TEACHING BUSINESS ETHICS IN PRINCIPLES OF MARKETING

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ABSTRACT

This paper reviews arguments for incorporating ethics instruction in business classes and describes a method of introducing ethics to marketing students. Comparisons of discussion and control groups showed few effects of instruction on social responsibility scale scores. Suggestions for improving the effectiveness of using ethics cases in the classroom and for conducting additional research are provided.

INTRODUCTION

Ethical behavior refers to "just" or "right" standards of behavior between persons. Business ethics are moral principles or rules of conduct applied to business situations. In the past, ethical business standards have sometimes lapsed in the face of competitive and profit demands, leading the public and some business students to believe that "business ethics" is something of an oxymoron. Actual incidences of misconduct have bolstered this opinion and have prompted stricter federal regulation and policing guidelines. As a result, many U.S. corporations are trying to encourage knowledge of ethics in their work force. For instance, Arthur Anderson and Company have developed an extensive program of ethics instruction designed to train college faculty to transmit ethical principles to students.

Stark (1993) found that 90% of business schools in the U.S. provide some form of ethics instruction. Evidence that students need this instruction includes comparisons of undergraduate business students and business professionals that show that business students were less ethical than practitioners on certain business issues (Cole and Smith 1995; Haley 1991). Male students, particularly, seem to lack ethical sensitivity and are less critical of unethical marketing and business practices than their female counterparts (Peterson, Beltramini, and Kozmetsky 1991; Whipple and Wolf 1991; Ruegger and King 1992). They also tend to be less idealistic, more relativistic and less likely to believe that conformity to moral rules is mandatory than female marketing students (Singhapakdi and Vitell 1994).

When business ethics is included in the curriculum, the topic may receive only lip service. Surveys report that students feel that white collar crime is not emphasized in their classes (Rodenick et al. 1991) or is not taught at all (Johnson and Beard 1992). Furthermore, the typical business course may include tacit assumptions that lead students to believe that being successful requires ethically questionable behavior (Kumar, Borycki, Nonis, and Yauger 1991). These assumptions receive more credence when they are not countered by ethics instruction.

Suggestions for improving ethical proclivities of students include incorporating ethics into courses and introducing stand-alone courses in business ethics (Gandz and Hayes 1988; George 1987; Stead and Miller 1988). Case methods have been proposed that ask students to justify the decisions made about ethical questions (Schump, Ponzurick, and Shaup 1992). The use of cases has some advantages over lectures on ethical topics - which students tend to perceive as irrelevant, unrealistic, and boring. In case discussion, students are pitting their opinions and values against each other, rather being given a set of rules dictated by a parent figure in the guise of a professor. Furthermore, the justification of a moral decision can help students refine their thinking about issues that they may face in the real world (Barnes, Christensen, and Hansen 1993).

This paper describes a method for incorporating ethics teaching within a single course. The method involved analyzing short ethics cases, individually and with groups of students. In the paper we present the objectives of the exercise, list the topics of the cases, describe their implementation, and provide a general outline of the discussion materials. An evaluation of the effectiveness of the method on student motivation and learning is accomplished through pre- and post-tests of classes participating in the ethics discussions and those that did not participate.
INSTRUCTIONAL METHOD

THE STUDENTS

The participants were 168 Principles of Marketing students enrolled in a state college in the western United States. Ninety percent were between 19-24 years of age. The gender distribution was 93 males and 75 females. Business majors constituted 67% of the group (n = 112); the remainder majored in a variety of disciplines that required marketing as part of their curriculum. Approximately half the students were exposed to the case discussions while the rest received a standard lecture. Students in the case discussion and comparison groups had the same demographics in terms of age and gender; the only observable difference between the two groups was that the comparison group did not participate in ethics discussions in addition to lecture.

OBJECTIVES OF THE EXERCISES

There were several objectives for the case discussion exercise. First, we wanted to raise student awareness of ethical issues in marketing and develop an understanding of the various ways these decisions might be approached. Second, we wanted to provide a systematic way of analyzing an ethical decision situation and give students practice in using the approach. Third, we wanted to increase student motivation by actively engaging students in a realistic problem-solving situation.

