully organized service that is conducted in and meets the needs of a community; is coordinated with an elementary school, secondary school, institution of higher education, or community service program, and with the community; and helps foster civic responsibility; and that is integrated into and enhances the academic curriculum of the students, or the educational components of the community service program in which the participants are enrolled; and provides structured time for the students or participants to reflect on the service experience."   For the purposes of this article, the key phrase is "integrated into and enhances the academic curriculum of the students." As adapted in many universities, students commonly refer to these activities as "class projects" in which they are organized into teams to work with local organizations.   In fact, these projects form the heart of a student's civic engagement. Being in college is more than learning about independence; it also involves becoming an interdependent member of the larger community.

Jones, et al (1994) developed a useful set of parameters for service-learning which they call 'engaged' learning. Four of its elements are the vision, the tasks, the assessment process, and the role of the faculty member. As part of the <u>vision</u>, students become a self-directed work team which defines and is responsible for its process, product and deliverables. <u>Tasks</u> need to be designed to bridge the classroom and the application to organizational realities. <u>Assessments</u> include both the process and the result of the team's efforts. Just because the students report learning how ethical concepts apply in the workplace does not mean that they have completed a project successfully. <u>Faculty roles</u> can range from support to providing needed resources, from facilitating conflict resolution within the team to being the final arbiter of the grade.

Service-learning is not getting credit solely for doing volunteer work; nor should it be. It is a structured organizational intervention with clear goals, a defined process, and tangible outcomes that can be assessed by faculty, peers, community and numerous organizational stakeholders.

4. Teaching Business Ethics

Business schools across the country have been under increasing pressure to include ethics in their curriculum and courses. One need only reflect on the following names to understand why: Madoff, ENRON, Tyco, BP and so many other news headlines. These have reached the public's consciousness because they were sensational breaches of both ethics and law. The Association to Advance Collegiate Schools of Business (commonly referred to as AACSB) is the international organization that accredits schools of business. AACSB's (2010) newsletter stresses that "business schools have a more critical role than ever in instilling a sense of right and wrong in their students. After all, business schools are carving out tomorrow's executives." As noted, "the times are (indeed) a changing."

But, can a university really teach students (or anyone past adolescence) to behave in an ethical manner? Clearly, AACSB and many others including this author believe that ethics can be taught, as a field, as relevant concepts, and as a best practice for individuals and companies. There is an adage that 20% of all employees will act unethically at some point, that another 20% will act ethically, and the remaining 60% can choose which way to go. Therefore organization should institute systems to prevent (e.g. training) and/or uncover unethical actions (reporting).

Many faculty members in business schools teach ethics as they recall being taught: engaging in spirited discussions on real or hypothetical case studies using relevant concepts and principles. These case studies have now been expanded to include detailed analyses of real firms and actual situations facing corporate leaders.

There are excellent, thought-provoking videos and other educational tools available. But, the students remain in the classroom. To truly engage the students in the learning process, it is necessary to get them out of the classroom and into corporate reality where the numerous shades of grey dominate the abstract clarity of black and white decisions in the seminar room. This can be accomplished by designing hands-on experiences with local businesses, nonprofit organizations and government agencies.

5. Developing Codes of Ethics

Service-learning through civic engagement involves students working under supervision to make a difference in by helping local organizations understand and apply the knowledge, skills and concepts learned in their Business Ethics course. What is a code of ethics? "A company's written standards of ethical behavior that are designed to guide managers and employees in making the decisions and choices they face every day." (Ghillyer, 2013) In both the undergraduate and graduate Business Ethics courses, students actively engage a local organization to develop a Code of Ethics and if needed a Mission Statement and a Statement of Values. To accomplish this deliverable, initial preparation includes learning about the focal system, its history, an overview of current financial information, strategic plans, stakeholders and competition in the local area. Some of the firms are part of national chains (e.g. Wal-Mart, CVS, Panera, ATT Mobile), Chick-fil-A) while others are small businesses. If the local firm is part of a national or regional system, it is likely that the parent company already has a code of ethics. But, the local branch may not. If it does, then the students can focus their efforts of a Code of Ethics for specific stakeholders: vendors, employees, customers, stockholders or any other specific group.

After conducting a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), the team with permission will interview customers, staff and organizational leaders in confidential meetings. It is important that the students be well prepared for these discussions so they do not fall back on the generic "how do you feel about…" prompts. Preparation includes learning about specific ethical issues in the industry. For example, when developing the Code of Ethics for a local family-owned jewelry store, the international concern about 'blood diamonds' emerged and was incorporated into the Code of Ethics. (Blood diamonds, or conflict diamonds, are those stones that are mined and sold to finance war or terrorism.) Students conduct in-class practice interviews so they can be comfortable with the questions and follow-up without it all seeming rote.

