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## “Nuts!” An Experiential Exercise in Ethics and Decision Making

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The current debate about how to address managerial misconduct in American business has renewed an interest in the role of ethics in business school curricula. The search for pedagogical tools by which to ensure effective teaching of ethics has led to experiential learning as an important method. This exercise introduces business ethics through a focus on a purchasing decision in a local grocery. It lays a foundation for understanding the interplay between ethics and everyday decision making in order to clarify the ethical dimension of decision making in business. The process of setting up the exercise as well as facilitating and debriefing it are detailed. The results of using the exercise with undergraduate, master's, and executive business students over 12 years are included.

**Keywords:** Business ethics, Decision making, Experiential learning, Management education, Values

### Introduction

The continuing stream of news stories about managerial misconduct in major corporations highlights the gap between ethical aspirations and behavior among executives. The ensuing debate about how to respond to this gap has led back into the business school classroom with both a criticism of management educators as well as a new interest in developing creative approaches to ethics education. Introducing ethics to business students has gained prominence once again as American society searches for the answers to ineffective, illegal, and immoral activity by corporate managers.

The debate about whether ethics can be taught effectively at the college and university levels continues unabated. By the mid-1980s, ethics had become an important part of the curriculum. A 1988 survey found considerable interest in incorporating ethics in the undergraduate business curriculum as well as considerable variety in the strategies for teaching it (Pamental & Hoffman, 1988). Another survey covering about the same period, a comparison of the United Kingdom, Europe, and the United States, came to the same conclusions (Mahoney, 1990). Some educators even advocated that ethics could become a bridge between business and liberal arts education at the undergraduate level (Donaldson & Freeman, 1994). A five-year retrospective report on the Harvard Business School experience with a required ethics component highlighted that effectiveness in graduate education must be built on a school-wide strategy, full faculty commitment, and the integration of ethics throughout the curriculum (Piper, Gentile, & Parks, 2003).

Pedagogical questions have moved rapidly to the top of the agendas of business schools. At the forefront of teaching business ethics has been the Association for the Advancement of Business Education—International (AACSB) with its comprehensive report from a blue ribbon task force about how to infuse business curricula with ethics (*Ethics Education in Business Schools*, 2004). Books and articles provide insights and advice on how to teach business ethics (Sims, 2002,

*Business Ethics Quarterly, Journal of Business Ethics, and Teaching Business Ethics*). Associations of management professors regularly address, through workshops and paper presentations, the variety of questions about how best to ensure effectiveness in teaching business ethics. These discussions have also moved beyond the college classroom into the corporation with their renewed emphasis on ethics education (Munro, 1996).

Experiential education offers a rich menu of options for teaching ethics. Its focus on the dynamic interaction of individuals and groups in the context of larger organizations is a creative foundation on which to build ethics pedagogy. The full involvement of students in exercises that are designed to highlight the moral ambiguity of individual decision making is an important first step to their awareness of the importance of the hidden moral dimension of life. With skillful facilitation, students can move beyond simple awareness to more sophisticated decision making that is aligned with fundamental ethical principles. Taking on the role of managers in a business context expands their understanding of the complexity of aligning corporate policies and strategies with ethical mandates.

This exercise is one attempt to introduce students to the power of the moral dimension of everyday life. It begins with an apparently simple dilemma about purchasing a can of nuts in a small store, continues in the same store with a more complicated situation a few weeks later, and closes with a third dilemma involving the store owner. It has been utilized successfully with undergraduate, master's, and executive students.

### **Purpose**

The exercise focuses on values and principles as the major components of ethics and lays the foundation for understanding the nature of business ethics. It is based on a simplified, earlier version created by philosopher David Braybrooke (1983). This exercise expands his objective of differentiating ordinary from trader's morality to the broader subject of the moral dimension of decision making.

As result of participating in the exercise, students should be better able to:

- link personal values and behavior in decision making;
- make a decision and articulate a rationale for it;
- identify a process by which ethics can be incorporated into decision making;
- explain the importance of relationships in making decisions;
- identify principles as a major component of ethics.

### **Audience**

The exercise can be used in a variety of management courses for undergraduate, master's, and executive students. The situation does not need to be modified for these different level classes although the background information presented to part-time master's students may be expanded to take into account their particular situation. The appropriate reading in preparation for the day on which the exercise is being used will depend on the course:

- Business and Society Courses

This is a good introduction to the segment on ethics in business, which usually comes in the early part of the course. A chapter from the textbook that introduces ethics and its connection with business is good preparation (Baron, 2006; Carroll & Buchholz, 2006).

- Business Ethics Courses

The “stand alone” course introduces business ethics as a subset of ethics in the early part of the course so the exercise can be used in early class with required reading from the first chapters that introduce business ethics (Beauchamp & Bowie, 2004; Bowie & Werhane, 2004; Trevino & Nelson, 2006; Velasquez, 2005). It can also be used in conjunction with the initial case to lay the foundation for the case analysis often utilized in business ethics courses (Hartley, 2005).

