OSWEGO
STATE UNIVERSITY OF NEW YORK

BUILDING
BUSINESS

School of Business
Professional Ethics Program
Spring 2013

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Introduction

Ethical behavior is good business. Unethical behavior can result in short-term gain, but it often leads to long-term loss and pain. Unethical practices, when embraced by organizations, have ultimately led to the failure of the company and personal ignominy for their leaders.

Organizations value employees who exhibit ethical behavior. Although identifying extreme cases of unethical behavior is easy, more difficult are the scenarios that involve subtle or conflicting factors. Understanding the intellectual foundations of ethics helps develop ethical reasoning skills. As with critical thinking, writing, and analytic reasoning, ethical reasoning skills are enhanced through study and practice.

Consistent with its mission and articulated in its learning goals, the School of Business at SUNY Oswego is committed to fostering an ethical environment through a comprehensive ethics program, which includes a primer on ethics, a code of ethical and professional conduct, and the consideration of ethics across the curriculum.   The primer defines ethics, introduces a model for moral reasoning and contains a glossary of commonly used terms. Appendix A presents the Standards of Professional Behavior and Ethical Conduct adopted by the School of Business. Appendix B describes the implementation of the ethics program, including the courses in which ethical cases are analyzed.

Professional organizations across the business disciplines, including Marketing, Accounting, Finance, and Human Resource Management, have ethical guidelines that professionals are expected to honor. The ethics program at SUNY Oswego will prepare graduates to cope with issues of ethical conduct in light of the ethical guidelines they will encounter in organizations. Appendix C provides links to ethical standards of various business professional organizations.

My thanks to the members of the ethics committees and especially to Dr. Lanny Karns and Dr. Laura Papish, the committee chairs, for their leadership in developing and refining the ethics program. Development of ethical reasoning skills not only enhances professional success but also leads to personal satisfaction and fulfillment. The professional ethics program in the School of Business provides students a solid foundation for future success.

Dr. Richard Skolnik
School of Business Dean

School of Business
Professional Ethics Program
SUNY Oswego

Overview

The stakeholders within the School of Business at SUNY Oswego have a shared commitment to our Professional Ethics Program. One of the goals of our program was to establish a basic document that would encourage and reinforce the discussion and presentation of all aspects of professional ethics and moral reasoning within our daily interactions and throughout our curriculum. While there are many frameworks for discussing professional ethics, we encourage the use of the basic distinctions, glossary of terms, and the moral reasoning approach to decision making presented in this document as a common approach throughout the School of Business. Our entire Professional Ethics Program, as well as this document, will be reviewed, critiqued, and updated annually.

Professional Ethics Program Goals

- To develop and enhance awareness of ethical issues in the discipline, subject or profession.

- To challenge students to understand basic principles of ethics, to think and write critically, and to confront inconsistencies in their own ethics and values systems.

- To help students develop a decision model for reasoning through ethical issues.

Learning Outcomes of the Professional Ethics Program

- Students will demonstrate that a problem has an ethical component.

- Students will demonstrate awareness of opposing viewpoints when dealing with ethical problems.

- Students will demonstrate awareness of options and alternatives to ethical dilemmas.

- Students will demonstrate an awareness of the costs and benefits associated with resolving ethical issues.

- Students will recommend a solution to an ethical dilemma that is consistent with their analysis.

Can Ethics Be Taught?[1]

The issue is an old one. Almost 2500 years ago, the philosopher Socrates debated the question with his fellow Athenians. Socrates' position was clear: Ethics consists of knowing what we ought to do, and that such knowledge can be taught. Most psychologists today would agree with Socrates. In an overview of contemporary research in the field of moral development, psychologist James Rest stated the following key points among his major findings:

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[1] Adapted from James Rest's [optimistic] conclusion: Behavior can be changed! (Rest, 1998)

- Deliberate educational attempts (formal curriculum) to influence awareness of moral problems and to influence the reasoning or judgment process have been demonstrated to be effective.