At the end of the SL project, the students make a formal presentation in class to a representative of the company, suitable for framing (seriously!). Examples of three different Codes follow.

To Our Customers:

- We will provide our member-owners with a quality service.
- We will do our best to provide swift response to our member-owners' needs.
- We will respect our member-owners' property and time.
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To Our Employees:
- Above all else, we will treat our employees with respect and dignity.
- We will ensure that our employees are treated equally in respect to race, sex, age, or religion.
- We will strive to promote unity among our employees.
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To Our Community:
- We will be a "good corporate citizen."
- We will invest ourselves in the community just as our community invests in us.
- We will encourage and pursue avenues that allow us to conserve our natural resources.
- We will swiftly act on any violations of the Code of Ethics.

Example 1. An electric company co-operative

Courses Example 2 – Auburn University Montgomery Student Government

Example 2. Student Government Association

As elected representatives of the students at Auburn University Montgomery,

- We will always represent the student body of Auburn University Montgomery, on and off campus, with integrity, dignity, and pride.

- Will remain non-biased and fair in all professional aspects of student government decisions.

- We will uphold the core standards of Auburn University Montgomery with respect to the student body at large.

- We will have knowledge of the mission statement and uphold it at all times.

- We will vote and act with the students' interests, perspectives, and well-being at the

Example 3. A family-owned CPA firm

Proposed Core Values

- Independence: The autonomy to pursue the best answer for all clients, free from undue influence or pressure.

-Integrity: Honest, ethical, and forthright behavior in relationships with all clients.

- Objectivity: Impartial decisions informed by credible research and thorough deliberations, including due consideration of the views of clients.

- Transparency: An open process that encourages and values client participation.

Proposed Code of Ethics

- Clients will be treated with respect.
- Privacy and discretion of our client's information will be maintained at all times.
- Honesty will always be a top priority in all situations.
- Clients will always be seen in a timely manner.
- Time management is very important when dealing with client's accounting needs.

6. Results and Impact

The data in Table 1 illustrate the impact since the re-introduction of a specific elective course in Business Ethics into the curriculum in the Spring semester, 2008. The first column shows the "before" assessment results. The formal assessment process requires each faculty member to rate each student on a 5 point scale on ethical analysis: Below Expected; 3-4 = Expected; 5 = Above Expected. The aggregate data show progress from one year to the next.

The first item measured students' ability to "Identify and Explain ethical issues." This involves making sure a student "Demonstrates a clear, accurate understanding of the scope and the ramifications of the ethical issues involved." As shown in Table 1 below, "Above Expected" increased from 0% in 2007, to 47% in 2012, with increases in each of the two intervening assessment periods. The percentage of students who were evaluated to be "Below Expected" decreased slightly from 47% to 44%. Combined, the percentage of student at or above Expected remained between 53% and 56%.

Table 1. Student Performance in Identifying Ethical Issues

Student Learning Outcome Assessed	Fall 2007	Spring 2008	Fall 2010	Fall 2012
Identifies and Explains Issues	Above Expected 0% Expected 53% Below Expected 47%	Above Expected 10% Expected 44% Below Expected 46%	Above Expected 44% Expected 11% Below Expected 44%	Above Expected 47% Expected 9% Below Expected 44%

A second item in the assessment focused on how well a student "Recognizes and Demonstrates In-depth Understanding of Relevant Ethical Concepts and/or Processes." These results show more improvement than the first item. The percentage of students who were at or above Expected increased from 47% in the fall semester 2007 to 63% in the fall semester 2012.

Table 2. Student Performance in Understanding Major Concepts

Student Learning Outcome Assessed	Fall 2007	Spring 2008	Fall 2010	Fall 2012
Recognizes and Demonstrates Understanding of Major Concepts	Above Expected 5% Expected 42% Below Expected 53%	Above Expected 6% Expected 46% Below Expected48%	Above Expected 39% Expected 17% Below Expected 44%	Above Expected 42% Expected 21% Below Expected 27%

Table 3 below presents the results of the assessment designed to assure that a student "Employs Information from Research and Documentation that are Factually Relevant, Accurate, and Consistent in the Development of a Position." Consistent improvement in the Above Expected category is augmented by consistent reductions in the Below Expected results.

Table 3. Student Performance in Framing Appropriate Responses

Student Learning Outcome Assessed	Fall 2007	Spring 2008	Fall 2010	Fall 2012
Frames Personal Responses and Acknowledges Other Perspectives	Above Expected 1% Expected 64% Below Expected 35%	Above Expected 24% Expected 44% Below Expected 32%	Above Expected 28% Expected 43% Below Expected 29%	Above Expected 43% Expected 34% Below Expected 23%

Another factor in the ongoing assessment process is the student's ability to "Examine Problems and Alternatives from Several Perspectives." These results show room for growth. The percentage of students at or above Expected actually dropped from 65% in 2007 to 61% in 2012. It is noteworthy that the percentage of students who were assessed to be Above Expected jumped from 0% in 2007 to 42% in 2012. The problem remains on how to increase student performance when they are below expectations. The good students improve while the students who struggled continue to struggle.