- Leadership Courses

Personal values as a core component of leadership is stressed in introductory leadership courses. The chapter(s) associated with values can be assigned for the class in which the exercise is used to highlight the intersection of the personal and managerial in leadership positions (Kouzes & Posner, 2002).

- Managerial Decision Making Courses

Normally taught at the graduate level, these courses focus on models for rational decision making. The chapter on the values or moral dimension of decision making (sometimes identified as the emotional or non-rational) would be good preparation for the exercise (Bazerman, 2001; Hammond, Keeney, & Raiffa, 1999).

This exercise can also be used for executive workshops on ethics. The situation does not need to be modified for these classes although the background information may be changed to account for a more mature audience in a different setting. If reading is assigned, it should focus on the major elements of managerial decision making and its intersection with ethics (Lenn, 2004).

### **Time Required**

The entire exercise can be completed in 40 to 45 minutes. A longer time period allows the facilitator to ask more students to reveal their choices and provide a rationale for making them. The discussion should focus on a comparison of different choices through engaging the students in a discussion about the ethical dimension of these choices. The amount of time devoted to linking everyday decision making to managerial decision making is an important factor in determining the overall length of the exercise.

## Materials

Two cans of nuts—one peanuts and one cashews—are necessary. They should be manufactured under the same label and comparable in size so that a shopper might mistake one for the other. A white board or easel should be in the room. The exercise can accommodate any number or participants.

## Procedure

1. Read the first scenario:

“In preparing for the start of school this term, you made a set of promises to yourself. First, you would schedule your time to make sure that you get your reading assignments completed, take good notes in class, and turn your papers in on time. Second, you would get more sleep. Third, you would get more exercise and eat better, which means cutting out junk food.

“You are in the small store near the dorm where you normally shop every Friday. You have gotten to know the owner since you are a regular customer. It is hard to pass up all that junk food, but you want to keep your promises. However, you know that it impossible to give up everything at once so you decide to indulge by buying one can of peanuts a week. Eating just one can won’t be easy, but it is better than no junk food at all.”

“On the first Friday, you are surprised that there is no junk food in your shopping basket. You stop to pick up a can of peanuts but decide that if you are going to have only one treat, why not have cashews. They taste much better! The peanuts cost \$2.29 and the cashews \$4.89. But they are well worth it. (The prices are written on the board.)

“The first two weeks are a bit tough, but you are proud of yourself—you have kept all three of your promises.

“On the third Friday, you reach for the can of cashews and are surprised to find that it is marked \$2.29. A quick check shows that all 10 cans are marked \$2.29, the same price as the peanuts. It is obvious that someone has made a mistake.”

(Note: the situation can be modified if this is the start of the winter semester by indicating that the promises are New Year’s resolutions for the coming year. For part-time master’s students, the second promise may be changed to spending more time with family to include making breakfast every Saturday morning, which would necessitate shopping in the store every Friday for eggs, bread, etc.)

2. Ask the following question:

“How many cans would you buy?”

3. Discuss the first scenario:

- Call on a number of students and ask them to announce their choice as well as their rationale for making that choice;
- List the major reasons for their choices on the board;
- Identify three or four major alternatives (none, one, three, ten) and ask for a show of hands from the class;
- Lead a discussion about the various reasons with an emphasis on the values that have surfaced in the class. Some may believe that a mistake has been made and the “right” choice is to tell the store owner. Others may argue that they have a right to buy any number because the price on the can is the key;
- Highlight the promises that each person has made to himself or herself. Ask those who bought more than one can whether they will keep their promise to eat only one can during the week.

4. Read the second scenario:

“Five weeks have passed and you continue to do well in keeping your promises. You got an A on a major test and an A- on a short paper. You are doing pretty well on your sleep as well and the junk food is gone except, of course, the can of cashews. They are great so you can’t wait for Friday.

“The cashews went back up to \$4.89 during the next week so it is not surprising that you only put one can into your basket. When you get to the checkout counter, you meet a new cashier. She tells you she is a high school junior and this is her first job. She begins to ring up your groceries (the store is too small to have a scanner so she has to do it by hand.) You notice that she charges you \$2.29 for the cashews.”

5. Ask the following question:

“Would you tell the cashier that she has made a mistake?”

6. Discuss the second scenario:

- Call on a number of students and ask them to announce their choice as well as their rationale for making that choice;
- List the major reasons for their choices on the board;
- Lead a discussion about the various reasons for either telling the cashier, or not, about her mistake. On one side are those who will argue that it is “right” to mention the mistake. Their reasons may include telling the truth, not taking advantage of others, or caring about a teenager in her first job. On the other side are those who will argue that a “mistake is a mistake,” the owner is responsible for better training, or “I usually don’t keep track of the prices.” The last response can be countered by asking what would happen if she charged \$6.89;
- Highlight the role of values in decision making.

7. Read the third scenario:

“Another six weeks have passed with the end of the semester coming up. You have done very well this semester with good grades, confidence that you will do well on final exams, and a more normal sleeping schedule. Surprisingly, you have not gone back to junk food (OK, a few nibbles!) and the can of cashews is a regular part of your weekly diet. The owner is at the checkout counter today. He wants to know about your plans for vacation, how your family is, etc. He is about to ring up the cashews and sees no price on the can, something you didn’t notice. He asks you for the correct price.”

