Assessing and Developing Ethical Decision-Making Skills
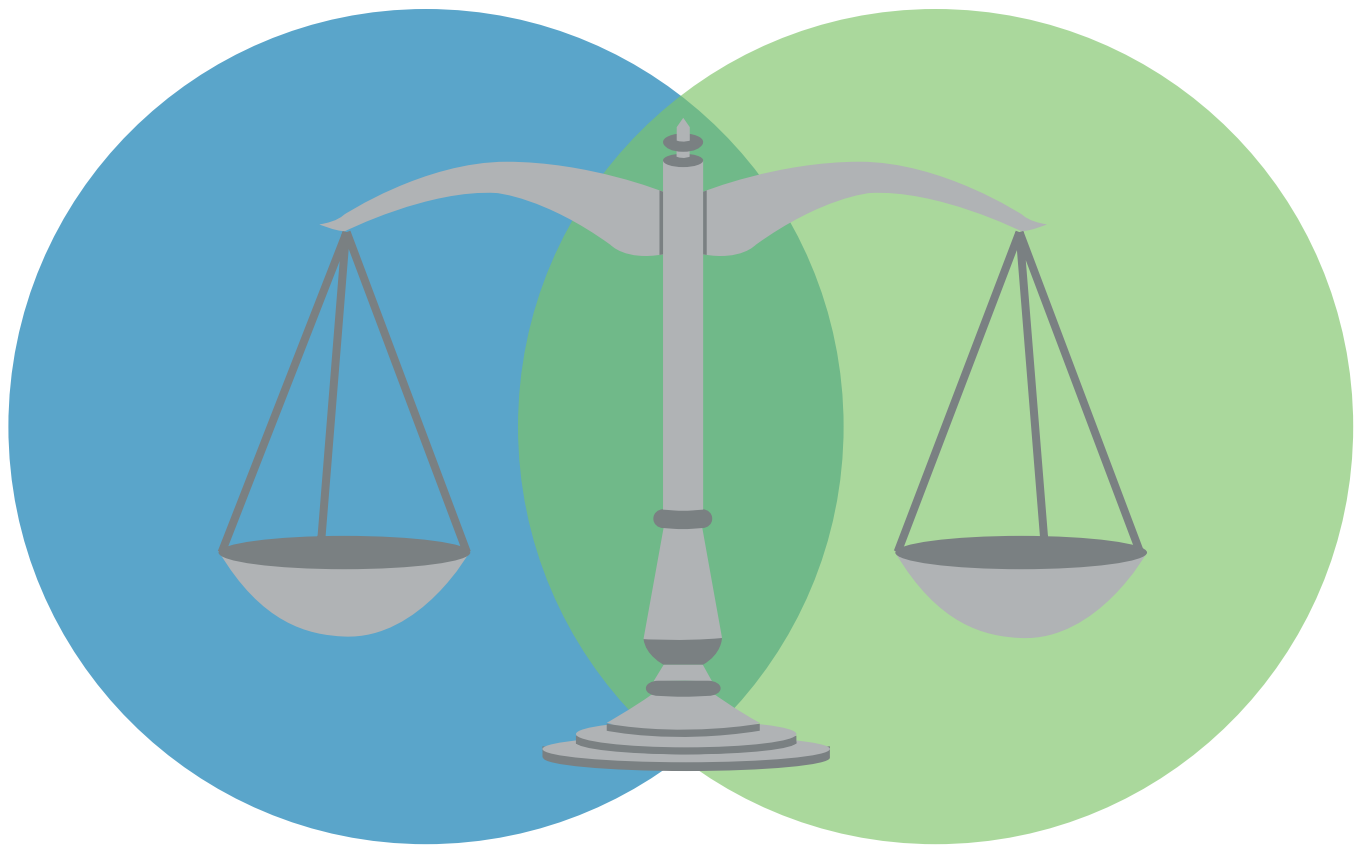
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What is Ethics?

What is right? What is wrong? Unlike popular belief, ethics is more than just right and wrong. Its meaning is hard to pin down because the views people have about ethics vary from person to person. As a result, perhaps the best way to understand the meaning of ethics is by discussing what it is not. Sociologist Raymond Baumhart once asked business people to define what ethics meant to them. Their replies associated ethics to feelings, religious beliefs, laws, and socially acceptable behaviors[1].

Unintentionally, these business people answered what ethics is not. Ethics is not based on whether we feel something is right or wrong. Even if a person wants to do the right thing, making decisions while experiencing emotions such as fear or desire will likely lead to unethical behavior.

Ethics is not linked to religion. Even though religions can encourage ethical behaviors, ethics applies as much to an atheist as to a devout religious person. Being ethical also does not necessarily entail abiding by the letter of the law. Some laws, like the United States' pre-Civil War slavery laws and the racial segregation laws of South Africa, can still be unethical.

Furthermore, ethical behavior does not always align with what is socially acceptable. Social expectations of behavior can certainly contain ethical standards. However, this does not prevent entire societies from becoming ethically corrupt; look no further than Nazi Germany.

What, then, is ethics? First, ethics refers to specific standards of right and wrong which guide us in our daily life. These standards inform us how we ought to act in such matters as fulfilling our obligations and duties, being compassionate and fair, respecting the rights of others, and contributing to the greater good of society. Secondly, ethics refers to the continuous examination of our moral beliefs and conduct to ensure that we live up to the ethical standards[1].