Table 4. Student performance in Evaluating Assumptions

Student Learning Outcome Assessed	Fall 2007	Spring 2008	Fall 2010	Fall 2012
Evaluates Assumptions	Above Expected 0% Expected 65% Below Expected 35%	Above Expected 4% Expected 36% Below Expected 60%	Above Expected 39% Expected 17% Below Expected 44%	Above Expected 42% Expected 19% Below Expected 39%

Table 5 below presents the data on how well students learned to "Base Recommendations on a Thorough Examination of Evidence." Since this may be the most action-oriented of the criteria, these strong results may reflect the students' work experiences and focus on application of material. It is noteworthy that the percentages of Above Expected jumped from 0% in 2007 to 45% in 2012, at the same time the Below Expected decreased from 35% to 17%.

Table 5. Student Performance in Assessing Consequences of Recommendations

Student Learning Outcome Assessed	Fall 2007	Spring 2008	Fall 2010	Fall 2012
Evaluates Implications, Conclusions, and Consequences	Above Expected 0% Expected 64% Below Expected 35%	Above Expected 30% Expected 36% Below Expected 34%	Above Expected 39% Expected 42% Below Expected 19%	Above Expected 45% Expected 38% Below Expected 17%

How did this happen? Although the ethics course still remains an elective, the AACSB accreditation standards require that all students have exposure to ethical content. Many choose the Business Ethics course while others find content blended into their majors. As noted, the emphasis on ethics in schools of business is not the religious or philosophical content often found in liberal arts; that is their strength. Business students and those who employ them post-graduation both stress the practical application of material. The Code of Ethics project and process is about as practical as one can get! These results support that conclusion: students were strongest in applying and evaluating courses of action and showed acceptable results other categories.

7. Conclusions and Benefits

After using this project and process in over 50 firms, the benefits which accrue far outweigh any of the problems. Some students initially do not like "another group project;" by helping them prepare to professionally enter an organization as outsiders, some anxiety is reduced. An interview guide and sometimes a role play will help students transition into the process smoothly. When this occurs the following benefits can, and have, resulted.

7.1 Benefits to students

Researching and writing a Code of Ethics helps students develop and expand their analytical thinking skills. For the specific Codes of Ethics, they learn to generalize about ethical principles and practices and then focus on how these apply in other settings. This project reinforces the principle that *doing well* also involves *doing good*. Students examine their own value systems, career aspirations and learn how these apply in different settings: profit, nonprofit, government, corporate, family-owned, local, regional, national and international systems. The triple bottom line in today's corporate world includes the old profit-motive as well as how a firm treats its people (staff, customers, vendors, etc) as well as its environmental stewardship. Balancing these multiple factors adds to decision complexity, yet is becoming part of many corporate cultures. It is more than slogans and mottos.

7.2 Benefits to the course

Kurt Lewin (1951) wrote that "there is nothing so practical as a good theory." This adage applies when developing a Code of Ethics. Students come to realize that the concepts, models and theories from course textbooks do translate in essential practices. Classroom conversations and case studies cannot truly replicate "real world" realities. And, of course, this service-learning approach also engages the faculty member with the students. In some ways, they become co-learners. Rather than being seen as an aloof evaluator, the student feedback (through anonymous course evaluations) notes that the faculty members receive compliments on their ability to guide when needed, provide resources as appropriate and remain outside the process until asked. This implements the basic tenants of a self-directed work team, thereby enhancing student learning.

7.3 Benefits for the client system

This concrete application of the core principles of business ethics results in proposals for firms to consider, to adapt and to adopt. It will not change a firm's business strategy overnight, especially if they have not developed their own Code of Ethics. But, it can, and has, stimulated, conversations in many firms, forming the basis for longer-term cultural change, training programs, and enhanced ethical awareness. For some companies, this project represented the first time they had a Vision, Mission Statement and Code of Ethics. For others, it helped them focus on specific stakeholders such as vendors, alumni or employees' families.

8. Concluding Thought

One of the key lessons to be learned from this experience over the past 6 years is that developing applied projects encourages students to bridge the gap between the concepts or models that characterize classroom seminars and the realities of organizational life in today's workplace. Developing a Code of Ethics is as relevant to a national bank branch as it is to a local nonprofit organization. The principles apply to both the family-owned business and the larger, bureaucratic government agency. Assessments of this project document the impact on student learning, in one class and reinforced throughout the curriculum. So, yes, the times are changing and business ethics does not have to be an oxymoron.

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