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A YEAR AFTER HIS DEATH, Sumantra Ghoshal's paper concerning Management Education and Business Ethics has been published in the March 2005 issue of *Academy of Management Learning and Education* (v4, n1) as an "Exemplary Contribution" along with seven additional commentaries on Ghoshal's ideas. Dr. Ghoshal, a preeminent Professor of Management at the London Business School, argued that the "worst excesses of recent management practices have their roots in a set of ideas that have emerged from business-school academics over the last 30 years" and that "by propagating ideologically inspired amoral theories, business schools have actively freed their students from any sense of moral responsibility." You may see Dr. Ghoshal's paper in pdf format at <http://aom.pace.edu/AMLE/AMLEVolume4Issue1pp75-91.pdf>. Ghoshal's ideas are being widely discussed. An article in *The Economist* on February 19, 2005 (one of two on Ghoshal in that issue) asks "Is the MBA responsible for moral turpitude at the top?"

One response to such criticism of management education has been the introduction of courses on Business Ethics, now required in some MBA programs. In the following article Professor Mohsin Habib considers texts that may be suitable for such a course.

Ethics and Business

by Mohsin Habib, University of Massachusetts, Boston

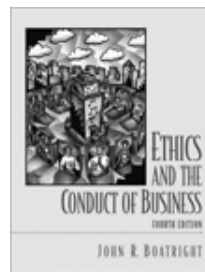


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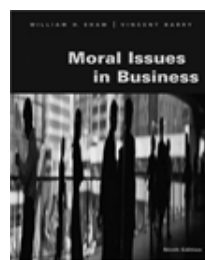


Ethics and the Conduct of Business

by John R. Boatright

Prentice Hall, 2003,
4th ed., 452 pages,
\$69.33

www.prenticehall.com



Moral Issues in Business

by William H. Shaw
and Vincent Barry

640 pages

Thomson-
Wadsworth, 2004,
9th ed., \$75.95

www.wadsworth.com

THE FIELD OF BUSINESS ETHICS has received renewed attention with the corporate scandals that broke out in recent years. Numerous conferences have organized special sessions, reputed journals have devoted special issues, and new books and articles have come out discussing

the role of ethics and morals in business decision making. Needless to say, the issue of ethics in business decision-making is a serious one. Most of the recent research findings paint a rather disappointing picture. For example, an article in the *Boston Globe* (October 2004) reported a survey conducted by the Center for Women's Business Research in Washington, D.C., that found a majority of the graduating students surveyed showed little or no confidence in the honesty of big American firms, even as some are about to join them (Diane Lewis, "Business school grads find ethics lacking," *Boston Globe*, Oct. 17, 2004). The survey asked 933 graduate students and 807 MBA graduates of top business schools to share their opinions on business ethics. Of those polled, 63.7 percent of the graduates with jobs and 61.2 percent of the graduate students felt that business is not done ethically or honestly. Also, 69.9 percent of female graduates with MBAs and 60.1 percent of the males suggested lack of ethics as a critical issue for American companies.

If there was any consolation, it was that the respondents trusted small and midsized employers more than the big ones.

Regardless of whether we focus on large multinational companies or small owner/manager operations, the fact of the matter is businesses are facing an ethical issue which today's students, who are tomorrow's managers, must face. Thus, it comes as no surprise that the Association to Advance Collegiate Schools of Business (AACSB), in its January 2005 document pertaining to Eligibility Procedures and Accreditation Standards for business schools, made it clear that awareness and development of ethical and legal responsibilities for students is a must for accreditation. Today, most business schools have courses on Business Ethics in both the undergraduate and MBA curriculum. While some schools have included such a course in their core course list, others have offered it as an elective. I believe the majority of the students view this as a good development in the curriculum and are genuinely interested in learning the importance of ethics in business. Occasionally though, one will stumble upon students who are skeptical, even questioning whether business and ethics can co-exist. Given this target audience, it is imperative that business ethics instructors develop the course with a comprehensive framework in place backed by a quality textbook and additional materials, if necessary.