Ethics is a practical wisdom we gain from experience in daily life. But, can this practical wisdom be nurtured in the young mind, the student who is on the verge of entering a career path? The student who is inexperienced?

Why Should Educators Care About Teaching Business Ethics?

Career advancement is far from the main reason to develop a deliberative, ethical consciousness. Ethical decisions are made every day, often without thinking about them: whether to hold the door open for a senior citizen; how to respond to a boorish remark; whether to slide through a stop sign when there is no traffic around; or how to deal with a co-worker or classmate who does not contribute their share of the work.

Sometimes, daily decisions made to get through the school or work day can have serious and far reaching consequences. For example, the 1986 Space Shuttle Challenger explosion could have been prevented if engineers at Morton Thiokol had adequately voiced their safety concerns far enough up NASA's chain of command. The Space Shuttle Challenger broke up over the Atlantic Ocean 73 seconds into its flight, killing all seven crew members.

Allan McDonald, project director at engineering contractor Morton Thiokol, referenced his failure in a recent lecture at NASA, *"In my career, I don't know how many times people have raised their hand and said, 'This may be a dumb question, but...' I always stood up and said, 'In my entire career I've never, ever heard a dumb question. I've heard a lot of dumb answers[2]."*

Similarly, technicians on BP's Deepwater Horizon oil rig continued drilling even though their blowout preventer was defective, faulty software was causing their systems to crash, their emergency alarms were disabled and a $500,000 acoustic trigger, which could have shut down a busted well, was not installed. In this incident, eleven BP employees were killed, 17 more were injured, and nearly 5 million barrels of oil leaked into the Gulf of Mexico.

The key question to keep in mind is: Would people have done things differently if they had seen the bigger picture and recognized the consequences of their actions? It is important to introduce ethics into classrooms to help students develop ethical decision-making skills, skills that could prevent the next catastrophe and save their careers.

The value of introducing ethics into business school classrooms is tied to the following two reasons: student employability and promotability. As demonstrated by multiple surveys, including a Graduate Management Admission Council survey of 842 employers in 40 countries, hiring organizations regard skills directly tied to ethical decision-making as top attributes in business school graduates. These skills include integrity, ethics, critical thinking, problem solving, and leadership. However, the same surveys also reveal these skills are considered rare among graduates. Students possessing these skills graduate with an immediate competitive advantage that can be leveraged into a job.

"The key question to keep in mind is: Would people have done things differently if they had seen the bigger picture and recognized the consequences of their actions?"

Extensive research has also revealed the impact of ethical and unethical leaders on the workforce. Ethical leaders create trust and high-quality relationships, nurture higher job satisfaction and commitment, and lower counterproductive behavior in their peers. On the other hand, unethical leaders encounter increased resistance, raise intentions to quit, and lower performance in peers. Developing ethical decision-making skills in students better positions them to receive future promotions to managerial roles.

Even though business schools acknowledge the importance of ethics, as demonstrated by the multitude of learning goals related to decision-making and social responsibility, many institutions still fail to develop these skills in their students. So what does it take to develop a sustainable ethical mindset, that internal compass that can guide individuals in the "right" direction?

Sustaining an Ethical Frame of Mind

The past two and a half decades of ethics scholarship tells us of four common situations in business that present ethical issues and dilemmas. These situations can cause employees, who are morally scrupulous in their personal lives, to compartmentalize unethical behavior at work as "just business." These four situations are the following:

- **Conflict of Interest:** Situations where the objectivity of one's judgement is compromised or appears to others to be compromised.

- **Information Confidentiality:** Situations that involve obligations to protect the privacy of information and those who provide it.

- **Right and Responsibilities:** Situations that involve ensuring individual rights to equal opportunity, dignity, and freedom from harassment or disrespect.

- **Use of Resources:** Situations that require acting responsibly with company resources such as money, property, and corporate reputation.

The first step to developing an ethical mindset and avoiding the compartmentalization of unethical decision as "just business" is realizing that there is not a set method that will consistently produce highly ethical decisions and actions. The adoption of such a method only leads to complacency and the diminishment of ethical awareness.

The answer lies in being open to fresh perspectives and new information, asking pertinent questions, voicing our convictions, and continually reexamining the soundness of our **ethical standards.** This provides a window through which we can view our behavior and actions more objectively and clearly recognize the consequences of those actions.

