

MANAGEMENT AND ENTREPRENEURSHIP

Can Ethics Be Taught in Operations Management Course?

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Course Information (MGMT 903 Operations Management)

Operations Management refers to the systematic design, direction, and control of processes that transform inputs into services and products for external, as well as internal customers. The course is one of the few MBA core courses required by AACSB. Usually, various concepts and decision-making models related to issues such as operations strategy, process improvement, quality control, inventory, and supply chain management are introduced. The main purpose of this course is to provide XU MBA students with a thorough introduction to the concepts and skills needed to understand the role of the operations in the success of an organization, to lead efforts and make appropriate decisions in the operations functions of their organizations, and to analyze and improve various business processes.

Background

Business ethics education has received renewed interest as a result of corporate and other scandals around the world. When providing the education and training for future managers business schools clearly have a responsibility to acquaint their students with the ethical challenges they will face in the real business world (Felton and Sims 2005). Many critics believe business schools neglected ethics lessons in the past and virtually allowed students to go to practically any lengths to increase corporate profits (Yes, we teach a lot of techniques about minimizing cost or maximizing profit.) With the wake-up calls of ethical scandals, improving ethics teaching in business schools is becoming an increasingly imperative task (Stewart et al. 1996). For example, AACSB has focused attention on ethics teaching through its ethics initiatives, and in 2003 it revised accreditation standards regarding ethics. However, the need for more ethics coverage seems most acutely felt by students and employers. See, for example, the recent MBA cheating scandal at Duke University (Conlin 2007).

On the other hand, concerns still continue to arise about what to teach, who can teach, how to teach and how to assess the impact and effectiveness of ethics education. It is not the intent of this article to try to answer all these questions. Instead, we will focus on addressing one question: Can we teach

ethics in operations class? It is generally agreed that teaching business ethics should be an integral part of business curriculum through offering stand-alone ethics courses and incorporating ethics into various functional courses. However, the reality is many schools lack both a dedicated course and an effective integration of ethics in the curriculum.

Teaching business ethics in operations management presents several challenges. First of all, ethics did not receive close attention until recently, and many operations professors do not have the motivation and do not feel adequately prepared for teaching ethics. For example, many faculty members pursued their academic degrees directly from school to school, with no practical working experience in industry and little training in ethics or law. With the limitation of resources, asking them to develop expertise and teach ethics could be a tough sell. Secondly, the issue of integrating ethics into various core business courses is still an unresolved problem in general. Thirdly, many faculty are reluctant to give away precious class time to ethics topics, and do not want to squeeze ethics lessons into an already jam-packed syllabus simply because of the time constraint. Finally, there is also frequent debate about whether college students can benefit from an ethics class. The point is: will they change their moral compass after taking the class? As a result, many schools are struggling with how to make ethics an effective part of the curriculum.

Teaching Ethics in OM

Many scholars argue that ethics should be directly incorporated into key business courses and taught by the core business faculty (Dunfee and Robertson 1988). Stewart et al. (1996) also found that most business majors preferred to have ethics integrated into a number of courses rather than a separate course. The basic understanding is usually that ethics should be carried beyond separate elective courses and directly incorporated into key core MBA courses, and that functional faculty must be actively involved in teaching about business ethics. Along this line of logic, this work responds to the need of integrating ethics into operations management course by conducting an experiment for a pedagogical purpose.

Three sections of an MBA operations management class were offered in Spring 2007 (MGMT 903 sections 03A, F2, and 01A) in which 99 students overall were studied. The teaching objectives of the experiment are as follows:

1. Increase students' awareness of ethical issues in global supply chain management.
2. Be aware of various interests of different stakeholders.
3. Help them make informed and well-balanced ethical operational decisions.

Due to the time limitation of this two hour class (seven meetings of three and half hours), ethics topics were taught for about 60 minutes all together in two class sessions. One session was at the beginning of the class covering the global operations strategy issue and the other was in the last class covering international supply chain management ethical issues. Students also read one ethics case after class (“Secrets, Lies, and Sweatshops: How Chinese Suppliers Hide the Truth from U.S. Companies”, Business Week, November 27, 2006). Specifically, the following topics were discussed:

1. Business process offshoring
 - a) Many “Made in USA” (labor intensive) products are not competitive because of the high labor cost.
 - b) Unethical practices are everywhere, not just in some foreign countries.
 - c) Business offshoring created some individual losers. But it also increased the purchasing power for US dollars in the domestic market (because of the lower price for imported products).
 - d) Business should be operated within a feasible region where every stakeholder is taken care of. Being lawful is not enough. Pursuing one or two goals (e.g., low cost) excessively by hurting other stakeholders’ interests is unethical.
2. Job elimination and creation
 - a) Be aware that one lost job can potentially create a dozen jobs in some developing countries which supports families around the globe. And yes, we also know the loss of jobs in the US disrupts many local communities.
3. Corporate social responsibilities
 - a) As managers, we need to take care of all stakeholders, thus just getting “good quality low price” is not good enough.
4. Labor market in foreign countries
 - a) Be aware of the differences in everything: e.g., language, culture, legal system, immature market and, the legal systems in many countries are either highly biased or simply not working.
 - b) Insights from the Business Week case: Labor inspection is not working in many countries because of the widely-spread counter-inspection practices.
5. It is hard to make a 100% “right” ethical decision. Remember one word: Balance.

