

**Developments in Business Simulation and Experiential Learning, Volume 25, 1998**  
**ACCELERATING MORAL DEVELOPMENT THROUGH USE OF EXPERIENTIAL**  
**ETHICAL DILEMMAS**

William A. Wines, Boise State University  
Holly L. Anderson, Boise State University  
Michael P. Fronmueller, Boise State University

**ABSTRACT**

For over twelve years, we have been using ethical dilemma situations to encourage business seniors at our university to examine some of their automatic stances in areas of business management. This is done in the context of an upper-division ethics course in which the students are first thoroughly acquainted with major schools of moral philosophy and their limitations. Because of the increasingly global nature of commerce, much of this effort is done from the perspective of cross-cultural ethics, although not always in multinational situations (Greider, 1997). Cross-cultural ethics can be encountered without leaving town almost anywhere in the USA (Wines & Napier, 1992).

**INTRODUCTION**

Moral psychology is a relatively new discipline. and, for most business faculty, an unfamiliar discipline (Conry & Nelson, 1989). Jean Piaget laid a foundation upon which Lawrence Kohlberg erected the main structure: a theory of moral development that has three levels and six stages (Kohlberg, 1973). Kohlberg developed an eight hour interview that could be used to determine a subject's principal stage. James Rest refined this testing to a standardized two-hour pencil and paper test that allowed large scale testing and facilitated greater research (Rest, 1979). Using experimental groups and control groups, research in college classes has demonstrated that intervention techniques can successfully stimulate an increased rate of moral reasoning development (Conry & Nelson, 1989).

This paper will review the definitions and concepts involved in applied ethics and introduce several models. We will then look at some areas where the U.S. business sector seems to be making little or no progress toward better moral/ethical behavior. Next, we will introduce some situational problems that we have used in the classroom to increase students' awareness of underlying value conflicts and suggest areas for further research. Our hypotheses are: (a) that use of experiential situations in ethics or business, government & society classes is essential to stimulate students' awareness of their own unexamined values as well as of value conflicts in the workplace; (b) that examination of value conflicts and of underlying (ideological moral principle) values will help students develop better reflexive moral judgment; and (c) that business students are indoctrinated into a utilitarian (outcome-based) ethics approach as well as into a generalized default position of "the market will take care of it" for application to complicated moral choices.

**BASIC CONCEPTS**

Even though the terms "moral" and "ethical" are used interchangeably in everyday conversation, we will observe some distinctions in their usage in this paper that we believe to be helpful. The term "morals" will denote the collection of moral principles-- the *prima facie* (i.e., rebuttable rather than absolute) rules that everyone has that operationalize our values. An individual's moral code is, thus, a set of moral principles that guides his or her actions; we all have such a code even though some of us might have difficulty articulating it. Others may articulate one set and live another. For our purposes, the true moral code of an indi-

## Developments in Business Simulation and Experiential Learning, Volume 25, 1998

vidual is the one that dominates his or her life and not necessarily the one on display. Ethics refers to a higher, more abstract activity than the direct application of personal morals to behavior choices.

Ethics, for our purposes, is the cognitive, analytical, systematic and reflective application of moral principles to complex, conflicting or unclear situations (Wines & Anderson, 1994, p.6) James Rest of the University of Minnesota has identified (1986) four steps in moral decision making: (a) moral sensitivity, (b) moral judgment. (c) moral will, and (d) moral action.

Over the years, the first step, moral sensitivity, has presented much difficulty for many people in business. There is a popular misconception that somehow what people do at work and the health of their moral consciousness are not related. To put it another way, some people presume that decisions in the realm of economics are value-free; and that "since the laws of the market" dictate behavior, the decision-makers therefore cannot be held morally responsible. We believe that this is a backward and indefensible position that has led to much abuse of economic power and much federal and state regulation of business.

