Learning to Act Ethically by Assessing Management Ethics in Real Organizations

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Abstract

Teaching ethics to students of business and management has inherent merit as well as authority under standards for accrediting MBA programs. This paper reports the results of a study that tested for changes in students' reasoning about ethics, one of four components in Rest's model of moral action, after exposure to both traditional classroom instruction and a field project. In the field project, teams of students assessed the practices of individuals and organizations nominated as exemplars of ethical behavior.

MBA students took pre- and post-tests using the DIT2, which is based on Kohlberg's model of moral development, before and after the educational experiences. Students who, before the course, used personal interest schemes of reasoning to resolve ethical problems started reasoning by referring to social and conventional norms, but so did students who were reasoning critically in terms of moral philosophies. Students whose pattern of ethical reasoning was unclear tended to consolidate on reasoning in terms of conventional norms. However tentative, these results demonstrate the potential effects of exposing students to real ethical actors in organizational settings.

The study raises the question of whether students' tendency to consolidate around maintaining norms represents their pursuing a safe strategy or their moving toward the reasoning of the exemplars in the field project. It also calls into question the merit of teaching theories of rights, utility, and justice to MBA students by using traditional pedagogies, absent substantial investment to demonstrate the positive and practical application of these theories in management contexts.

Introduction

We examine the impact of an innovative approach to teaching professional ethics on students' moral reasoning abilities. The approach couples discussions of Western moral philosophies, based on readings and cases, with a field project in which teams of students critically review the management practices of individuals and organizations nominated as exemplars of ethical behavior. Our immediate objective is to understand the impact of this approach on learning ethics. Our long-term objective is to develop a measure that will assess the efficacy of alternative approaches. Building on theories of cognitive psychology and moral decision-making (Rest, et. al., 2002), we assess whether students, as a result of this innovation educational intervention, reason, if not act, ethically.

These objectives matter not only on their merits, but also because CSB, an accrediting body for business schools, expects schools to demonstrate the efficacy of the educational programs they offer. AACSB's standards expect faculty and students and their colleagues to behave with integrity in their dealings with each other (AACSB: 14). MBA curriculum should provide learning experiences about "Individual ethical behavior and community responsibilities in organizations and society."(AACSB: 15) AACSB anticipates MBA students to do more than understand and reason because MBA programs must provide their students with the capacity in general to "apply knowledge and understandings in new and unfamiliar circumstances through a conceptual understanding of relevant disciplines," [and] "The capacity to adapt and innovate to solve problems, to cope with unforeseen events, and to manage in unpredictable environments." (AACSB: 16)

ed, most of us want our students to go beyond understanding to action and to explain with something more than "it feels unethical" or "I know the right thing to do." After all, our

students are or intend to be managers and leaders. They should be able to explain the reasoning they applied when facing an ethical problem, not only to defend their actions but also to promote ethical behavior among their peers, those who report to them, and those to whom they report.

AACSB expects programs to demonstrate that their programs achieve these outcomes but does not advise them on pedagogies for doing so. Many exist. For example, schools can provide their students with lists of "don't's," discussing cases where the items on the lists should be applied, and then testing each student's ability to recall the items on the list. Schools can introduce students to moral philosophy through the works of Kant, Rawls, and others, providing frameworks for reasoning about ethical problems, and then examine each student's ability to reason. Schools can create field-based approaches, having students talk to practicing managers and white collar criminals about making and managing ethical decisions in their organizations, and examine each student's ability to digest and report what he or she heard (See also Sims, 2002: Chapter 8).

In this manuscript, we begin by defining "ethical action" and describing a pedagogy that relies on a field project. We review methods for assessing its efficacy and present empirical evidence from an MBA course taught during Spring, 2005, at a graduate school in a liberal arts university in the Northwestern United States. We conclude by outlining an agenda for future research.

Learning What Ethical Action Is

To take ethical actions, what must students learn? Rest, Bebeau, and Volker (1986: 3) propose a model of moral action with four components:

- Sensitivity: identify ethical problems;
- Reasoning: judge the right thing to do;

- Motivation: decide to do it; and
- Character: have integrity, courage and the competence to follow through even in the face of adversity.[1]

These are processes, not personality traits. They are neither linear nor independent. They are, however, distinct and necessary: absent one and a decision-maker cannot be expected to take moral actions.

Ethical problems invariably involve a conflict of interests among parties, so *sensitivity* to ethical problems entails empathy. One must be aware of others and how they will be affected by one's actions. Even in the simplest situations, though, people have difficulty interpreting inherent ethical problems and they vary in their sensitivity to the welfare of others. Moreover, situations fraught with ethical problems are often fraught with emotion, inhibiting the ability to empathize (Rest, et. al., 1986: 7). An educational program might not transform narrowly self-interested souls into empathetic ones, but even using traditional teaching methods—studying theories, applying them to examples, and demonstrating mastery on examinations—students learn to ask questions and to identify ethical issues—key elements of sensitivity—regardless of whether they engage emotionally or empathize naturally with others.

Most people intuit the right thing to do. Knowing how to *reason* to the solution to an ethical problem—critical thinking—defines the educated mind. From social experience, people can learn about organizing cooperation as an alternative to conflict. With this comes concepts of fairness and reciprocity. According to Rest, et. al. (1986), this generates the capacity to prioritize alternative actions in terms of their moral correctness. Thus, in traditional educational processes

[1] Sims (2002: 23ff) adds learning moral self-awareness, that is, an understanding of one's own values and moral thresholds, as a basis for increased interest in the moral dimension of business, but we treat that as part of motivation; and learning to share moral understanding, but we treat that as part of judgment.

students can learn the reasoning of moral philosophy and applied ethics, as well as strategies for solving problems, apply them to examples, and, again, demonstrate mastery on examinations.

