

# Chapter 14

## Showing Business Students How to Contribute to Organizational Cultures Grounded in Moral Character

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### **ABSTRACT**

*The ethical crisis in business is very real. Countering this crisis by creating organizational cultures grounded in moral character is the challenge we face as business leaders if we are to regain the respect and confidence of the public. As educators of future business leaders, how can we prepare our students to understand, appreciate, and contribute to the establishment of cultures of character in the organizations which employ them—and which they may ultimately lead? In this chapter the authors distinguish among four corporate cultures with respect to ethics in business—cultures of defiance, compliance, neglect, and character—and present a blueprint for constructing an organizational culture grounded in moral character. With respect to showing business students how to contribute to such a culture, the authors then (a) describe how to establish an effective learning context for teaching about business ethics, (b) proffer a number of practical suggestions for student assignments and experiences that can empower students to understand, appreciate, and contribute to organizational cultures of character; and (c) explain how to enhance experiential learning by conducting an effective debriefing session. They conclude the chapter by providing two examples from their own experience illustrating how these ideas can be incorporated into programs designed to show business students how to contribute to organizational cultures grounded in moral character.*

## INTRODUCTION

The ethical crisis in business is very real. For extensive evidence of this fact see, for example, Quatro and Sims (2008), Sauser (2005a), Shaw and Barry (2010), and Stanwick and Stanwick (2009). Countering this crisis by creating organizational cultures grounded in moral character—*cultures of character* as we call them—is the challenge we face as business leaders if we are to regain the respect and confidence of the public. Organizations with cultures of character not only *comply* with legal and ethical standards, they also *internalize* them from top to bottom such that every member of the firm becomes a guardian of integrity. A culture of character is built by intention. Its leaders possess strong moral fiber and seek to appoint, develop, and reward others like them throughout the organization. They work hard every day to infuse character into the organization through their decisions and their interactions with others. They seek to develop the next generation of leaders so the integrity of the organizations they have served will continue into the future.

As educators of future business leaders, how can we prepare our students to understand, appreciate, and contribute to the establishment of cultures of character in the organizations which employ them—and which they may ultimately lead? In this chapter we distinguish among four corporate cultures with respect to ethics in business—cultures of *defiance*, *compliance*, *neglect*, and *character*—and present a blueprint for constructing an organizational culture grounded in moral character. With respect to showing business students how to contribute to such a culture, we then (a) describe how to establish an effective learning context for business ethics, (b) proffer a number of practical suggestions for student assignments and experiences that can empower students to understand, appreciate, and contribute to organizational cultures of character, and (c) explain how to enhance experiential learning by conducting an effective debriefing session. We

conclude the chapter by providing two examples from our own experience—one from an undergraduate class and one from an Executive MBA class taught at a distance—to illustrate how these ideas can be incorporated into courses designed to show business students how to contribute to organizational cultures grounded in moral character.

## ORGANIZATIONAL CULTURES AND CHARACTER

According to Trevino and Nelson (2004, p. 225), “‘Culture’ has become a common way of thinking about and describing an organization’s internal world—a way of differentiating one organization’s ‘personality’ from another.” Schermerhorn (2005) defines *organizational culture* as “the system of shared beliefs and values that develops within an organization and guides the behavior of its members” (p. G-12). “Whenever someone, for example, speaks of ‘the way we do things around here,’ they are talking about the culture,” continues Schermerhorn (2005, p. 96). Using such important components of culture as core values, stories, heroes, symbols, and rites and rituals, ethical leaders must influence the organization and its members to incorporate and exhibit desirable virtues and behaviors (Sauser, 2005b).

Sauser (2005b) has distinguished among four types of organizational culture with respect to their stance toward ethical behavior in business. This classification scheme, modeled in part on Schermerhorn’s (2005) typology of strategies for corporate responsibility, holds that there are four basic types of organizational culture with respect to moral thought and action in business. They are *defiance*, *compliance*, *neglect*, and *character*.

An organization displaying a *culture of defiance* would be expected to exhibit behaviors aligned with Schermerhorn’s (2005) obstructionist strategy of corporate social responsibility. More bluntly, this organization would be likely to scorn the law and other ethical standards and seek to

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