Another dimension that contributes to the suspension of moral responsibility is organizational culture and dynamics. Very often, surveys of business managers indicate that they feel compelled by organizational dynamics and peer pressure at work to compromise their values; 70% of a sample of 6,000 managers and executives felt pressure to conform and compromise personal values (study by Posner & Schmidt cited in Wall Street Journal, Oct. 9, 1987). Rick Wartzman asserts, after reviewing 10 academic studies on corporate culture and codes of conduct, that "... even the most upright people are apt to become dishonest and unmindful of their civic responsibilities when placed in a typical corporate environment." (Wartzman, Wall Street

Journal, Oct. 9, 1987 as quoted in Wines and Anderson, 1994, p. 246.) Anyone seeking to build better organizations should review the classic studies on authority and the power of role expectations such as those of Stanley Milgram at Yale University (1961, 1963) and Zimbardo's famous Stanford University prison experiment(1973). (See Wines & Anderson 184-193.)

A third and final level of social analysis is required when we decide to build a healthier corporate culture, one that responds to social needs and concerns. In order to have a yardstick that helps us decide when to reject society's demands, we must have some concept of what a just and compassionate society would look like. This analysis would take us beyond the scope of this paper but is mentioned here merely to provide a more complete perspective on the scope of what we are proposing. Our experiential exercises are limited to the one level of business ethics, namely the individual level.

*Elenchus* is the Greek word for mental gridlock that Socrates produced in those who dialogued with him (MacDonald, 1989, p.25). Modern moral psychology has discovered that, indeed, the old Greek was right about distress or irritation stimulating moral growth; now, we can measure it. In class, rather than use the so-called "talking head" approach, we try to get the students to examine some of their unexamined or automatic stances. Some of these stances have become so reflexive (non-cognitive) that they are generated by moral principles that are ideological or attitudinal or habitual. (See Figure 5 in Wines & Napier, 1992, p.272.) Using hypothetical problems that are deliberately drafted with built-in ambiguities to allow opposite positions to be argued as one adopts different assumptions, we can cause students to dredge up their "buried" values and examine them in the sunlight of class discussion.

### GETTING DOWN TO CASES

The following hypothetical case is one that has been used successfully to stimulate moral awareness and growth for a number of years. We call it the **“Case of the Girl, the Boy, and the Ferry Boat Captain:”**

Once upon a time, there was a boy who lived upon an island. He could see but not reach a girl who lived upon another island. They exchanged letters and became infatuated with one another. Both were poor. The boy wrote and asked the girl to marry him on the condition that she could find passage to his island. She talked to the captain of the ferry boat that ran between the islands. He was lascivious and offered her passage in exchange for sexual favors. She went to her parents for advice, and they refused to talk about it. She decided to meet the captain’s demand. At first, she and the boy were happy together. They started to plan for a wedding. Then, she discovered that she had contracted a venereal disease. The boy threw her out of his hut. She went to the captain; he admitted infecting her and gave her money for a doctor. She was treated, cured, but rendered permanently sterile. She went back to the boy and begged him to take her back; he was adamant in his refusal stating that he would not marry her if she could not give him sons. She wrote her parents begging them to take her back. They refused. She took to begging. Slowly she became ragged and hungry. One day she met an older woman who took her into her household. Eventually, they entered into a long-term lesbian relationship and found much happiness together.

**Rate the morality** of the boy, the girl, the parents, the old lady, and the ferry boat captain using a scale of 1 (top) to 5 (bottom or least moral).

Another case, based upon an actual situation involving one of our former students, has also generated enthusiastic student participation. We call this case **“A Frank Problem in Foreign**

### Exchange:”

In fall semester, Susan Green, a foreign exchange student dressed casually, took 10,000 francs to her local bank to have them changed into U.S. dollars. This amount represented her monthly living allowance from her parents in Belgium.

The teller calculated the amount due on her computer and informed the student that she would need a supervisor’s approval to release additional cash because the amount was more than she had in her till. Susan explained that the amount was usually only about \$300 American. The teller abruptly told Susan she would calculate it again, and--after doing so--said the amount was over \$1,600. Then the teller went to get a supervisor.

A supervisor appeared at the teller’s window and started to count out over \$1,600 American. Susan again protested that it was too much money. The supervisor denied any mistake and kept counting. Reluctantly but with some peevishness, Susan--who had worked in a bank before coming to the U.S.--accepted the money.