Ethical Standards

There are five ethical standards, or approaches, that can help dissect an ethical dilemma and lead to ethical decisions and actions. The approaches are the following:
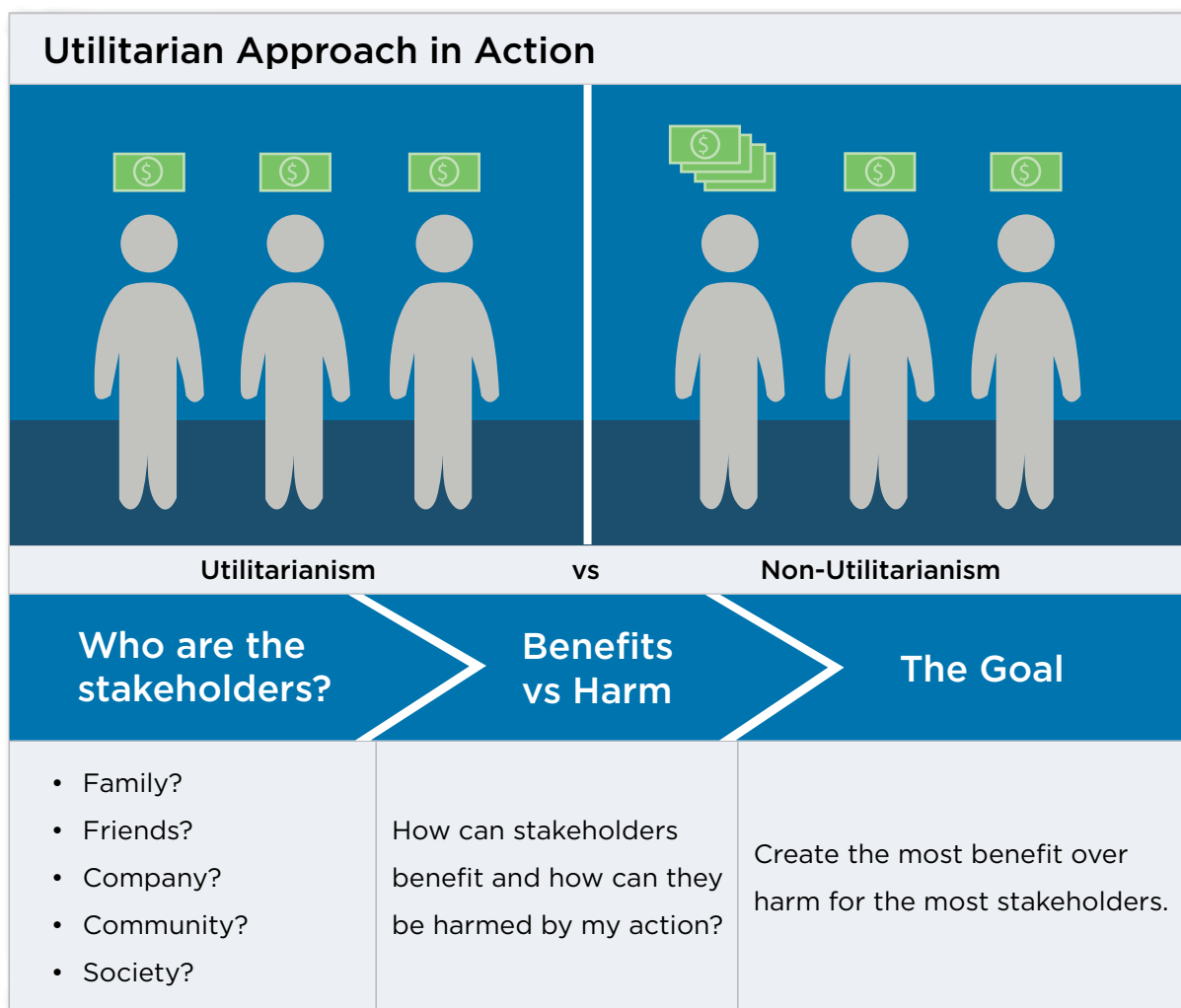
- Utilitarian Approach

- Rights Approach

- Fairness Approach

- Common Good Approach

- Virtue Approach

These approaches can be thought of as ethical building blocks or frameworks that shape ethical decisions. It is important to note that every ethical dilemma can be dissected using more than one standard and its end result can vary depending on the road taken.

Utilitarian Approach

This approach assesses an action in terms of its consequences or outcomes. Under the Utilitarian Approach, the most ethical option is the one which produces the best balance of benefits over harm for the most stakeholders. The interest of every entity, including other species, is considered equally during the decision making process.

Outcomes may be quantified in such terms as contentment and suffering, the relative value of individual preferences, monetary gain or loss, or the short-term and long-term effects of an action. In a business context, this approach might rely on a statistical analysis of probable outcomes, a classic costs/benefits assessment, and/or a consideration of the marginal utility of a consequence for various stakeholders in the group.

Utilitarian Approach in Action

Utilitarianism   vs   Non-Utilitarianism

Who are the stakeholders?	Benefits vs Harm	The Goal
• Family? • Friends? • Company? • Community? • Society?	How can stakeholders benefit and how can they be harmed by my action?	Create the most benefit over harm for the most stakeholders.