Once one decides upon the right thing to do, learning the *motivation* to do it poses a challenge. We teach students that managers do not motivate others to accomplish an organizational goal; rather, managers create environments in which others feel motivated to act. Can students learn to motivate themselves by learning theories of motivation and applying them to examples? Is it sufficient to study the motivations for taking moral action: genetics, shame or fear, subjugating oneself to a greater good, empathy, experience living in just communities where one learns commitment, and learned behavior—whether modeled by others or professional norms internalized through a process of socialization (Rest et. al., 1986: 14; Bebeau, 2002: 287)? Can teachers be models of ethically motivated actors? Education can be a socialization process in which students identify with their roles as managers. However, except at an abstract level, teachers are not models of managers and students might be disinclined to transfer to business contexts ethical motivations learned at their teachers' hands. In the same sense, socialization likely will be more powerful outside the classroom. If it is problematic to learn inside a classroom to be motivated to act ethically outside of it, so is demonstrating motivation on an examination. In sum, learning to motivate oneself calls for something beyond traditional business school pedagogy.

If learning to be motivated to behave ethically is challenging; learning "character" is daunting. Any ethical course of action, especially one that contravenes self-interest, will encounter impediments and unexpected difficulties. An ethical actor must overcome fatigue and frustration, resist distractions, and focus on the goal. This has to with perseverance, competence, ego-strength, and self-regulation (Rest, et. al., 1985:15). Anyone who completes a

rigorous course of study for an MBA probably had these characteristics at the outset. Some students learn them in the process—not so much from being told about them but from experiencing the consequences of failing to have them. As with motivation, if character can be learned, it likely will not be from a reading, a lecture, a problem set, or even a case study. As Piper and his colleagues found in studying Harvard MBA students, it requires something more (Piper et. al. 1993: 49).

Learning to Act Ethically by Assessing Ethical Actions

Our approach to learning the four components begins with traditional educational processes to prepare students to identify exemplary ethical behavior in the management practices of individuals and organizations. The approach grew out of an informal conversation in 1991 between the dean of the college of business at the University of Denver, the chief executive of the Samaritan Counseling Institute, and the editor of *Colorado Biz* magazine. They envisioned a multifaceted educational program to promote ethical values in personal and corporate relationships.[2] In contrast to the negative media attention at the time and to traditional business ethics education, which typically apply cognitive reasoning about ethics reactively to either defend an action or to explain why an action should be considered unethical (Park 1998), studying exemplars reframes the exercise in terms of positive managerial competencies.

The program is called "The Ethics in Business Award (EIB)." Independent selection committee reviews nominations of individuals, businesses and not-for-profit organizations. The committee identifies a subset of these organizations and individuals as finalists who are reviewed

[2] Since 1991, Samaritan Counseling Centers in other cities, independent but affiliated with the Samaritan Institute, have developed similar awards programs. The Better Business Bureau in various cities sponsors a variant of this program, the Torch Awards, except that nominees for the Torch Awards self-assess and submit applications rather than having graduate or undergraduate students conduct the assessments. Professional organizations and universities in other cities have also sponsored variants.

rigorously by graduate students in an academic course–a process that substantiates the nominees' worthiness for recognition. The review requires students to identify standards of ethical behavior and to assess against them each nominee's business practices, using information from interviews with executives, managers, customers, vendors, and competitors, as well, as from relevant documents.

The program has been duplicated and now operates in at least four states: Colorado, Texas, New Mexico and Oregon. The program in Oregon at Willamette University's Atkinson Graduate School of Management has been operating since 2003. As part of a course on business, government, and society, a team of instructors begins by spending approximately four weeks examining basic concepts of business ethics. This is the first educational intervention. Learning objectives for the ethics portion of the course appear in Appendix 1. Using a text (Baron, 2005) with cases, readings and discussions intends to: 

1. define ethical problems so that students can recognize them;
2. convey logical frameworks built on theories of rights, justice, and utility so that students can craft alternative solutions and recognize the primary types of reasoning in arguments that others use to explain their actions; and
3. explain managerial systems and practices that promote ethical behavior in organizations.

After training students to conduct interviews and to select criteria for ethical behavior, the instructors give students an additional seven weeks to prepare critical assessments of the nominees. Assessment, the second intervention, requires students to practice identifying ethical problems, reinforcing the frameworks provided in the class for reasoning toward ethical solutions. It also gives them models: successful individuals and organizations who behave ethically, motivating the students to emulate them. In addition, by having students document

ethical behavior and systems, it demonstrates, if not inculcates, the character required to take ethical action.

Atkinson's EIB program defines ethical behavior broadly to include corporate social responsibility and environmental stewardship. In a sense, students are conducting an audit: using independent standards of behavior in three realms and then collecting evidence that their nominees not only meet these standards but exceed them. The teams are instructed to present their evidence and to offer a collective, reasoned assessment. Although confidentiality and nondisclosure agreements preclude their discussing their nominees with nonmembers, each team presumably reaches its assessment by discussing among its members the ethical practices of its nominee.