- Studies indicate that a person's behavior is influenced by his or her moral perception and moral judgments. Many factors can stimulate a person's moral development and growth in all aspects of moral reasoning. One of the most crucial factors in this growth was found to be education. When students take courses in ethics and when these courses challenge them to look at issues from a universal point of view, they tend to improve their understanding of moral reasoning. This finding, as [James] Rest points out, has been repeatedly supported by other researchers *(Velasquez, Andre, Shanks, S.J., and Meyer, 1987 from the Markkula Center).* James Rest's model outline for teaching ethics and moral reasoning includes the following:

  o Raise ethical issues through case studies.
  o Develop and teach a process of reasoning—a decision model that can be used with the examples.
  o Develop moral imagination.
  o Engage in iterative practices of applying the reasoning process to particular situations.
  o As a teacher (or a student), be a role model for what is taught.
  o If possible, provide internships (experience-based examples) so that students can "practice" (moral reasoning) before getting real jobs.

What Ethics Is Not[2]

- Ethics is not the same as feelings. An individual's feelings about what is right or wrong do not ensure an ethical decision. While some individuals will feel bad when they have done something wrong, others may not. Ethical decisions are often difficult precisely because the "wrong" decision feels more desirable (i.e. is easier).

- Ethics is not merely religion, although most if not all religions present a set of ethical standards. Many people are not religious, but ethics applies to everyone. Most religions do advocate high ethical standards but sometimes do not address all the types of problems we face.

- Ethics is not merely following the law. A good system of law does incorporate many ethical standards, but law can deviate from what is ethical. Law can become ethically corrupt, as some totalitarian regimes have made it. Law can be a function of power alone and designed to serve the interests of narrow groups. Law may have a difficult time designing or enforcing standards in some important areas, and may be slow to address new problems.

- Ethics is not merely following culturally accepted norms. Some cultures are quite ethical, but others become corrupt—or blind—to certain ethical concerns (as the United States was to slavery before the Civil War). "When in Rome, do as the Romans do" is not a satisfactory ethical standard. On the other hand, it is advisable to also be aware of and sensitive to cultural norms when entering another's environment. Some theorists would contend that, as long as those norms do not violate one's own fundamental principles, imposing one's own standards on other's cultures may cross underlying principles of autonomy and dignity.

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[2] Adapted from the Markkula Center, 2007

- Science does not provide answers to ethical issues. Social and natural science can provide data to help us make better ethical choices. That is, ethics provides reasons for how humans ought to act. And just because something is scientifically or technologically possible, it may not be ethical to do it.

Quick Test for Making Ethical/Moral Decisions

Very often the literature, as well as applied professional ethics programs, will refer to a "Quick Test" for Ethical/Moral decision making. These tests take on various forms but generally are casually stated as questions to ask before making a final decision. For example, *The Center for Business Ethics at Bentley College* has articulated the following six questions as their practical test.

1. Is it right?
2. Is it fair?
3. Is anyone being hurt?
4. Would you be comfortable if the details were publically reported?
5. What would you tell your children to do in a similar situation?
6. How does it make you feel?

Ethical Reasoning in Detail

The extent of disagreement concerning ethical matters is often grossly overstated.   While different cultures embrace different ethical codes, prohibitions against murder, theft, adultery, lying, and general non-beneficence are as close to universal as anyone could hope. Moreover, while many different ethical theories have been offered throughout the history of philosophy, these theories generally only differ with respect to their explanations of *why* an action is right or wrong; *that* a given action is right or wrong is very frequently agreed upon. And while you can thus use the above "quick test" to work your way through a moral problem, you will also benefit from using a more involved step-by-step approach, such as the one offered in the next section.

Six Step Guideline for Ethical Reasoning in Business Cases (This has been developed by the SUNY Oswego School of Business Ethics Committee. Some of the content (namely Steps 2 and 3) is based on Carnegie Mellon's Arthur Andersen Case Studies in Business Ethics and Santa Clara University's "Making an Ethical Decision.")

 1. **Exactly what kind of conflict seems present?**

- Is the problem stemming from a collision between **two different practical domains**? For example, does it seem like the ethically right thing to do is illegal? Is your professional code of ethics not aligning with your obligations to society more generally? Does your professional code forbid you from doing something that appears crucial to your own advancement and career? Does what is financially beneficial for your company do positive moral harm to another stakeholder, or perhaps just not leave other people better off than they would be otherwise?

- Or, do you have conflict that occurs within a **single practical domain**? For example, regarding your professional obligations, are you experiencing as a conflict of interest between two valued clients or employees? Or are you uncertain whether your happiness requires throwing yourself into your job or striving for better work-life balance? Do you feel that two different community

stakeholders have valid claims, but that you cannot satisfy both?