Rights Approach

This approach focuses on respect for human dignity. The Rights Approach bases its framework for ethical decision-making on the various rights we have as human beings. Some of these rights are articulated in the U.S. Constitution, U.S. Bill of Rights, and the United Nation's Universal Declaration of Human Rights.
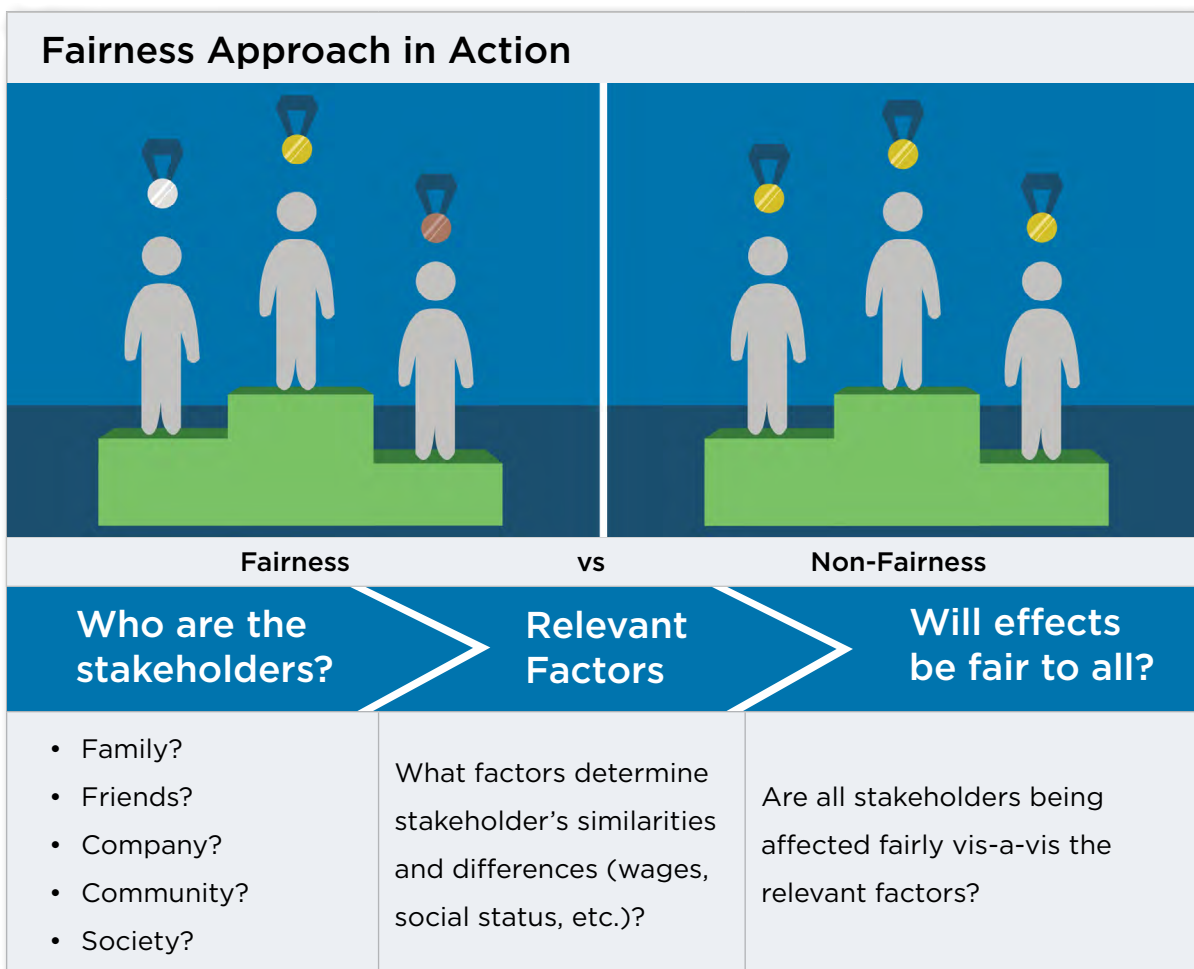
Under the Rights Approach, the most ethical option would be the one we have a moral obligation to perform that does not infringe on the rights of others. In the event where the rights of conflicting parties are being dissected, this approach prioritizes the action that best protects those rights. For example, in the United States, the right to freedom of speech is generally protected, but citizens do not have the right to needlessly scream "Fire!" in a crowded theater.

Rights Approach in Action

Rights	vs	Non-Rights
What are my rights?	**Obligation**	**The Goal**
Freedom of: • Speech? • Religion? • Assembly? • etc.	Is my action respecting everyone's moral, legal, and contractual rights? Are they fully informed?	Take the action that does not infringe on other's rights.