Results

The materials were generally welcomed by the MBA students. It was relatively easy to lead lively discussion on most of the topics listed above. In order to verify the teaching effectiveness of this one hour, we designed a survey form to test students' understanding on the issues we covered. The survey, adapted from an instrument developed and validated by Froelich and Kottke (1991), was designed to assess an individual's perceptions of appropriate and inappropriate ethical behavior. Each item was a statement that suggested questionable behavior in ethical situations. Subjects were asked to respond to each item twice, once as they believed the typical business person would respond and again according to what they believed the ethical response would be. They were instructed to assume that the typical business person was a mid- or upper-level manager within a small or large company. The term ethical response referred to behavior that is not only legal but also honest, fair, and socially responsible.

Values of 1 to 7 (strongly agree to strongly disagree) were assigned to the responses. Respondents were not asked to give their own answers regarding the ethical situations. It was believed that more accurate responses would be obtained by asking what the ethical should be and also their impression of the typical business practice.

We found the following results from the survey:

1. There were significant differences between what the ethical practice was viewed to be, relative to what the typical business practice was seen as.
2. However, the ethics materials presented as part of the class did not produce statistically meaningful changes [as assessed via pre- and post-teaching surveys] in perspectives concerning these issues.
3. Slight improvement was identified for many items we explicitly discussed in the class.
4. For items we did not address directly, the survey results are purely random. There was no positive gain at all.

There were at least two major findings from this experiment. One, that business ethics can be successfully integrated as a topic in the operations management class. Two, adult student views concerning ethics do not change easily. Still, from the instructors' perspective, there was positive improvement in students' awareness and understanding for the issues. Future experimental efforts will focus on spending a similar amount of class time on a smaller, more targeted set of supply chain ethical issues.

References

Felton, E.L. and R.R. Sims. 2005. Teaching Business Ethics: Targeted Outputs. *Journal of Business Ethics*, 60: 377-391.

Froelich, K.S. and J.L. Kottke. 1991. Measuring Individual Beliefs about Organizational Ethics. *Educational and Psychological Measurement*. 1991, 51, pp. 377-383.

Dunfee, T.W. and D.C. Robertson. 1988. Integrating Ethics into the Business School Curriculum. *Journal of Business Ethics*, 7, 847-859.

Stewart, K., L. Felicetti and S. Kuehn. 1996. The attitudes of Business Majors toward the Teaching of Business Ethics. *Journal of Business Ethics*, 15, pp: 913-918.

Michelle Conlin, 2007. Cheating or Postmodern Learning? Duke's B-school scandal points up the fuzzy ethics of a collaborative world. *Business Week*, May 14, 2007, pp. 42.

Appendix: Sample of Survey Questions

Gender: M F Years of work experience: _____ Your age: _____ ID#: _____

Please give answers that you believe to be the ethical responses.

1. Foreign factories must pay employees the wage that is determined by the local labor market and governmental regulations (minimum wage), but not necessarily the fair wage based on the perception of fair living in developed countries.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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2. In answering criticism of labor conditions at foreign factories, major American importers use strict inspection and monitoring to make sure oversea suppliers are following labor rules. This practice is effective around the world.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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3. In a labor-over-supplied country, if the employee is willing to accept whatever job available, it is ethical for the employer to offer an extra low wage (but over minimum wage). Clearly all stakeholders are happy in this scenario.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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4. Relatively speaking, violations of labor practices are only found in a small number of foreign factories. The majority offers fair wage and safe condition to their employees.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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5. In a competitive labor market, many laborers, especially from poor rural regions, seek to work as many hours as possible, regardless of whether they are properly paid. It is OK to utilize this as a means of cost reduction. This is also required by the fierce price competition.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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6. Nike found one of its Far-East suppliers was using a 12-year-old worker, and Nike was its only major customer. The ethical decision for Nike is to discontinue its relationship with this plant, even when the child worker's family depends on his job for making a living.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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7. It is sometimes necessary for a company to engage in shady practices because the competition is doing so. Otherwise the company will be out of business and everyone

will lose their jobs, which is even worse in an ethics perspective.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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8. A company should overlook its supplier's wrongdoing if it is in the best interest of the company. For example, some wrongdoings help reduce the production cost which in turn reduce the price which buyers need to pay.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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9. A buyer should not care how results are achieved at foreign suppliers as long as the desired outcome (satisfactory product quality at low cost) occurs. Should they care, they need to operate their own factories there.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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10. Business offshoring creates no winner since job loss in the US leads to disruptions of many local communities, and manufacturing-offshoring destination countries are loaded with excessive pollution of wastes, water and air.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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11. Job migration makes the world better in at least one perspective, that is one job loss in the U.S. eventually creates two or three jobs in overseas developing countries [e.g., Vietnam] which benefits more families.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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12. Companies that have relied heavily on offshoring lost their relative competitiveness in the global market since they lost their manufacturing capabilities and their overseas suppliers sooner or later will be their rivals in the same battlefield.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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13. Foreign suppliers' "unethical" practices such as cheating and falsification are simply strong evidence that business offshoring is just bad.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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14. Keeping manufacturing jobs in the U.S. can definitely improve the welfare and competitiveness of the nation as a whole.

Strongly agree <input type="checkbox"/>	Moderately agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neutral <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Moderately disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>
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