2. Establish the relevant facts

- What are the relevant facts of the case? What facts are not known? Can I learn more about the situation? Do I know enough to make a decision? Can I wait until I have more information, or would that be detrimental?

- What individuals and groups have an important stake in the outcome? Exactly what are their concerns? Are some concerns obviously more important than others? Why?

3. What alternatives are available?

What are the options for acting? Have I consulted all the relevant persons and groups? Have I tried to be as imaginative as possible? Have I sought legal advice? Have I asked a trusted mentor for help?

4. Evaluating Alternative Actions

Use Kantian, Utilitarian, Rawlsian, and virtue-ethical reasoning to evaluate the options available. Under these moral theories, you will ask:

- Is this action sincerely in the interests of the greater good? Recall that **utilitarians** allow deviations from established rules of justice only when human lives are unquestionably at stake. Even if doing the right thing will cost you your job or your firm its livelihood, that is no valid excuse for breaking the law, according to utilitarian principles. Also recall that utilitarians don't believe that "anything goes" with respect to what constitutes the greater good. Our greatest good consists of those pleasures appropriate to the finer elements of human life. A lot of people may well like a product or demand a market for something – for example, alcohol or sex – but no utilitarian will approve of a line of reasoning that says that since people want a market for sex, prostitution is part of our greater good. However, since autonomy is also an important part of the human good, a utilitarian has to balance what is in our best interests with the human need to feel in control of our own lives.

- A **Kantian** demands that our actions are such that they could function as universal laws. For example, if you are considering lying to save your reputation, you have to imagine a world in which everyone knew of and acted on such a policy. Kant thinks it's pretty obvious what would happen is everyone tried to pull this off: no one would put stock in the other peoples' reputations, and we would thus be left with a highly inefficient and untrustworthy world. Truthfulness and transparency are paramount for Kantians, though they also believe we have to endorse principles of mutual aid and beneficence (for if we never helped other people, no one would offer us help; this is again untenable for those who want to live in either an efficient or trusting world).

- A **virtue ethicist** will ask you to consider what sort of person you would be if you endorsed a certain course of action. A virtue ethicist recognizes this is a hard question because you play so many different roles - you are a member of the college community, a New Yorker, a parent, a worker, and a member of humanity in general, which has no geographical boundaries. But you should nonetheless strive for holism. You should pick a personal life, career, and company that are harmonious with one another in order to ensure that your virtues in one domain don't count

as vices in another. Being a good salesman shouldn't require the kind of ruthlessness that dulls your compassion more generally, and living up to your professional obligations should not come at the expense of your community responsibilities. And so when evaluating a specific course of action, ask yourself: Do I maintain my overall integrity in adopting this policy? Does careful judgment reveal that I am living up to the spirit of my professional obligations, even if I am breaking from the letter of them? Am I pursuing excellence and pushing myself in adopting this strategy, or am I taking the easy way out of a tough situation?

- A **Rawlsian**, or **justice-inspired**, approach is straightforward: Ask yourself if a course of action is for the benefit of those worst off in society. A Rawlsian is humble - she realizes that anyone could be in the position of those worst off. Rawls argues that when we are thinking of the right laws and policies to live by, we must ignore how we are actually doing in this life and ask ourselves, hypothetically: "What would I want for myself and others if I put on a veil of ignorance? If I know nothing at all about whether I will be lucky, or how I will fare in the natural lottery, what policies or proposals would those of us under the veil of ignorance put forward?" It is only rational, Rawls argues, to think that the policies we would put forward would always have to benefit the worst off in society. Inequalities are allowed - for example, some people may have higher salaries than others. But this is justified only if such inequalities are proven necessary to better the position of the poor and disadvantaged.

5. Choose and Act

Ask yourself what the drawbacks of each alternative are, and if reparative action is applicable to some of these drawbacks. A course of action may have certain disadvantages, but perhaps these can be remedied through future efforts.   Moreover, try to achieve a convergence - in other words, try to find a course of action that is acceptable under each possible interpretation of morality (this will happen far more often than we think, though perhaps less than we would like). Finally, make sure you implement your action with the greatest amount of care and delicacy possible. This is often what makes all the difference - for example, while layoffs may be necessary, consider very carefully how to deliver the news and the actions you can take to cushion the blow.