Fairness Approach

This approach focuses on the fair and equitable distribution of good and harm across the spectrum of society. Under the Fairness Approach, all equals should be treated equal. In addition, those who are unequal should be treated differently in a manner that is proportionate to their difference. An example of the Fairness Approach is the different salaries for a group of employees based on their contribution to their company's profitability. Questions that can help determine the fairness of our actions include:
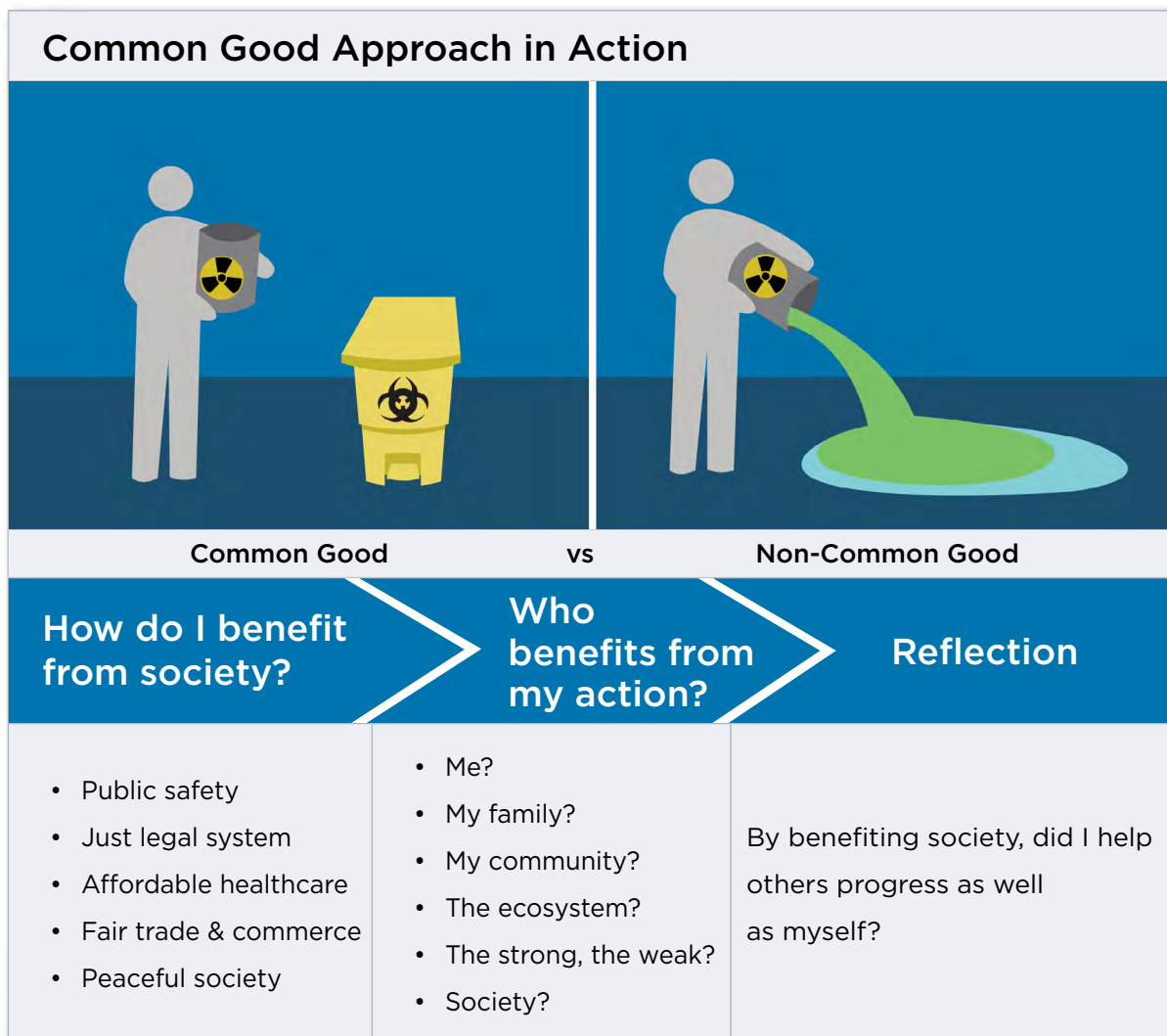
- Are those who are similar in some relevant aspect treated similarly?

- Are those who are different in some relevant way treated differently based on a legitimate distinction and a standard of fairness?

- Are some favored where they may receive certain benefits for no justifiable reason?

- Is there a discriminatory practice where some, who are no different than others, bear a burden that is not imposed on the rest?

- What are the relevant factors that determine similarities and differences of those in a group?

- What is the fair course of action for all the stakeholders or all entities which may be affected by the outcome?

Fairness Approach in Action

Fairness   vs   Non-Fairness

Who are the stakeholders?	Relevant Factors	Will effects be fair to all?
• Family? • Friends? • Company? • Community? • Society?	What factors determine stakeholder's similarities and differences (wages, social status, etc.)?	Are all stakeholders being affected fairly vis-a-vis the relevant factors?

Common Good Approach

This approach regards all individuals as part of a larger community. The Common Good Approach emphasizes the need to safeguard the sustainability of our community in order for society to thrive. It is why this approach is useful when the issues being dissected involve the overall picture or environment. Examples of things that nurture the sustainability of our communities are: good schools, effective public safety, a peaceful society, and a just legal system.
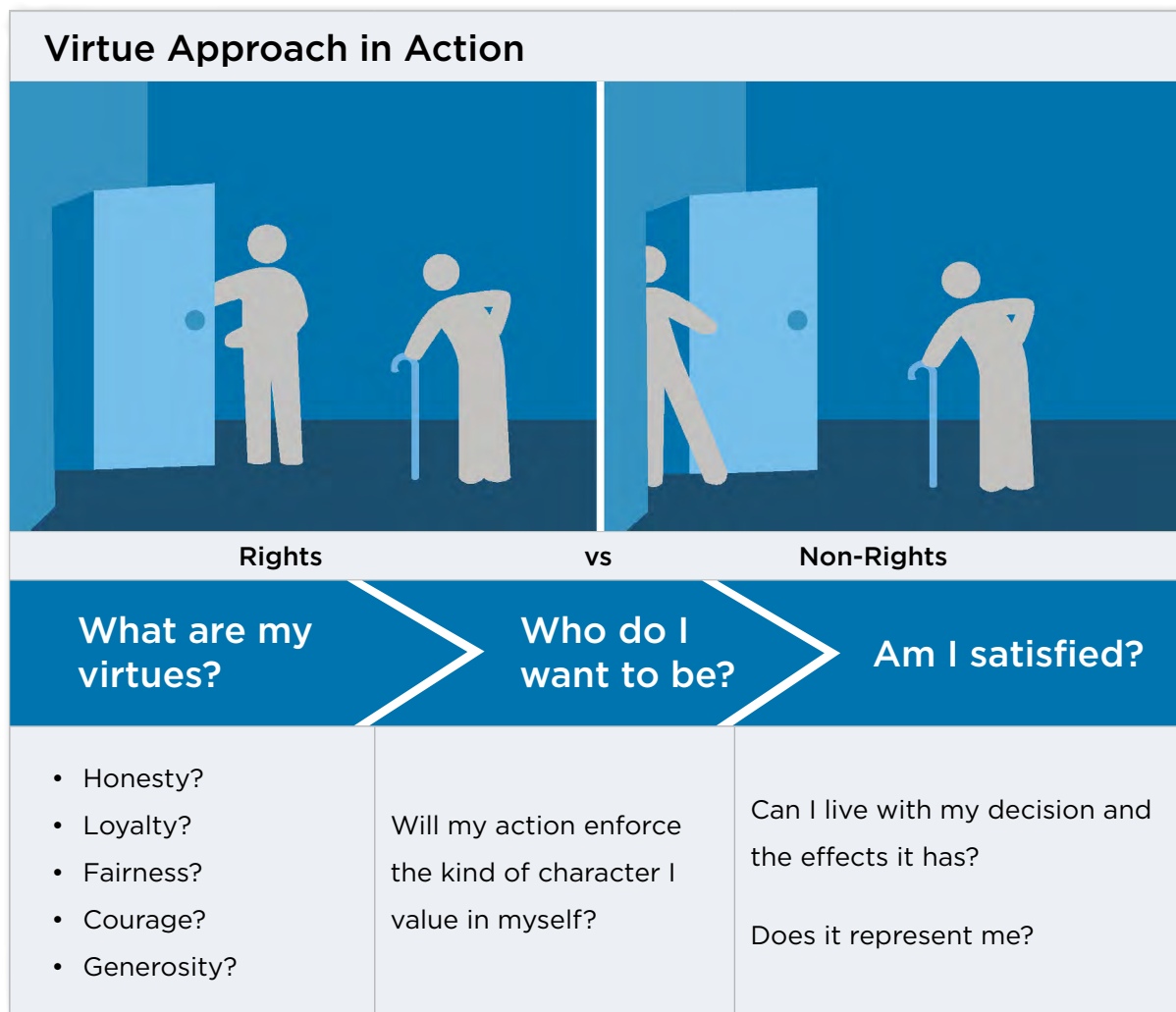
Under the Common Good Approach, an action is tested on whether it benefits or erodes a specific element of the common good. In addition, this approach also takes into consideration the action's overall effect on the community. This ethical approach ultimately invites us to ask what kind of society we are and want to become, and what actions we need to take to achieve that end.