More than formal training, this observational experience promotes tacit knowledge, the knowledge that most people use daily. By interviewing executives and other individuals conversant with an organization's or individual's practices, the EIB program attempts to influence the mental models students use in making ethical decisions, whether or not they internalize or observe in action the theories presented in the textual and case material. The students' research focuses as much on the processes used by practitioners in making and managing ethical decisions as on the decisions themselves.

Assessing the Efficacy of Educational Interventions (The DIT instrument)

The question is: does it work?  answer is: it depends on what "work" means. We focus on whether students—as a result of participating in a course on ethics—learn to identify ethical problems and to apply critical reasoning to craft solutions. The reasoning component of the model of moral action is the one most commonly and cost-effectively measured. Researchers have used a variety of methods, including:

- profession-specific instruments, such as the Accounting Ethical Dilemma Instrument, which demonstrated the efficacy of several different educational interventions to increase moral reasoning in an undergraduate auditing course (Earley, et. al.: 2004; see also Welton, et. al.: 1994); the Marketing Research Case Scenario, which revealed a significant negative relationship between ethical sensitivity and formal training in ethics (Sparks and Hunt, 1998); and the Test for Ethical Sensitivity in Science, where students obtained no inherent benefits in ethical sensitivity from science education but a short course on ethics had a significant impact on students' ability to recognize ethical problems (Clarkeburn, 2002).
- custom-designed surveys of students, such as one by Murphy and Boatwright (1994) that found student sensitivity to ethical issues can be influenced by formal instruction in business ethics but the basic moral priorities of students appear to remain relatively unaffected;
- and the more general Defining Issues Test, commonly referred to in is second iteration as DIT2 (Rest, Narvaez, Thoma, and Bebeau: 1999). It is the instrument used most frequently and with demonstrable validity and reliability.

We chose the DIT2. It assesses a respondent's recognition, comprehension, and preference for one of three schemas, a type of tacit knowledge about making moral judgments.[3] Based on Kohlberg's research, people use these schemas to process information and engage in social cooperation (Narvaez, et. al., 306; Thoma, 241-42):

[3] This contrasts with the Moral Judgment Interview, which requires respondents to verbalize their reasoning logically and coherently, a facility that is cultivated by training in moral philosophy but not necessarily in every day life (Narvaez and Bock, 298).

- Personal Interest, meaning the ability to understand reciprocity as self-interest with respect to known others, and to understand how to cooperate as if only micro-moral relationships mattered, not society-wide cooperation;
- Maintaining Norms (or Conventional), meaning principled reasoning in terms of laws and norms, going beyond the individual to social reciprocity with people who are not known and to expectations of a uniform application of rules that legitimizes a sense of duty to the community; and
- Post-Conventional, meaning principled reasoning in terms of an ideal of how a community ought to be ordered, that is, in terms of the fairness and justice of laws and norms embedded in the status quo, ascribing equal status to everyone in society; it includes a sense of full reciprocity wherein moral ideals are sharable in the community because they emerge from an open give and take and are subject to critique (Thoma, 241-42).

These schemas—mental models comprised of expectations, hypotheses, and concepts that people form as they notice similarities and differences in their experiences—guide people's perceptions and decisions. If the facts and features of a problem activate people's moral schema, it means they are sensitive and reasoning, two components in our model for taking moral action. 

The DIT2 discriminates among the schemas people use at a macro-level, a social or organizational level of cooperation where the issue is how people get along with each other when they are not friends or relatives, rather than at the micro-level, or interactions with known others in everyday life and face-to-face (Narvaez and Bock, 304). An individual may draw from all three schemas, but will likely draw from one more than others. The DIT2 may thus be understood as revealing which schema predominates in the moral reasoning of each subject. If, as a result of an educational intervention, people change the schema they apply, the DIT2 can capture the change.

While each of the schemas entails a form of moral reasoning, the Post-Conventional is more sophisticated or evolved than the Maintaining Norms, and the Maintaining Norms is more so than the Personal Interest. The Post Conventional schema presumes people engage in a

deliberative process with ideals, standards, and principles that they evaluate critically. Although it is neither relativistic nor dependent on culture, it might be less than universal (Thoma, 242).

Expertise in applying moral judgment schema probably necessitates procedural knowledge (how people reason) as well as declarative knowledge (what codes and criteria apply). It might also call forth both analogical reasoning and intuition. The logical exercise of applying a principle to a dilemma is analogical; making a decision because it "feels right" is based on automatic, parallel processing, more like intuition, which is when tacit schema play a role as important as the ability to verbalize reasoning (Narvaez, et. al., 301).

The DIT2 test has been used on thousands of respondents. Scholars offer many explanations for changes in performance on the test, often supported by empirical evidence (Rest, 220-222; Schlaefli, Rest and Thoma). Respondents learn new ways to think. They adopt the thinking process of authority figures such as teachers, peers, and executives. They resolve a conflict in their cognition, as between their cynical expectations and their observations of ethical practices. They assume new, real world responsibilities, which induces changes in their moral thinking. Several explanations are more speculative: discussing controversial problems generates insight into making moral judgments; respondents are exposed to better moral thinking; respondents recognize and resolve conflicts in their own values; respondents assume responsibility for others; respondents require new conceptual frameworks to deal with pressures to make important life decisions; respondents experience a tragedy that focuses their attention on meaningful things in their lives; respondents have broadening experiences, whether travel or meeting new people with different perspectives.