8. Ask the following question:

“What price would you give to the owner?”

9. Discuss the third scenario

- Call on a number of students and ask them to announce their choice as well as their rationale for making that choice;
- Refer to the board to find the reasons, adding any new ones;
- Lead a discussion about the various reasons for the price they chose. The relationship to the owner will usually be a key reason for “being honest.” There may be a few who will choose \$2.29 or tell the owner it has been so confusing that they don’t remember.

### Debriefing the Exercise

The exercise will generate a lot of discussion with a number of different points of view. The first step is to ask the students to talk about this experience and what they learned from it. Then, the facilitator takes the lead by focusing on the complex nature of everyday decision making that is built on hidden values that drive our behavior, particularly in making choices. The full slate of reasons listed on the board should be identified as some of the core values that form the foundation of our personalities. This list should be further refined and identified as ethical principles that individuals articulate to provide guidance in resolving everyday dilemmas.

This discussion can then serve as the foundation for introducing business ethics. The facilitator should refocus the class on the store owner and ask them to identify some of the principles that he used in making decisions about the operation of his store. This is the basis for “business morality,” the operational set of principles for his business. There should be some principles that are common of both lists although some new ones will emerge as well. The store owner’s list becomes the basis for defining business ethics, which is the final point in the debriefing of the exercise.

### Student Responses

The exercise produces a lively discussion, particularly if all three of the scenarios are introduced. Students at all levels will quickly realize that the exercise is more than simply about buying cans

of nuts and will search for the reason the facilitator is utilizing it for class. Using the exercise in undergraduate, master's, and executive classes at a major American university over 12 years has yielded some interesting differences as well.

Undergraduate students complete a cost/benefit analysis in determining whether to buy one can, a few, or all of them. Most are more interested in how much money can be saved because they have discovered a bargain in the store. The importance of a relationship to the store manager is a secondary consideration for most, based on their belief that it is all right to pursue one's self-interest even in the face of an obvious mistake. A few raise the question of ethics immediately and argue that it is only right to ask the store manager if the lower price is the correct price. The second scenario shifts the focus to the naïve cashier who has made a mistake in her first job. Many students are willing to correct her error even if it means paying the full price out of a sense of responsibility to a new employee, often identifying with her because of their own experiences in high school. However, they differentiate between the store owner and cashier when asked why they would not ask about the a potential error with one person and not the other. The store owner represents a businessman who should know better. Undergraduates rarely focus on the promises they have made to themselves as an important consideration. Some even admit to eating all of the cashews they have purchased over the next week because it was such a good deal.

Master's students incorporate the same three elements—cost savings, relationships, and promises to oneself—in their decision making. Most recognize immediately that the store owner has made a mistake in pricing with the discussion focused on how best to deal with that knowledge. A few do the cost/benefit analysis and decide to buy all or most of the cans of cashews because of the overall savings. A majority, however, are a reluctant about taking such a position and choose either to buy one or a few or suggest that the store owner should be found to determine if there is a mistake. A few students introduce the idea that it is wrong to profit from a mistake even if it is for a small amount of money. The key consideration for them is the relationship with the store owner. Facilitating a discussion between this latter group and those who would buy all 12 highlights how a different prioritization of personal values leads to different decisions. The scenario with the cashier solidifies the position of those for whom personal relationships are an important consideration in making the decision. The promise to oneself comes into play for more students at this level because of their experience in developing career goals. The complex interplay between career and personal goals comes into focus in this scenario, particularly for those who have families.

One new dimension emerges in the discussion among master's students—the responsibility of the store owner. He receives new scrutiny as a manager because of his apparent mistake. Students introduce the legal obligations to customers that retailers have in regard to listed prices—they only have to pay the price that is marked. For some, this becomes a justification for buying all of the cans with a belief that customers do not have any responsibilities toward the retailer. Engaging in a discussion about mutual responsibility can be very rich at this point.

Executive students highlight relationships and promises to oneself in their rationale for decision making. The differences in price are not substantial enough to be taken seriously for almost all of this group. Relationships play a significant role in their decision making with the mistakes of the store owner and cashier adding a very personal dimension to their decisions. Family relationships

emerge in these discussions also as central with the decisions about cashews becoming a lens through which to see how good use of time, good health, and more personal attention are significant personal values.

This group transitions easily into talking about the responsibilities of the store owner to his customers and employees. His sloppiness in pricing the cashews, training the new cashier, and selling merchandise without prices puts him into a negative spotlight. The discussion about the ethics of doing business is important to executive students because of their experience in managing a company. They argue that legal obligations to customers are a minimal foundation on which to build a responsible business. One interesting aspect of these discussions is a willingness to differentiate between large, impersonal and small, local retailers. Some students argue for a common ethic of responsibility for all businesses, but target the former as deserving to suffer more for the mistakes they make in relationship to customers.

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