Common Good Approach in Action

Common Good   vs   Non-Common Good

How do I benefit from society?	Who benefits from my action?	Reflection
• Public safety • Just legal system • Affordable healthcare • Fair trade & commerce • Peaceful society	• Me? • My family? • My community? • The ecosystem? • The strong, the weak? • Society?	By benefiting society, did I help others progress as well as myself?

Virtue Approach

This approach focuses on elements that make up individual character. These elements, or virtues, refer to traits like honesty, kindness, civility, loyalty, fairness, courage, and generosity. This approach also takes into account the fact that different cultures or societies value certain virtues more than others.

The Virtue Approach ultimately causes us to ask whether a given action is reflective of the kind of person we are or want to be. Will it promote the kind of character we value within ourselves and for our community? Does it represent the kind of enterprise my business aspires to be? If the situation does not proceed as we expect, will this be something we can personally "live with" in the aftermath?

Virtue Approach in Action

Rights	vs	Non-Rights

What are my virtues?	Who do I want to be?	Am I satisfied?
• Honesty? • Loyalty? • Fairness? • Courage? • Generosity?	Will my action enforce the kind of character I value in myself?	Can I live with my decision and the effects it has? Does it represent me?

The Dilemma of Business Ethics

According to the Wall Street Journal, 79 percent of young Americans believe that there are no absolute standards in ethics. With the recent scandals that have plagued the last decade, can you really blame them?

While we would like to believe that our business and corporations have honesty and integrity edged into their values, stories of greed point to another reality: ethics is not always a priority in business. For example, the global financial meltdown of 2008 was a result of unethical behavior in the U.S. and Western Europe regarding subprime mortgages. Or consider the former head of the now bankrupt MF Global, Jon Corzine, telling a congressional committee that he doesn't know what happened to the $1.2 billion in client funds missing from his company's accounts[3].

The stories of unethical behavior don't stop there. Other scandals include: British Petroleum struggling to stop the Gulf of Mexico oil leak, News Corp. executives grappling with the phone hacking scandal, and American International Group under-collateralizing its credit default swaps product with devastating effects on the world economy.

These scandals are situations in which CEOs, board of directors, and other senior-level executives acted unethically with devastating consequences. However, recent business graduates are likely to encounter job-related ethical conflicts early in their career too. *It is our job to prepare them.*

Consider the following scenario:

A new hire at an advertising agency is ordered by a mid-level executive to alter a routine financial report on media and advertisement production provided to one of their clients. Not knowing how to approach the situation, the new hire complies and numbers are massaged to misrepresent the agency's spending of client funds.

The client brand manager detects the discrepancy and immediately informs the entire corporate chain of command resulting in a crisis in confidence between the two parties. Eventually, when the situation is reviewed at the agency's senior level, whose job will on the line in an effort to appease the client and save the business relationship? The mid-level executive who has plausible deniability or the freshly-minted business graduate?

This is the sort of situation business graduates entering the work force must learn to effectively and ethically address. It is why the development of ethical decision-making skills in students is critical to their success post-graduation.