More recent research has refined earlier results. First, age is a predictor of the schema applied; more mature individuals use more sophisticated schema. Second, attending lectures

about moral philosophy has no significant impact on performance on the DIT2. Third, engaging in moral problem-solving—discussing case-studies and writing well-reasoned arguments that apply criteria for judging the quality of moral arguments—has the greatest impact, albeit modest, and programs focused on personal development—learning about oneself—have the second greatest impact. In sum, the greatest impact comes from student-centered moral discourse (Bebeau, 282). Fourth, modular or short-term interventions (under three weeks) typically generate no change in performance on the DIT; a full ethics course, thirteen to twenty-eight weeks, produced no more change than medium duration courses of four to twelve weeks (Rest and Thoma, 1986). However, the changes are not always significant when compared to a control group (Drake, et. al., 2).

An educational program could be considered successful if it achieves one or both of two outcomes. First, individuals whose way of thinking about ethical issues is ill-formed and diffuse consolidate their thinking on one of the schemas, which means they are reasoning as opposed to acting solely because "it feels right". The more consolidated a person is on one of the schema, the greater the ease and consistency of the person's information processing. The greater the mix of schemas, the more difficulty the person has in making a decision and being consistent across tasks (Rest, Narvaez, et. al., 392). Finding modest changes reflecting consolidation is more likely than finding wholesale changes in choice of schema.[4]

Second, the schema that an individual uses for reasoning about ethical actions changes to one more sophisticated or evolved. Specifically, as a result of the educational intervention,

[4] Using the DIT2 offers a side benefit. Instead of treating the test results as confidential so that the researchers are blind, students can be given their scores pre- and post-test, with an explanation of the meaning of the scores. Whether for diagnostic or self-improvement purposes, this presents a learning opportunity (Bebeau, 2002). We have not yet taken it.

students who use the Personal Interest schema learn to use the Maintaining Norms or Post Conventional schema; students who use the Maintaining Norms schema learn to use the Post Conventional schema. However, if the DIT2 assesses the basic structure of moral thinking, then, especially among adults, it would be surprising to find significant changes on average as a result of an educational intervention (Rest, 214). Dramatic changes occur in performance on the DIT2 as individuals mature but tend to stabilize in young adults, which reflects findings about cognitive psychology.

Um, the EIB program, including the readings, cases, and class work about theories of ethics, contains features known to be effective in educational interventions about ethical decision-making. Therefore, we expect to find changes in performance on the DIT. On the other hand, the duration of the intervention is medium length and the respondents, as college students, already are young adults with relatively well-formed schema. Changes detected by the DIT test should be modest at best.

Methodology

This study examines the effects of two concurrent interventions: traditional classroom instruction and the EIB experience.[5] In the traditional classroom instruction students were exposed to three theories for reasoning about ethical dilemmas: utilitarianism, rights and justice. In addition, students were introduced to corporate social responsibility by contrasting Milton Friedman's philosophy of market capitalism with the Business Roundtable's stakeholder model of managerial capitalism, along with their foundations in ethical theory. They were also

[5] Neither intervention specifically addressed Kohlberg's theory of moral development. This is consistent with studies that have used the DIT. Introducing Kohlberg's theory to the students might induce changes in performance on the DIT reflecting not true changes in students' reasoning but rather their use of the theory to formulate perceived "right answers".

introduced to environmental stewardship with a special emphasis on sustainability as articulated by, for example, The Natural Step (www.naturalstep.org), again, as an extension of ethical theories of social utility, rights, and justice. In addition to these more general criteria for ethical behavior, the EIB project introduced industry- and profession-specific criteria. Students evaluated nominees for the EIB recognition using these criteria.

A. Study Population and Research Design

This study was performed using a cohort of MBA students enrolled in two required courses that incorporated the EIB exercise: the business, government and society course, which had primary responsibility, and a management course, which covered material on systems for managing ethical behavior. The courses occur in the second semester of the first year in a two-year program. Students completed the DIT2 test at the beginning of the second semester and ten weeks later at the conclusion of both the ethical instruction and the EIB project. A teaching assistant assigned random numbers to student responses and then matched the pre- and post-tests. Tests were deleted if students did not complete both tests or if they answered randomly according to a checking procedure built into the instrument. The number of respondents and their demographic statistics appear in Table 1.

Table 1: Respondent Demographics

Respondents	
Pre-test	54
Post-test	50
Both Pre- and Post-test	**47**

Gender	**N**
Male	28
Female	19
Total	47

Age	**N**
21-22	11
23-24	11
25-26	8
27-28	3
29-30	8
31 +	6
	47

The DIT2 consists of five scenarios that present ethical dilemmas. Students are asked to choose what they would do among two choices and then are given a series of twelve issues and asked to rate each for its importance in making the decision. Finally, students are asked to rank the first through fourth most important issues for making the decision. Ten of the issues represent a level of moral reasoning (Self-interest, Conventional/Maintaining Norms, Post-conventional) and two of the issues test the reliability of their responses.

B. Measures

The pre- and post-test samples were compared on measures derived from the DIT2. Two measures, the P Score and the N2 Score, address our primary focus: the sophistication of moral reasoning. They assess the dominant schema used by each respondent. Comparing them before and after the intervention measures change. The P Score measures the extent to which a person uses Post-conventional moral thinking. The N2 Score takes into account the rejection of self-interest thinking along with the extent of Post-conventional thinking. The N2 was developed in later iterations of the DIT2, outperforms the P score on construct validity, but basically measures the same thing (Rest, Thoma, et. al., 1997; Rest, Narvaez, et. al., 1999).