Until recently, there were not many textbooks on Business Ethics in the marketplace. As the topic grew in importance, more authors wrote new books, trying to differentiate theirs from others in some meaningful way. Today, there are several books by different publishers trying to make inroads in the university student segment of the market. Of these, I would like to review two textbooks that enjoy wide circulation among educational institutions. One criterion I used to choose the books was that they must have some combination of text and cases, and cannot be just a collection of readings. Particularly for

undergraduate students, I believe it is necessary to have a text portion (written by the authors) which addresses the underlying principles and/or theories related to ethics. The two selected texts for my review are John Boatright's *Ethics and the Conduct of Business* (2003, 4th ed.) and William Shaw and Vincent Barry's *Moral Issues in Business* (2004, 9th ed.). On a personal note, I have used the Boatright book for several semesters now and only recently tried the Shaw and Barry book for the first time in my undergraduate Business Ethics course. Hence, my experience in the classroom will also be reflected in the following comments.

The publishers have targeted the two books for the undergraduate level and the MBA level. While both books have texts and cases, the Shaw and Barry book has added selected readings at the end of each chapter. This provides further depth in specific topic areas, which should be more effective at the MBA level. Both books offer similar topics given the target market. In fact, there's not much authors can do since the publishers dictate the framework to a large extent. But it is in the details of the content where the books differ substantially. To start with, the books focus on the broad question of morality and ethics in business and society. This is followed by a discussion of the main theories associated with ethics. There is also a segment on the topic of capitalism, the role of corporations and ethics. The rest of the text discusses ethics in specific business contexts. Somewhere during the earlier discussion on morality, capitalism and such, the books also introduce the concepts of stakeholder analysis and corporate social responsibility. These two topics are rightfully treated as integral elements of business ethics for students to comprehend, even though they are considered simultaneously in courses related to "Business, Government, and Society."

The Boatright and Shaw and Barry books offer an instructor's manual with essay questions and quizzes. While they do a reasonable job, both can be improved in terms of content. The Shaw

and Barry book also has Powerpoint slides for each chapter which can be downloaded from its publisher's Web site. Furthermore, the websites have links which can assist classroom discussion and various student projects.

The chapters are better sequenced and well organized in the Boatright book. Especially when it comes to specific business ethics topics, Boatright neatly classifies them in separate chapters such as whistle-blowing, trade secrets and conflict of interest, privacy, discrimination, marketing and product safety, and occupational health and safety. On the other hand, Shaw and Barry have lumped together different business ethics topics in two chapters under the titles, "The Workplace (1): Basic Issues" and "The Workplace (2): Today's Challenges." The variety of issues in each of these chapters is difficult to cover in one session and yet, not enough is said on each issue to help design multiple sessions. Both books have cases of varying lengths to facilitate class discussion. Typically the Boatright book focuses on small cases, vignettes of special circumstances in a business setting that requires an ethical approach to decision making. The cases in the Shaw and Barry book are generally longer, more detailed, and have discussion questions in the end. That is a plus for students and faculty alike.

One of the major challenges of writing a business ethics textbook is that it requires an effective integration of relevant literature in philosophy, management, and law. Philosophy provides the theoretical background for ethics. Institutionalized rules and laws follow ethical dilemmas in a society. Therefore, description of landmark cases is important to understand the context within which ethical issues are given legitimacy. Finally, management puts forward the business arguments within which ethics must be considered. This difficulty of integrating three different streams of literature is compounded by the need to present the text in an easy-to-understand format, especially for undergraduate students. The Boatright book has proceeded further in meeting

this challenge. Although in its fourth edition, the Boatright book has been around since 1993. The fourth edition represents a well-written book dealing with a fairly complex subject.