PREPARATION FOR DISCUSSIONS

Prior to the first discussion, students in the ethics discussion classes were given a short lecture on moral decision making and its application to business. The preparation meant that more time was allotted to the first case than to subsequent cases. The lecture included several topics.

1. Ethics and ethical decision making in business were defined. The relationship between ethical decision-making, business policy, and government policy was discussed.

2. The stakeholders of an organization were defined as any person or group who might be affected by a company decision. Stakeholders might include the management and employees of the firm, the suppliers of various services and products, the customers, and the stockholders.

3. Three approaches to moral reasoning were discussed: a utilitarian focus, an approach that emphasized rights of individuals, and a focus on justice. From a utilitarian point of view a "right" decision maximizes the welfare for the greatest portion of stakeholders. A rights point of view emphasizes that stakeholders have certain rights that need to be served; a moral decision would be the one that preserved those rights best. A justice approach emphasizes fair and equitable treatment for all stakeholders. Ethical decisions involve following the rules and making sure everyone is treated the same. Students were told that different people take different approaches to solving ethical dilemmas and that a single person might use different approaches depending on the situation.

4. Students were given a list of questions that might be asked when an ethical dilemma arises. This list was adapted from Arthur Anderson's "Seven Step Process for Decision-Making." In the interest of time constraints in the classroom, the list was an abbreviated one. The questions were:
   a. What are the relevant facts?
   b. What ethical issues do you see?
   c. What are the possible alternatives for action?
   d. What will be the costs and benefits of each alternative?
   e. What action or actions should be taken?

Five mini-cases, each about a page in length, were selected that were consistent with the topics being presented in the class in that week. The case topics and the area with which they were associated were: business espionage (research/competition); downsizing (product/product development); the use of incentives in sales presentations (promotion and advertising); marketing cigarettes in a third world country (international marketing); and marketing questionable products to minorities (public policy). The university on the quarter system (approximately 10 weeks in a term); therefore, a case was presented every other week in the experimental class. The control class had a traditional lecture without ethics cases.

PROCEDURE

Class sessions were an hour and fifty minutes in length. The first part of the class was reserved for lecture on the current topic. The last 40 minutes was devoted to analyzing and discussing the ethics cases using the questions outlined above. Students
were divided into groups of 4-5 individuals. Each individual received a copy of the case and a list of the questions to be answered prior to the discussion. Students were asked to read the cases individually and arrive at a tentative answer for each question. After making their individual assessments, students discussed each question in their groups and attempted to develop a consensus about the appropriate actions. They were told that they should have reasonable justification for their choices based on the facts of the case, the stakeholders their actions would affect, and the costs and benefits of each alternative. One member of each group recorded the group’s answers to the questions on a prepared form.

The final 10-15 minutes of the class was used to discuss the results of the analysis. To facilitate the discussion, each week one or two of the groups were asked to present the results of their analysis. The rest of the class was assigned the task of evaluating the analysis, agreeing or disagreeing with it, and presenting arguments supporting the conclusions of their own group. All conclusions had to be backed with information in the case or in the text. The instructor’s role was to facilitate the discussion, ask questions that ought to have been asked by students but were not, and add factual material that might have been helpful for the students, but was not included in the text or case materials. Case analyses were collected and students received credit based on their quality.

**ANALYSIS OF EFFECTIVENESS**

A scale, the Social Responsibility Scale for Marketing Personnel (Peters 1972), was administered to all students at the beginning and end of the term to assess student learning. The scale contained 26 items that measured concern for the firm’s practices on the end user, honesty, social responsibility in all areas of life, and concern for society beyond the need for immediate return to the company. Students were given the option of agreeing or disagreeing with each statement (minimum score =26; maximum score = 52). Social security numbers were used to match pre- and post-tests.