Two other measures, the Consolidation-Transition and the Type Indicator scores, address our second focus: the ability to reason systematically about ethics. The Consolidation-Transition score measures the degree to which the respondent is able to discriminate among two or more schema-typed items. If they fail to discriminate, they are considered to be in a state of disequilibrium and, thus, transition; there is no evidence of schema preference. Clear

discrimination among items is considered evidence of developmental consolidation; this is evidence of schema preference.

The second measure, the Type Indicator, groups respondents into one of seven "types" based on both schema preference and consolidation transition profile. The first type is a respondent who is consolidated on Personal Interest; the second is a respondent who is in transition but still prefers Personal Interest. The third type signifies a respondent who is in transition from Personal Interest to Maintaining Norms, and so on, until the he seventh type, a respondent who is consolidated on Post-conventional thinking.

Results

We used a t-test with equal variance to test for differences between groups on all relevant measures. We used a Pearson correlation coefficient to test for significance of correlations. Significance levels are at the 5% level.

A. Did the ethical intervention produce an improvement in moral reasoning?

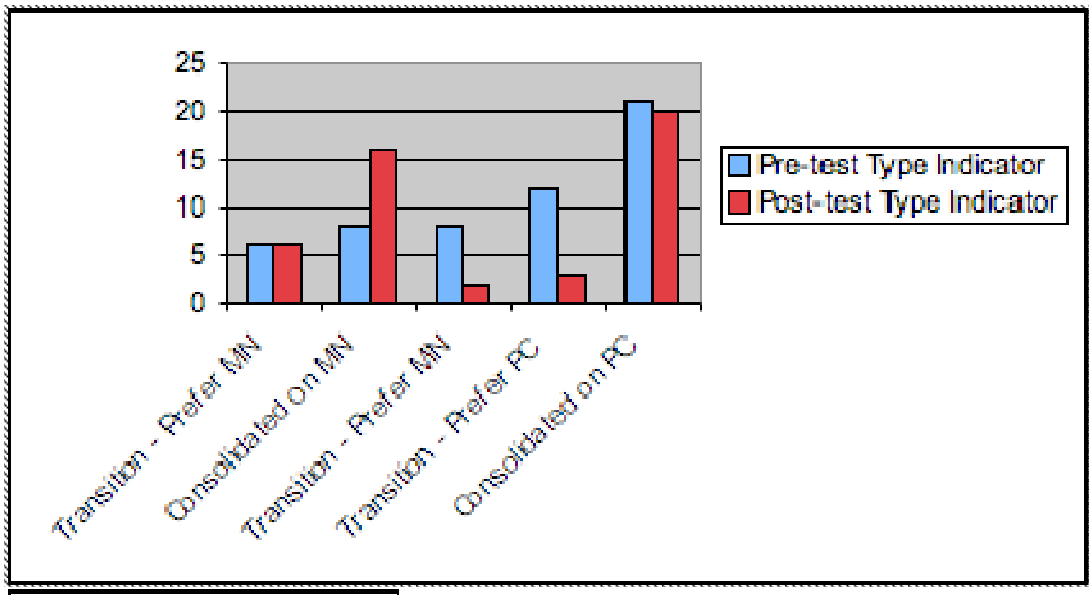
We compared individual student scores for the pre- and post-test P score and N2 score to determine whether moral reasoning changed, preferably in the direction of Post-conventional reasoning. The t-test revealed no statistical difference at the 5% level of significance between the groups (pre- vs. post-test). Table 2 shows the results of the t-test statistics.

Table 2: Paired Sample t-test Statistic- Pre- Post- Post Conventional and N2 scores

	Mean	Std. Dev.	Std. Error Mean	t	Significance
Post conventional	**.85106**	**17.85811**	**2.60487**	**.327**	**.745**
N2 Score	**-2.42664**	**16.03679**	**2.33921**	**-1.037**	**.305**

A closer look at the results indicates interesting movement between the reasoning levels. We observed a statistically significant increase in the tendency to choose the Maintaining Norms level of reasoning from the pre-test to the post-test. The increase occurred because of a reduction in both the Personal Interest and the Post-conventional levels of thinking (Table 3). Thus, the educational intervention precipitated a change in the preference for level of moral reasoning, but not necessarily in a sequential, linear manner.

Table 3: Consolidation on the Level of Moral Reasoning



MN = Maintaining Norms
PC = Post Conventional

Effect size is a measure constructed by subtracting the post-test mean from the pre-test mean and dividing by the standard deviation of the pooled sample. An effect size of .4 or higher suggests that there is a sizable effect of intervention. Effect size results:

Pscore	.06
N2score	-.18

Clearly, the effect of the intervention was not sizable.

B. Did the ethical interventions result in a more orderly way of thinking about ethics?

To assess whether students changed in the degree to which they were consolidated on a particular reasoning level, t-tests were performed on the Consolidation-Transition developmental profile and the Type Indicator. We observed a significant movement (at 5% confidence level) toward consolidation in the Consolidation-Transition profile: students were more discriminating in their answers in the post-test than in the pre-test. This is considered a marker for respondents using a logical schema to think about ethical issues.

The Type indicator t-test did not show a statistically significant difference in the means between the pre- and post-tests. Detailed inspection of the data reveals a large increase in type 4. Type 4 respondents consolidate on maintaining norms, which indicates a combination of the two results mentioned previously.