The next morning, an officer at the main branch of the bank called Susan at home. He explained that the teller had, just as Susan expected, mistakenly used the rate of exchange for French francs instead of Belgium francs. He said the difference was about \$1300 American, and if Susan did not return the money, the teller would be fired.

- (a) If you were Susan, what would you do?
- (b) Briefly evaluate the bank’s behavior
- (c) Why do you think the bank threatened the teller’s job instead of the supervisor’s?

The third and last case that we wish to introduce here is entitled **“Precatory Trusts and Promises to the Dead.”** This case follows and then (at the presentation) we would like the audience to divide into groups of three with each group working on

## Developments in Business Simulation and Experiential Learning, Volume 25, 1998

one of the three problems before we present our analysis of these hypothetical situations and the relationships we believe they hold to some seemingly intractable problems in U.S. business and society.

Your aunt, an aged spinster who lives with her adored 14-year-old cat, has been frugal all her life. She never married and now has an advanced form of cancer that will prove fatal in less than a month. She is still in her right mind and has been systematically putting her affairs in order. She asks you to visit her one afternoon, and you do so.

In the course of your visit, Auntie says that she has been worried about the care of her cat after she is gone. She asks you if you will take care of the cat if she gives you an amount of money to cover expenses. You agree.

Auntie asks you to open an envelope that she hands you. You do and discover a passbook savings account book in her name and your name as joint tenants with rights of survivorship. It has a balance slightly in excess of ten thousand dollars. Auntie says you are to use the money to guarantee the cat and good home for the rest of its natural life (which might be another 14 years) and to give any balance remaining to the Humane Society when the cat dies. You agree.

Auntie dies before the month is up. She leaves her estate which is less than \$150,000 in equal shares to her church and two of her favorite charities. After her death, you collect the cat which turns out to be overweight, slightly spoiled, and given to shedding long hairs all over the house.

Before the end of the year, while about ten thousand dollars lingers in the savings account, you begin to have trouble meeting your bills. You look wistfully at the passbook balance and think how tempting it would be to pay off all your bills with less than \$5,000 and use the balance to get your teeth straightened by a local orthodontist.

something you always wished you could get done but lacked the funds.

**Question: What do you do with the money and your promise to Auntie and Why? What ethical conflict, if any, is involved here?**

### ANALYSIS OF THEMES IN CASE PROBLEMS

We have included as an appendix a reciprocal presentation of the Ferry Boat Captain story for use in classes or with control groups if the lesbian label appears to prejudice the issue of rating the Girl or the Little old Woman or if you want to see what the ratings look like if the boy "is compromised." Actually, as you probably detected, the Little Old Lady may be seen as the Good Samaritan in Drag (Luke 10: 29-37.) if one assumes no predatory intent when she took in the girl. Usually, rather than jumping to such a possibly inflammatory conclusion, we guide the discussion after laying down ground rules that no one is to be personally criticized and that all views are welcome if they address the matters under discussion. We have found that it is essential to create a safe environment in order to get students to share some of their very personal views or open up some closely held values. The initial question after the groups finish rating the players is: "Can anyone state an argument morally justifying or morally criticizing the actions of the Boy, Girl, Captain, Parents, and Little Old Lady?"

#### **Boy, Girl, and Unregulated Boat Fares.**

Issues that can be identified with the Boy include: promise keeping; foreseeability of what the Girl has as capital to purchase passage; willingness to let the Girl take risks but not accepting her solution; violation of using the Girl as a means and not merely as ends ("give me sons") ala Immanuel Kant; and general inflexibility - seen by some students (usually males) as adhering to values. It

## Developments in Business Simulation and Experiential Learning, Volume 25, 1998

raises also the old double standard issues of brides as "goods" that come with warranties of chastity. Issues raised about the Girl frequently include questions of self-worth (respect) and whether she could have found another boy or alternative payment plans for her passage. We sometimes have to point out that comments veer into the area of "begging the issues."