The Boatright book starts with an introductory chapter on ethics in the business world that is followed by the three main theoretical streams in the next three chapters. As the chapters move from the Utilitarian perspective to the Kantian perspective to the Justice perspective, there is a conscious attempt to compare and contrast them and to highlight the challenges of integrating all three perspectives in a single business decision-making scenario. The Shaw and Barry book attempts to do the same, but the discussion is much less organized and somewhat difficult to follow. Boatright's chapter on ethics and the corporation is presented late in the sequence. This is a bit of a problem since the concept of corporate social responsibility and stakeholder analysis discussed there is applicable to many ethical issues. I personally decided to cover the chapter early in the semester, right after discussing the three major ethical perspectives. Boatright may want to consider moving the chapter ahead in the sequence in future editions.

There are several emerging workplace issues that require an ethical analysis. Innovation and the application of new technology, particularly information technology in the workplace, continues to create new ethical issues. This is one area where I would like to see additional emphasis in the book. Currently, technology and its effects are sprinkled in bits and pieces all over the text with no anchor discussion to hold on to. A whole chapter, or at least a major segment, dedicated to this topic would be worthwhile. This suggestion is equally applicable to the Shaw and Barry book.

The Shaw and Barry book is not an easy read for undergraduates. Particularly, the earlier chapters discussing the moral philosophies and ethical theories are dense and require immense concentration. It is easy for an undergraduate to get lost in the discussion since a lot

of it is theoretical and somewhat abstract in nature. The book's chapters on Capitalism (Chapter 4) and Corporations (Chapter 5) also show a complex writing style. In addition, some segments such as the "criticisms of capitalism" delve heavily into radical theories and Marxist perspectives without providing the necessary background for students to appreciate the arguments. Certainly, it was quite a challenge for a significant number of my undergraduate students in the Business Ethics course. On the other hand, I think such writings may be more effective at the MBA level, forcing the students to challenge existing notions and draw their own conclusions.

As mentioned earlier, Shaw and Barry offer a set of readings for each chapter, an aspect missing in the Boatright book. The readings are carefully selected and present some of the prominent thinkers from various fields discussing ethics. For example, the Nobel Prize winner Amartya Sen's article on the role of ethics in Capitalism is a wonderful, thought-provoking piece. The book has a set of discussion questions at the end of each reading that can help students to focus on the main points. Shaw and Barry provide several readings from which instructors can pick and choose. The collection of readings certainly adds value to this book. For the more enthusiastic students, Shaw and Barry have a list of additional reading for each chapter as well.

An important topic area completely missing in the Shaw and Barry book is ethics in international business. Moreover, there is no discussion about the notions of "ethical relativism" and "cultural relativism," which students must come to terms with. After all, we live in a world full of diversity. A greater understanding of culture and values and their impact on ethics could only help students in making better ethical decisions. Also, difficult and sensitive issues such as corruption and bribery in the global marketplace ought to be discussed at length. My own research on corruption in a host country points to the negative impact it has in attracting

foreign direct investment (FDI). While that is generally true, one has to recognize that FDI still flows heavily in countries such as China and India, both of which register high on corruption. So, there is a need to discuss the issue, particularly the tension between ethics, economics and culture (norms) in a foreign market.

To be fair, I must point out that both books already have more chapters and topics than an instructor could possibly cover in a 15-week semester. My approach in the Business Ethics course has been to cover the "conceptual" chapters first (discussing the ethical theories, capitalism, corporations etc.), and then select as many specific "business topic" chapters as possible in a semester. It also gives me the opportunity to change the mix of "business topic" chapters from one semester to the other.

In conclusion, as one might expect, both books have strengths and weaknesses in different areas. My overall impression is that the Shaw and Barry book will be a better fit at the MBA level for all the reasons mentioned earlier. The Boatright book, on the other hand, will be more appropriate at the undergraduate level. Both books can increase their appeal to instructors by strengthening the support materials such as improved teaching notes for chapters, notes for cases, visual aids, and test materials. Also, some cutting-edge topics, such as ethics in the realm of the Internet, will be welcomed. I hope the newer editions will take these and other suggestions into consideration.

Related Web Link

Sumantra Ghoshal's paper concerning Management Education and Business Ethics in the March 2005 issue of *Academy of Management Learning and Education* (v4, n1): <http://aom.pace.edu/AMLE/AMLEVolume4Issue1pp75-91.pdf> ■

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