6. Reflect and Repair

Follow up by asking if things went as planned, and what you learned post-facto that would make a difference in similar, future deliberations. Moreover, take extreme care to manage any possible fall-out and whatever new, ethically charged situations are following on the heels of your action.

Primer References

Institute for Business & Professional Ethics, DePaul University, "Ethics 101". (2007)
Hosmer, L.T. "The Ethics of Management", 6th ed. (2007), McGraw-Hill/Irwin, New York, NY.
Markkula Center, Santa Clara University, www. scu/edu/ethics/
Rest, J. (1998), "Can Ethics be Taught to Adults?" rpt. In Newton and Ford, eds., Taking Sides. Gilford CT: Dushkin Publishing Group, 22-26.)
Werhane, P.H. (2007) forthcoming, "Moral Imagination and Systems Thinking in the Age of Globalization," Journal of Business Ethics.

Appendix A

SUNY-Oswego School of Business

Standards of Professional Behavior and Ethical Conduct

Our Commitment

The administration, staff, faculty, and students of the School of Business at State University of New York

at Oswego are committed to standards of professional behavior and academic integrity. As a

community, we strive to embody the characteristics of responsibility, honesty, respect and fairness in

our professional conduct.

Expectations of Administrators, Staff, Students, and Faculty

- Engage in professional behaviors:
- Be accessible, keep appointments, be prepared, and be on time in all professional settings
- Safeguard any confidential information
- Conduct oneself ethically, honestly, and with integrity in all situations
- Make every effort to prevent discrimination and harassment
- Use professional language and behavior
- Treat others with respect and courtesy
- Preserve our facilities for future generations by maintaining a safe, clean, and professional learning environment
- Be sensitive to multicultural issues
- Avoid making racially and sexually inappropriate remarks

Expectations of Administrators

- Set and clarify goals and objectives with the faculty and staff
- Encourage free inquiry, mutual respect and recognition of achievement in the School of Business community
- Make all administration policies, rules, regulations, and guidelines open and available for all faculty, students, and staff
- Maintain accessibility to students, faculty, staff, and the public by communicating promptly via email and telephone
- Exercise fair and objective evaluation in all promotional and disciplinary decisions for all faculty, students, and staff

Expectations of Faculty

- Maintain a professional demeanor in the classroom
- Respect the opinions and responses of students, encourage feedback, and, when

appropriate, make changes based on it
- Make expectations and criteria for assessment clear to students
- Provide adequate and timely feedback to students
- Set and enforce standards for academic integrity in the classroom
- Exercise academic integrity in the pursuit of scholarly research
- Support the efforts of colleagues to achieve professional growth
- Be fair in the evaluation of administrators, other faculty, staff, and students
- Maintain accessibility to students, faculty, staff, and the public by communicating promptly via email and telephone
- Notify students, administration, and staff in advance of anticipated absences, late arrivals or early departures

Expectations of Professional Staff

- Maintain a professional demeanor in all interactions with administrators, faculty, students, other staff members, and the public
- Maintain records and safeguard all confidential information
- Provide accurate and timely feedback concerning questions from administrators, faculty, students, other staff members, and the public
- Notify administration and staff in advance of anticipated absences, late arrivals or early departures

Expectations of Students

- Attend class, arrive on time and remain until class is dismissed
- Notify the instructor in advance of anticipated absences, late arrivals or early departures
- Refrain from using laptops for non-class purposes
- Refrain from bringing food and beverages other than water into the classrooms
- Prepare fully for each class
- Participate in class, and respect fellow classmates and the class instructor
- Maintain academic integrity by completing all assignments and exams in an honest manner, refraining from providing inappropriate assistance to other students, and refraining from receiving inappropriate assistance from other students.
- Maintain intellectual integrity by citing sources appropriately
- Be fair in the evaluation of administrators, faculty, staff, and peers

Appendix B

PROGRAM IMPLEMENTATION

Orientation – Introduce the program and the standards at all sessions.

UNDERGRADUATE PROGRAM

COM 211 – Reintroduce the program document and present an ethically problematic case where students can apply moral theory and construct a solution to an ethical dilemma that occurs in a business setting.

MGT 261 – Assign a case that asks students to use ethical theory to interpret and solve a business ethics dilemma. This would most likely be accomplished utilizing the case study format. Reinforce an understanding of the Professional Ethics Program.