The effect of case discussion on the learning of ethical attitudes was assessed by examining pre-test and post-test scores in the case study and comparison classes. Prior to doing the analysis, the effects of major and gender on responses to the Social Responsibility Scale were examined. Major did not have a significant effect on scale scores but, consistent with previous research, females in both treatment and control groups provided more ethical responses than males, F (1, 144) = 4.68, p < .05. Therefore, gender was used as a covariate in a subsequent 2 (Pre/Post) X 2 (Treatment Group) ANOVA, computed to examine changes in scale scores. The results of the ANOVA showed an effect for gender, F (1, 143) = 4.49, p < .04, and an effect for treatment group, F (1, 143) = 4.67, p < .03, but no interaction between treatment group and scale administration time. Analyses of the pre-tests and post-tests separately showed a marginally significant pre-test difference between comparison and case discussion groups, with the case discussion group scoring in the more socially responsible direction, F (1, 96) = 7.04, p < .09. The post-tests did not differ between groups, but the scores of both groups were lower than in the pretest. Means and standard deviations are presented in Table 1.

**TABLE 1**

<table>
<thead>
<tr>
<th>Test Time</th>
<th>Treatment Group</th>
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<tbody>
<tr>
<td></td>
<td>Control</td>
</tr>
<tr>
<td>Pre-test</td>
<td>44.42</td>
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<tr>
<td></td>
<td>SD = 3.45</td>
</tr>
<tr>
<td>Post-test</td>
<td>44.08</td>
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<tr>
<td></td>
<td>SD = 3.93</td>
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Effectiveness of cases in promoting more interest and increasing motivation to examine ethical issues in business was assessed by soliciting student opinions. Approximately 80% of students in the discussion classes indicated that they found the case discussions to be informative and a welcome break from straight lecture. An additional benefit was that the case discussions often pointed out lecture topics that students did not fully understand. For instance, the concept of a “stakeholder” was a fuzzy one for many students. Because this became apparent in the process of the case discussions, clarification became possible.

**CONCLUSION**

Our analyses offered little support for the impact of ethics case discussion on modification of beliefs about ethical behavior in business. Instead, they seemed to imply that tacit assumptions within the
course (Kumar et al. 1991) affect student ethical beliefs despite ethics instruction. For example, reduced ethics scores might result from students learning to focus more on some stakeholders than others. Other factors that could influence scores in the discussion group include the manner in which effectiveness was assessed. The scale used for the assessment (Peters 1972) was a general one and the items were not specifically tied to the cases presented. Therefore, students could be sensitized to specific ethical issues without that sensitivity affecting their total score on the scale. Second, the response format (agree, disagree) was a modification of the original 5 point scale and may not be sufficiently sensitive to differences between groups. Third, students in this small sample responded in a generally ethical direction at the outset. The existence of a relatively high degree of ethical awareness leaves less room for change.

Given the limitations of this exploratory study, we are reluctant to conclude that ethics case discussions are generally ineffective when incorporated into a marketing class. Even though social responsibility scores declined in both groups, there was evidence that students found the cases motivating and the case analysis framework (which pointed to the primacy of situational analysis as a basis for decision-making) helpful. The cases also represented problem situations in which different stakeholders may prefer different alternatives, thus emphasizing that what is good for Jack may not be good for his master. The determination of which stakes-holders have pre-eminence in a particular situation is rarely addressed in basic marketing texts and could be a justifiable reason for involving students in ethics discussions. Last, the experience of wrestling with ethical problems has the potential of training students to act as well as know, a frequent requirement in business.

There are limitations inherent in using a case method for introducing ethics to students in a marketing class. One is the amount of time involved in the adequate preparation of the cases and the students. Some faculty may feel that this time commitment excessively reduces the amount of emphasis that can be given the core material. We feel that time issues can be partially resolved by careful selection of cases to augment course topics, thus allowing some core material to be covered in the case discussion. Other ways to compensate for reduced time for lecture may include shortening the discussion of public policy issues that is typically given as a last lecture.

Research on the effectiveness of teaching methods is essential if instruction is to be improved; this study suggests several possible research directions. These directions include, first, the determination of an adequate means of measuring changes in ethical reasoning and beliefs about ethical issues in marketing. As with any null finding, our results may be due to measurement issues. A second direction may be to investigate what happens to students' thinking about ethical issues during the course of a marketing course. Do they subsequently make less ethical choices and, if so, what causes this behavior? Third, this study involved a single method applied to a relatively homogeneous group of students. It would be desirable to compare different approaches to ethics instruction using more diverse student populations.

REFERENCES