Issues that arise about the Ferry Boat Captain include his detestable bargain and whether he knowingly infected the Girl. Usually the instructor needs to point out that the Captain was accountable and also kept the promise of passage, both of which are moral actions. In addition, some classes need to be probed about the essence of selling goods and services in a free market economy. Usually, they will respond that one should sell services at whatever price the market will bear, which raises the question of why they are critical of the bargain the Captain struck? Answers usually include that he lacked respect for human dignity. Then should we not inquire about below-subsistence wages for Indonesians working for Nike or Mexicans working in maquiladoras just south of the border?

The Parents fare surprisingly well with traditional college-aged students - who seem reluctant to criticize Parents no matter how badly they act. Older students point out that the Parents lacked any sense of compassion; and that while they should not have made a decision for the Girl because it was a life changing decision and could have gone badly either way, the Parents also shirked their duty when she was destitute. Thus, the best that can be said is that the Parents did not attempt to manipulate the choice. After that, not much can be said favorable to their behavior.

The double standard and sexual preference issues are not only hot topics but are also "Real World" issues in business. One need only look at the glass ceiling for women or the lingering wage disparities to see that. Also, the issue of sexual preference hits home in hiring situations and again

when new employees fill out health insurance forms. Finally, we usually point out that state of mind or intent is a big issue when one attempts to judge another's actions and that we should be reluctant to judge because usually that information is not available to us.

### **Belgium Franks and "She Don't Speak English So Good."**

This is a form of living case as has been discussed before. (See Wilterding and Baughn, ABSEL, 1996 presentation.) Here the treatment of the student seems to hinge on appearance, accent, and gender. The central question is the millennia old one of "do the ends (return the money or the teller gets it) justify the means?" Ask your class if the bank would have treated a well-dressed man with the same disrespect. You might also point out that the young student had worked in a Paris Bank before coming to the USA and, ironically, in the foreign exchange department. A vice-president of the bank involved later had a son in one of our classes. The son asked his Dad about this case, and the Dad became indignant and declared it involved no issue of business ethics at all.

### **When I Need Money, I Get Allergic to Cats**

The moral dilemma presented is a straightforward question of promise keeping (Kantian duty) versus Utilitarian pleasure for the trustee. We usually point out that the so-called trust is not a legally binding obligation in most jurisdictions. One group of students decided to take the cat out and kill it and then ignore the requested gift to the humane society. Most students seem to find ways to use the money for themselves when placed in this situation. One group even decided to take the cat on an annual winter visit to Maui. Yet, interestingly, many of the same groups vehemently deny violating any promise to Auntie. Such responses may spring from immature rejection of critical labels (untrustworthy etc.) coupled with a

## Developments in Business Simulation and Experiential Learning, Volume 25, 1998

strong desire to have things both ways in a difficult spot.

### CONCLUSION

We recommend that you try these or similar cases in your classes to get students involved and grappling with moral principles that they might otherwise skip over. We have found this approach rewarding and also challenging for us. As for our hypotheses: we believe further research will sustain Conry's work indicating that interventions such as we propose stimulate moral development; that conditioning in the safety of the classroom will help students make better decisions "under fire" on the job; and that substantial effort (beyond one class) will be necessary to balance the market-based perspective commended so highly in other business classes.

### APPENDIX

#### **Reprise: Case of The Girl, The Boy, and Ferryboat Captain, His Parents, and the Hermit**

Once upon a time, there was a boy who lived upon an Island. He could see but not reach a girl who lived upon another island. Both were very poor. The boy wrote to the girl and asked whether she would marry him if he could find passage to her island. She wrote back that she would.

The boy approached the Ferry Boat Captain about passage to the girl's island. She (the Captain) was lascivious and demanded sexual favors from the boy in exchange for passage. He decided to meet the Captain's demands. At first, he and the girl were happy together. They started to plan for a wedding. Then, he discovered that he had contracted a venereal disease. The girl threw him out of her hut. He went to the Captain who admitted infecting him and gave him money for a doctor. The boy was treated, cured, but rendered permanently sterile. He went back to the girl and

begged her to take him back; she was adamant in her refusal saying she would not marry him if he could not give her children. He wrote his Parents begging them to take him back. They refused. He took to begging. Slowly, he became ragged and hungry. One day, he met an old Hermit who took him into his hut. Eventually, they entered into a long-term homosexual relationship and found much happiness together.