Additional preliminary results indicate a larger movement of younger students toward consolidation and toward a higher P score than older students. Also, a larger number of men changed from transition to consolidation than women.

In sum, an educational intervention combining traditional ethics instruction with the EIB project has a modest effect on the moral reasoning of the students. This effect can be described as a clearer discrimination between the various forms of moral thinking. In addition, the students appear to have moved toward using the maintaining norms schema for reasoning through ethical dilemmas.

C. Interpretation

These results puzzle us. Why would students move toward Maintaining Norms as the dominant schema for reasoning after we had taught them theories designed to induce and inform

Post-Conventional reasoning, as well as exposed them to individuals and organizations nominated as exemplars of ethical behavior? Several explanations could be relevant.

First, the EIB project exposes students to real managers and executives who are addressing real ethical dilemmas but who might not be reasoning critically to resolve them. If these managers and executives tend to reason by applying a maintaining norms schema, it would reinforce that schema in the students' minds. This would extend to the reasoning component of moral action the results of research on the ethical sensitivity component, which finds, for example, a positive association between the degree to which marketing research practitioners feel socialized into their organizations and their ethical sensitivity (Sparks and Hunt, 1998). If they learn ethical sensitivity in terms of organizational norms, so might they learn to reason about ethics.

If Post-conventional thinking means using one of the theories we taught—and almost all modern philosophers, save perhaps Nietsche and religious fundamentalists, are post-conventionalists (Rest et. al., 1997: 6), it is quite possible that few practitioners use the terminology in these theories, even if they think in terms of what is best for society. Indeed, students who start out thinking more idealistically and scoring higher on the DIT2 might resort to more nomative approaches to thinking about problems because they find or hear that it works better and makes more sense in practice (Bebeau and Thoma, 1994). We do not, of course, have the scores on the DIT2 of the respondents the students interviewed for their research, which would help address this issue.

Unless we, or the respondents, "connect the dots," linking the theories of morality to the intermediate concepts that practitioners use (Bebeau and Thoma, 1999), students might conclude that Post-conventional thinking is not relevant. For example, absent different preparation than we

offered, the students might not connect an organization's concern for "due process" with concern for justice; or an organization's attention to environmental impact beyond that required by law with concern for social welfare. Moreover, we direct students to assess company policies as elements in a system for managing ethics and to explore organizational compliance with laws such as occupational safety and health. Unless we can demonstrate how organizational policies and laws derive from ethical prescriptions grounded in moral philosophy, students could conclude more simply that sustaining policies, laws, and prevailing practices is the way practitioners think about ethics.

A second explanation reflects the collaborative and empathetic management practices adopted by many nominees, even in highly competitive businesses. After all, if conforming to convention means doing what other people expect, that's central to sustaining productive business relationships. Moreover, critical reasoning, which at its most sophisticated level means adopting universal principles to guide choices, even when those choices violate rules and laws, might heighten uncertainty—an anathema in many business contexts. Maintaining social order and conforming has lower transaction costs (Coleman and Wilkins, 2004). The same can be said about deontological reasoning, which involve less flexible rules and more bright-line tests, compared to consequentialist reasoning, which can involve complex estimations of benefits and costs (Frank, 2006). In an attempt to manage the information provided by the multiple stakeholders they interviewed for the EIB project, the students reasonably might conclude that maintaining norms and policies is a superior approach in practice when ethical problems arise. This seems logical given the competitive environment of most organizations.

Both explanations are consistent with the findings of Piper and his colleagues in studying Harvard MBA students. Those students can evidence a strong sense of trustworthiness in

interpersonal relationships, which is inarguably and irrefutably important in business relationships and which is why they can say, "No one can teach me ethics…" and "I know right from wrong…." (Piper, 27). This strong sense of interpersonal accountability should be captured in the Personal Interest schema. These students also are acculturated to social norms, which should be captured in the Maintaining Norms schema, although they see things through an interpersonal lens rather than one of a larger community (Piper, 43). They do not have a sense of systemic issues or problems, such as injustice, and the relationship of their own actions to a collective life. This would be captured in the Post-conventional schema, if they, or anyone they interviewed employed it. An EIB-type experience might reinforce the acculturation to social norms.

Indeed, explaining the consolidation result is easier. If the educational intervention induced students to focus consciously on the ethical perspective they apply, a form of self-reflection, it would encourage them to commit to a preferred mode of ethical reasoning. The limitations of our research design make it difficult to be certain that this is the explanation. For example, it is hard to discern whether the consolidation is due to the classroom instruction or the EIB project. In addition, the lack of a control group makes it difficult to ascertain whether external factors might have influenced this result.

An integrative explanation is to interpret the EIB program as an application of structuration theory. As explained by Sims (p. 152: 2002), structuration theory analyzes situations in terms of the structures operating in an organization—the rules, norms, and resources that influence the thoughts and actions of individuals; how the structures interact; and their evolution as a result of the actions people take. Structuration theory entails identifying the actors; identifing the structures within which they act and the conflicts among structures;

exploring the actions and interactions that created the structures; and exploring the potential consequences of alternative actions.

This rather nicely defines much of the research students are asked to undertake in their EIB projects. If, as a result, they better appreciate organizational dynamics in which actors are not completely autonomous, which is the presumption underlying instruction in moral philosophy, but are constrained by structures, which is the presumption underlying the experiential component of the course, then the educational intervention could be inducing students to consolidate on the Maintaining Norms mode of ethical reasoning. By providing a framework in which students learn what to do when facing an ethical dilemma and understanding how the actions of an individual can affect the ethical climate of an organization, this achieves a useful result. However, it does not necessarily prepare students to sustain a dialogue capable of transcending the level of Maintaining Norms.