BLW 280 and BLW 355 – Assign written work that asks students to use ethical theory to interpret and solve a business ethics dilemma. Reinforce an understanding of the Professional Ethics Program.

MGT 495 -   Utilize a team based case study or simulation assignment to emphasize the group dynamics impact on moral reasoning and problem solving. Reinforce an understanding of the Professional Ethics Program.

Other upper division courses – Make every attempt to discuss business ethical issues and the role of ethical theory in solving business ethics dilemmas at some point in the course. When possible, demonstrate the application of the model in the solution of a complex problem. This will serve as further reinforcement of the Professional Ethics Program.

MBA PROGRAM

MBA 517 – Introduce the Professional Ethics Program and develop at least one team assignment where students both discuss business ethical issues and use ethical theory to solve a business ethics dilemma.

MBA 550 – Develop at least one team assignment where students both discuss business ethical issues and use ethical theory to solve a business ethics dilemma.

Other MBA courses – Make every attempt to discuss business ethical issues and the role of ethical theory in solving dilemmas in at least one assignment or example.

General Resources for Teaching Business Ethics

An excellent collection of discipline-specific case studies and teaching notes:
http://web.tepper.cmu.edu/ethics/aa/arthurandersen.htm

A tremendous database of cases and teaching modules:
http://www.caseplace.org/s.asp?a=11&o=5&kw=&yr=

Everything from videos to cases to scholarly articles:
http://www.scu.edu/ethics/practicing/focusareas/business/

An excellent blog, including much that the Santa Clara website offers, as well as numerous codes of conduct from various corporations:
http://www.web-miner.com/busethics.htm#cases

Harvard Business School case collection requires requesting a user ID, but once you have it you'll find a wealth of beautifully indexed case studies and teaching notes: http://hbsp.harvard.edu/product/cases

"In Socrates' Wake" is an excellent blog for those teaching philosophy and ethics. The commentators are always extremely happy to help anyone teaching ethics, and would be excellent to consult regarding both pedagogical and substantive questions:
http://insocrateswake.blogspot.com/

Michael Sandel, Professor of Philosophy at Harvard, offers the extremely popular course "Justice" every year. The following episodes may be helpful:

- Episode 1 on the basic distinction between utilitarianism and Kantianism (or "categorical" reasoning): http://www.justiceharvard.org/2011/03/episode-01/#watch

- Episode 2 on Mill's utilitarianism:
http://www.justiceharvard.org/2011/02/episode-two/#watch

- Episode 6 on Kant's moral philosophy:
http://www.justiceharvard.org/2011/02/episode-06/#watch

Episode 7 on Kant's view on lying and John Rawls:
http://www.justiceharvard.org/2011/02/episode-07/#watch

- Episode 8 on John Rawls:
http://www.justiceharvard.org/2011/02/episode-08/#watch

Accounting

AICPA Ethics Decision Tree: http://www.aicpa.org/audcommctr/guidance_resources/
srmgmt_bod_audit_cmte/early_warning_signals/45.htm

NYSSCPA's Ethics and Regulations
http://nysscpa.org/prof_library/ethicsregulations.htm

Conceptual Framework for AICPA Independence Standards
http://www.aicpa.org/about/code/index.html

Finance

CFA Institute Code of Ethics and Professional Conduct
https://www.cfainstitute.org/centre/codes/ethics/

Human Resource Management

ERC (Ethics Resource Center)
http://www.ethics.org

Society of Human Resource Management
http://moss07.shrm.org/about/Pages/code-of-ethics.aspx

Management

AACSB Ethics Education Resource Center
http://www.aacsb.edu/resource_centers/sustainability/default.asp

Marketing

American Marketing Association
http://www.marketingpower.com/AboutAMA/Pages/Statement%20of%20Ethics.aspx

http://www.marketingpower.com/Community/ARC/Pages/Additional/Legal/default.aspx?sq=marketing
+research+code+of+ethics

Marketing Research Association
http://www.mra-net.org/about/codes.cfm

Risk Management & Insurance

National Association of Insurance and Financial Advisors
http://www.wholesaleinsurance.net/help/codes/naifa.asp

American Institute of Chartered Property Casualty Underwriters
http://www.aicpcu.org/doc/canons.pdf

National Association of Health Underwriters
http://www.nahu.org/about/index.cfm