**Rate the morality** of the boy, the girl, the parents, the Ferry Boat Captain, and the hermit.

### REFERENCES

- Coles, R. (1986). *The moral life of children: How children struggle with the questions of moral choice in the United States and elsewhere*. Boston, MA: Houghton Mifflin Co.
- Conry, E. J., & Nelson, R. (1989). Business law and moral growth. *American Business Law Journal*, 27, 1-39.
- Crittenden, P. (1992). *Learning to be moral: Philosophical thoughts about moral development*. London, U.K.: Humanities Press International, Inc.
- Duska, R., & Whelan, M. (1975). *Moral development: A guide to Piaget and Kohlberg*. New York: Paulist Press.
- Gilligan, C. (1982). *In a different voice: Psychological theory and women's development*. Cambridge, MA: Harvard University Press.
- Gilligan, C., Ward, J. V., & Taylor, J. M. (Eds.). (1988). *Mapping the moral domain. A contribution of women's thinking to psychological theory and education*. Cambridge, MA: Center for the Study of Gender, Education and Human Development.

## Developments in Business Simulation and Experiential Learning, Volume 25, 1998

- Gilligan, C., Lyons, N. P., & Hammer, T. J. (Eds.). (1990). *Making connections: The relational worlds of adolescent girls at Emma Willard School*. Cambridge, MA: Harvard University Press.
- Greider, W. (1997). One world, ready or not: The manic logic of global capitalism. New York: Simon & Schuster.
- Kohlberg, L. (1981). *Essays on moral development. Vol. 1: The philosophy of moral development*. San Francisco, CA: Harper & Row.
- Kohlberg, L. (1984). *Essays on moral development. Vol. 2: The psychology of moral development*. San Francisco, CA: Harper & Row.
- Kohlberg, L., Levine, C., & Hewer, A. (1983). *Moral stages: The current formulation of Kohlberg's theory and a reply to critics*. Basel, Switzerland: S. Karger. 1983.
- Kohlberg, L. (1973). The claim to moral adequacy of a highest stage of moral development. *The Journal of Philosophy*, 70, 630-646.
- MacDonald, J. E. (1989). Socratic method and the teaching of law and virtue. *The Journal of Legal Studies Education*, 7, 19-34.
- Munsey, B. (Ed.). *Moral development, moral education, and Kohlberg: Basic issues in philosophy, religion, and education*. Birmingham, AL: Religious Education Press.
- Rest, J. R. *Moral development: Advances in research and theory*, New York: Praeger.
- Rest, J. R. (1979). *Development in judging moral issues*. Minneapolis, MN: University of Minnesota Press.
- Sandier, B. R., Silverberg, L. A., & Hall, R. M. (1996). *The chilly classroom climate: A guide to improve the education of women*. Washington, D.C.: National Association for Women in Education.
- Singer, R. D., & Singer, A. (1969). *Psychological Development in Children*. Philadelphia: PA: W.B. Saunders Co.
- Wilterding, J., & Baugh, C. (1997). The incident process: A case in reverse. In J.K. Butler, Jr. & N. H. Leonard (Eds.), *Association for Business Simulation and Experiential Learning: Vol. 24. Developments in Business Simulation and Experiential Learning (320-321)*. Statesboro, GA: ABSEL.
- Wines, W. A. & Anderson, S. (Eds.) (1994). *Readings in business ethics and social responsibility*. Dubuque, IA: Kendall/Hunt Publishing Co.
- Wines, W. A., & Napier, N. K. (1992). Toward an understanding of cross-cultural ethics: A tentative model. *Journal of Business Ethics*, 11, 831-841.
- Wines, W. A., Wilterding, J. (1989). Perspectives on teaching business ethics: An empirical analysis of student attitude changes toward social responsibility over 15 weeks. *Midwest Law Review*, 7, 60-79.