Correlative Effects

Each year at the conclusion of the EIB project we ask students an open-ended question, the answer to be submitted in writing without attribution: "What specifically do you think you learned from the project? Please consider both the content and the learning process." Their responses fell into four categories. Close to 50% talked about their ability to apply ethical analysis in the real world. About as many mentioned the ability to use, practice, and improve their interviewing skills. Approximately 25% refer to the opportunity to meet business leaders and learn about the internal operations of their organizations. And about 25% valued the opportunity to learn more about teamwork and to manage a project.

Implications for Future Research

Several caveats apply to our study that suggest avenues for future research. First, because of the cohort design of our full-time MBA program and its small size, we did not have a control group, the proper way to assess the significance of our findings. A better design would use a control group with demographics similar to that of the treatment group.

Second, this study focused on moral judgment, that is, how the students think about moral problems and arrive at decisions. A more complete assessment of an educational interventional would evaluate its impact on each of the four components of moral action. Scholars have developed ways to assess moral sensitivity, motivation, and character (Bebeau, 2002: Sparks and Hunt, 1998). An ethical sensitivity test can, for example, place students in situations where they witness interactions with clues to an ethical dilemma embedded, replicating situations they could experience once employed. Motivation can be assessed in part with respect to student self-perceptions of their roles as professionals. Tests can ask students to explain their roles as they understand them; alternatively, profession–specific tests have been devised to discriminate students' commitment to professional values over personal values. Finally, objective measures of character and competence to implement action plans are not available but suitable alternatives are. As in medicine and dentistry, students can be given a situation and asked to provide a plan and rationale to be evaluated by professionals. Or, students can submit a portfolio of ethical challenges they have faced and managed; faculty or professionals then evaluate the portfolios.

Third, we defined ethical behavior broadly to include corporate social responsibility and environmental stewardship and we taught ethics as part of courses with broader coverage. Murphy and Boatright argue against doing this, or, at least, against the validity of testing the

efficacy of teaching ethics when it is confounded with these other objectives. To the extent that ethics involves empathy and concern for the welfare of others, corporate social responsibility and environmental stewardship legitimately fall within the purview of ethical action. Whether the students recognize this, however, is another matter. Highly integrated approaches to teaching ethics, reinforcing the broad scope of ethical action, or different assessments of learning that distinguish among the elements, might be required to obtain results that are more clear.

Fourth, the changes we observed in P and N scores were not large, although we did not expect much change. Three aspects of the research design might have contributed to this. First, administering the pre-test before starting the classroom instruction on theories of moral philosophy and administering the post-test at the conclusion of the field project confounds two educational interventions. While we could not envision starting the field project without first preparing the students with an understanding of ethical reasoning, we cannot disentangle the contributions of the two instructional approaches. Ideally, the preparatory material focuses on the sort of intermediate concepts and terminology known to trigger moral schema and, thereby, helps the students apply them. Because of the difficulty of "connecting the dots" between the abstract theoretical concepts in the preparatory material and their practical applications in the field project, the two components of the educational intervention might have offset, rather than complemented, each other. Finally, a different research design could measure student progress at several points, controlling for test familiarity bias. Moreover, administering the test six months to a year after the conclusion of the field project would confirm that any gains from the intervention are long-lived.

Fifth, the scenarios and questions posed in the DIT2 instrument are drawn from a variety of contexts, not just business or management. In the sense that the instrument is designed to tap

tacit schema for making decisions about ethics, this should not matter because the schema should be generalizable. One presumes that students transfer them, just as they transfer what we teach them about ethics, to new and different situations. Designing the DIT2 with business-focused scenarios might capture changes in business students' ethical judgments that would not be detected otherwise. A study of journalists in which the authors used dilemmas of the sort journalists would encounter for the stories found more pronounced responses than on the other questions in the DIT2 (Coleman and Wilkins: 2002). They believe it is because using stories that are close to the sorts of things professionals are likely to encounter leads them to give learned responses, rather than tapping into their basic pattern of moral reasoning. The upshot of this is that relying on the standard EIB questions might be more valid than using profession-specific questions.

Sixth, changes in performance on the DIT2 might differ depending on the type of nominee to which student teams are assigned in the EIB project. Management students assessing the ethical practices of a not-for-profit organization arguably begin with a presumption of its "goodness" by virtue of its mission, which typically has a social purpose broader than narrow self-interest. Especially if students distinguish profit-maximizing behavior in business from public welfare-maximizing behavior associated with not-for-profits, assessing ethical practices in a not-for-profit might not impact the moral judgments the students apply in business. Indeed, anecdotal evidence suggests that students make this distinction, rather than seeing profit-maximizing behavior as consistent with providing value to and improving the welfare of others. Students assigned to assess nominees who are individuals, rather than organizations, do not necessarily have as rich and varied sources of evidence as students assigned to organizations. Students assessing individuals also are likely to learn in more depth about the individuals' moral

philosophies but they do not necessarily learn how managerial systems reinforce and sustain ethical practices. Thus, because students have different experiences, it could be valuable to have a sample of students sufficiently large to control for the type of nominee.