Developing Ethical Decision-Making Skills

There is not a clear consensus on the best method for teaching ethics in higher education. For example, the Gustavson Business School at the University of British Columbia hosts a lunch for faculty and students to discuss the importance of ethics while John Cook Business School at St. Louis University utilizes a personal evaluation tool that allows students to explore what influences their choices. The different methodologies go on and on, but is one better than the rest?

Stanford Business School once held a series of events titled "Does Teaching Ethics do any Good?" where it was agreed upon that ethics classes cannot make students more ethical, but they can teach students to partake in ethical dialogue[4]. This is where they key lies. Ethics classes are not about making students more ethical, they are about providing students with the tools to be able to make better decisions.

In order to successfully provide students with these tools, educators must answer the following four challenges preventing the effective development of ethical decision-making skills.

1. **Moving from theory to application:** Teaching students how ethical concepts and theories relate to real-life scenarios.

2. **Emphasizing decision-making skills:** Helping students move from knowing about ethics to actually practicing ethical decision-making.

3. **Allowing opportunities to practice:** Providing a high-fidelity, realistic, and safe environment for students to practice ethics without the risks of real-world ethical dilemmas.

4. **Providing actionable feedback:** Providing guidance that fosters professional development by allowing students to acquire an understanding of where they currently are and where they need to be in the future.

Traditional lectures on ethics, filled with research papers and projects, can help students learn and understand ethical definitions but they do very little in helping them translate those definitions into real-life situations and decisions. This is why the most effective method for developing ethical decision-making skills is through experiential learning opportunities.

Presenting students with different ethical scenarios gives them an opportunity to reflect and discuss possible actions and the reasoning behind those actions. It also allows them to think through and understand the implications that their decisions can have in various areas.

This point is made strikingly clear in an AACSB article discussing how to teach students to be ethical. The author defines the role of schools in ethical development, "Business schools can help students better identify ethical issues and then have a process for approaching them. This capability comes in part with **experience** but also through exposure to a wide range of **approaches, possible situations, and responses[4]."**

How can you effectively expose your students to a wide range of ethical approaches, situations, and responses? *CapsimInbox: Ethical Decision-Making* is an experiential learning tool that introduces your students to ethical situations, allows them to think through different decisions, and encourages the development of an ethical decision-making process.

CAPSIM|nbox

Ethical Decision-Making

This tool is based on the methods used in assessment centers and entails the completion of a 60-minute simulation-based assessment that is designed to objectively measure the five key skills of ethical decision-making. These skills are:

- **Recognizing Issues:** Perceiving, detecting, and defining the hallmarks of an ethical dilemma or problem.

- **Investigating Facts:** Gathering, exploring, and examining all relevant facts and information about a problem.

- **Identifying Stakeholders:** Identifying the primary individuals or groups likely to be affected by a decision as well as determining the central obligations to each.

- **Generating Solutions:** Expanding the solution set to include several decision alternatives, including the use of effective decision-making techniques to promote the quantity of ethical alternatives.

- **Evaluation Consequences:** Examining the likely outcomes of alternatives against ethical criteria such as equity, equality, or need, as well as the feasibility and risk of each alternative.

CapsimInbox: Ethical Decision-Making is also designed to objectively measure student performance in the aforementioned four common ethical situations that arise in business settings:

- **Conflict of Interest (COI)**
- **Rights and Responsibilities (RAR)**
- **Information and Confidentiality (IAC)**
- **Use of Resources (UOR)**

Characteristics that make CapsimInbox: Ethical Decision-Making ideal for the assessment and development of ethical decision-making skills and people management competencies include a student self-assessment, the email inbox simulation, a feedback report, and the student-specific development plan.

Self-assessment
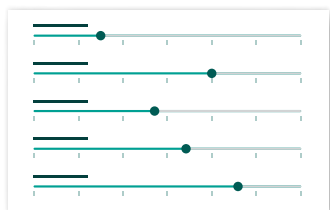
CapsimInbox: Ethical Decision-Making guides your students through the completion of a self-assessment before they begin the inbox simulation to provide them with the self-awareness that is essential for professional development[5]. Those who are more self-aware develop more effectively and more quickly than those who are not[6].

Inbox

Your students experience a day in the life of a manager who comes back from vacation to find their email inbox full of messages from people including direct reports, external stakeholders, and their direct supervisor. In order to assess current skill proficiency, *CapsimInbox: Ethical Decision-Making* presents your students with four general kinds of situations or problems (i.e., stimuli):

- **Just Read ("FYI")**: no response required, these stimuli are intended to provide information that may or may not be relevant to other emails, messages, or files.

- **Read and Choose:** these stimuli are "self-contained" in that all of the information needed to choose among response options is contained within the email or message itself.

- **Research and Choose:** these stimuli require searching for a particular piece of information beyond the focal stimulus of the email or message to effectively choose among response options.

- **Synthesize and Choose:** these stimuli require searching for multiple pieces of information beyond the focal stimulus, or combining another piece of information with something in the stimulus, in order to effectively choose among response options.

Feedback Report

Upon completion of the simulation experience, your students are presented with a customized feedback report. Here they are able to obtain a clear picture of their current levels of skill proficiency, as well as identify the next steps needed for skill development. The feedback report presents several scores:

- **Overall Performance:** a percentile score that reflects the quickness and accuracy of a student's performance compared to the total population.

- **Situational Analysis:** percentile scores for a student's performance on stimuli that specifically relate to each of the four ethical situations.