Two other avenues for research merit discussion. First, the EIB project is a field project, meaning that it takes students out of the traditional classroom environment of lectures, questions, readings, and discussion. It challenges them to apply what they learn about ethics in a different way than writing about cases and answering examination questions. Of course, the EIB project is not experiential education in the sense of students having to live with the consequences of their decisions, possibly the most powerful type of learning. One can create an investment fund for students to manage and even assign them grades based on the performance of the fund when it is under their control; however, it would be unethical to place students in situations that challenge them ethically and require them to live with the consequences. Nonetheless, the critical reasoning students apply in the EIB project has consequences in terms of the selection committee's decisions. In addition, the students who attend the award event and meet employees and associates of the award recipients have a visceral response that reinforces the impact of their research. We have not studied whether the human interaction with practitioners, which seems to be qualitatively different from reading about managers and organizations in a case, contributes to student learning sufficient to justify its cost, which can be greater than the cost of traditional classroom instruction. The EIB project presents an opportunity to learn more about the efficacy of experiential education, in general.

Second, the assessment reports generated in the EIB project represent a treasure trove of data. One could apply manifest content analysis to them. This is a research technique for objectively, systematically, and quantitatively describing the manifest content of communication

(Berelson, 1952). It analyzes "what was said" with reliability and construct validity. Trained readers can code textual material for the presence or absence of specified assertions, phrases, comments, etc. in a literal fashion. This might allow researchers to study either the types of ethical arguments the students make, or, to the extent that we encourage students to tell stories about their nominees, to study the types of arguments the practitioners make. With proper coding, then, the technique might allow a researcher to gain insights from the papers about all four components of Rest's model of moral action, both in terms of student learning and exemplary practices in business.[6]

In conclusion, our study raises questions about the way we teach ethics to business students and about the scholarship of pedagogy. Should we teach theories of Kantian philosophy, rights, social welfare, justice and virtue, to business students? This taps into an age-old debate about the relevance of theory in professional education. Even if our students demonstrate their understanding of the theories, will they apply them? Wishing it will not make it so. We can teach moral philosophy as an exercise in logic, much as an MBA program might teach calculus to help students understand the concept of marginality in economics, but we should ask ourselves which and how much theory should be taught across all business disciplines to sharpen our students' critical reasoning skills. If we teach moral philosophy to business students, we must do so by integrating it with the strategic paradigms that practitioners use to make business decisions with incomplete information. That requires using pedagogies designed to demonstrate the relevance of ethical theories to the nitty-gritty world of practicing professionals.

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[6]The EIB project treats the reports as proprietary and confidential. However, the identities of nominees can be disguised from coders. Or, future nominees could be asked to sign statements allowing their reports to be used for research purposes.

As for the scholarship of pedagogy, when we build a syllabus and incorporate teaching activities, we make assumptions about the ways in which our students learn. These assumptions are hypotheses. As faculty members, we should be testing them continuously. Doing so systematically is a challenge. Fortunately, tools such as the DIT2 can help us conduct our tests and ask new and important questions.

Appendix 1

Ethics Learning Objectives

Content Objectives

1. The student can recognize an ethical dilemma in a management decision, policy, or operation across the full range of management functions.
2. The student can analyze an ethical dilemma and recommend a reasoned approach, which includes identifying alternative courses of action and selecting among them, based upon ethical principles of rights, social utility, and justice (if not others) with sensitivity to the difficulties of applying each approach.
    a. Distinguish consequentialist from deontological reasoning
    b. Distinguish utilitarian principles from self-interest
    c. Distinguish act from rule utilitarian analysis
    d. Identify and assign the duty to act in accord with utilitarian analysis
    e. Distinguish intrinsic, instrumental and claimed rights as a reasoned basis for action
    f. Identify conflicts and establish priorities among rights as a reasoned basis for action
    g. Distinguish among definitions of fairness (e.g., distributive vs. compensatory) as a reasoned basis for action
3. The student can identify and articulate the social responsibilities of the organization in its community, which includes identifying stakeholders in the organization (employees,

managers, owners, financiers, vendors, customers/clients, partners, competitors, trade associations) and the organization's moral responsibilities toward them.

   a. Distinguish arguments based on market versus managerial capitalism, prepare recommendations consistent with the distinction, and characterize others (including EIB nominees) as associated with one approach more than the other

   b. Distinguish legal and financial motivations from social responsibility (duties of boards of directors)

   c. Identify and assign the duty to act consistent with the definition of and motivation for social responsibility

4. The student can identify and articulate the relationship between managerial decisions and environmental stewardship.

   a. Set environmental objectives and manage toward them

   b. Incorporate sustainability into ongoing operations

   c. Establish policies to promote continuous improvement

5. The student can reason about ethics, social responsibility, and environmental sustainability in specific situations, including international contexts, whether recommending or evaluating actions and policies

   a. avoid paternalism, cultural relativism, and cultural imperialism

   b. sensitive to human rights

   c. avoiding corruption

6. In addition to recognizing the sources of unethical, socially irresponsible, and environmentally destructive behavior, the student can recommend and implement organizational policies to promote ethical, socially responsible, and environmentally sound decision-making
    a. set objectives and goals
    b. assign responsibility, communicate and train
    c. define operating policies
    d. monitor, assess, and provide feedback on behavior
    e. integrate into managerial recommendations approaches to organizational leadership, building ethical cultures in organizations, and finding and analyzing (for validity) industry norms and standards for ethical behavior

EIB Process Objectives

1. Increase comfort interacting with business leaders
2. Improve interviewing skills
3. Develop role models
4. Networking
5. Teamwork

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