- **Self-Awareness:** an index that reflects the accuracy of the student's self-awareness in relation to the objective skills scores given by CapsimInbox.

- **Skill Gap Analysis:** comparison between objective skills proficiencies, as assessed by CapsimInbox, and skills proficiencies selected in the self-assessment.

Individual Development Plan

Participants also have the opportunity to participate in a self-guided process that creates an individual development plan. By incorporating the developmental tactics with the automatic creation of SMART goals (specific, measurable, attainable, relevant, time-bound), students have actionable next-steps to directly improve each skill.

Each ethical decision-making skill is linked to detailed, in-depth, evidence-based tactics and recommendations that allow students to take ownership of their development. These developmental tactics and recommendations include:

1. **A deeper definition of what each skill entails**

2. **Ways to learn about each skill**

3. **Ways to practice each skill**

4. **Highly specific and practical tips to immediately start skill improvement**

Implementation Examples

Pre-test/Post-test

For this implementation method, you would assess your students at the beginning and end of an academic term or course in order to measure their growth during a predetermined amount of time.

Providing this assessment at the beginning serves to uncover your students' current skill and competency proficiencies, as well as areas in need of development. From your students' perspective, obtaining such feedback at an early stage gives them an opportunity to plan their curriculum and co-curricular choices in a manner that will aid their overall development.

Repeating this assessment at the end helps your students analyze their progress and determine if there are still areas where continued improvement is needed. From your perspective, results become learning-outcome assessment data that can be used for accreditation documentation.

Orientation

For this implementation method, you have the option to incorporate *CapsimInbox: Ethical Decision-Making* as part of your students' orientation. This approach gives them a deeper understanding of their current ethical decision-making skills proficiency and guides them toward future development. The data collected during this assessment can also provide an inside view and deeper understanding of your program's cohort. It serves to identify skill strength and weaknesses that can then impact the curriculum and other learning opportunities being offered to a particular cohort.

Course-embedded

CapsimInbox: Ethical Decision-Making's flexibility also means that professors have the option to implement the assessment as part of a specific course. With this implementation method, you have the freedom to decide factors including:

- **Time of implementation** – instruct your students to complete the assessment at the beginning, middle, or end of a course.

- **Manner of implementation** – in-class completion or as an outside homework assignment.

- **Assessment's impact on student grade** – incorporate the assessment into the course's overall grading rubric, or simply provide the assessment as an extra-credit opportunity.

Adding Value to All Stakeholders

The ultimate goal of incorporating ethical decision-making development into your curriculum is to add value to both your students and school. This is done through development, demonstration and differentiation.

Development – by using *CapsimInbox: Ethical Decision-Making*, you can arm your students with the self-awareness and actionable feedback that is needed to actively work on improving skill proficiency. You can help your students close the knowing-doing gap by giving them the opportunity to apply knowledge and practice these skills in a safe, development-oriented environment. Finally, you can prepare them for the ethical conflicts they are sure to face early in their careers.
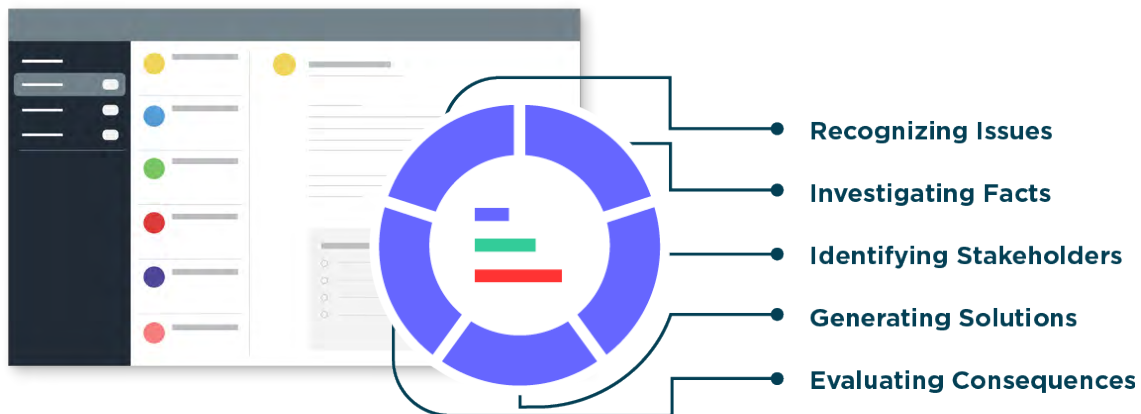
Demonstration – *CapsimInbox: Ethical Decision-Making* provides your school with the hard metrics that are needed for accreditation documentation. This tool puts an end to the fundamental tension of trying to balance school and student needs by directly answering to both.

Differentiation – *CapsimInbox: Ethical Decision-Making* creates a point of differentiation that your school can brand and market to demonstrate that you not only care about meeting requirements for accreditation, but that you're not willing to sacrifice student development to achieve it.

Learn More About CapsimInbox: Ethical Decision-Making

This experiential learning tool is a simulation-based assessment designed to measure key ethical decision-making skills while providing tailored developmental feedback to improve them in less than 60 minutes. CapsimInbox: Ethical Decision-Making gives your students a competitive advantage and prepares them for a successful career post-graduation.

- Recognizing Issues
- Investigating Facts
- Identifying Stakeholders
- Generating Solutions
- Evaluating Consequences

Learn more about CapsimInbox

Access your 10-minute demo

Contact a specialist

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