Course Learning Outcomes for Unit III

Upon completion of this unit, students should be able to:

7. Explore the professional ethics and responsibilities of intermediaries, the responsibilities and loyalty of managers, and the responsibilities of employees to the community.
    7.1 Create a code of ethics that will serve as a common guide for all levels of employees, including intermediaries, within an organization.

Reading Assignment

In order to access the following resource(s), click the link(s) below:


Become familiar with the MBA Oath along with the message it represents.


Unit Lesson

Click here to access an introduction video.

Click here to access the introduction video transcript.
In the midst of the Korean War, outside a battlefield, Hawkeye Pierce is the Chief Surgeon at an Army hospital in the popular television series M*A*S*H*. He constantly rails against the requirements of the Army, its customs, and his perception of its “red tape.” Only a couple of times does he conform to Army regulations and refuse to wear its insignias. Hawkeye is trying to maintain his humanity and that of those around him in the seemingly inhumane place of active war. Caring for the injured on a daily basis and overseeing the Army hospital, Hawkeye must make moral decisions about who should live and die on a daily basis. B.J. Hunnicutt, an assisting surgeon and close friend, is decidedly less aggressive in his crusades against the Army and acts as the “voice of reason” and sounding board for Hawkeye. He has a strong moral compass even though he also protests.

Hawkeye confronts the issue of an overzealous and morally corrupt colonel who continues to send his men into dangerous enemy territory. The colonel makes it clear that he does not care about the lives of his men, as they can be sacrificed in order to potentially win small battles against the enemy. B.J. and Hawkeye report the colonel for his actions, and though he is ordered to stop, he defies orders and sends his men to patrol near a hill in order to use them to draw enemy fire as the basis for an excuse to attack. Later, Hawkeye and B.J. spike the drink of the colonel to render him medically unfit to lead for the time being in order to protect his men. Hawkeye, in pursuit of subduing the colonel for a longer duration, falsely claims that the man has appendicitis and must be operated upon at once. A heated exchange between B.J. and Hawkeye ensues over the surgery’s purported necessity and benefits. B.J. objects to the needless surgery as human mutilation and a violation of the Hippocratic Oath and refuses to cooperate. Hawkeye completes the needless operation, over his friend’s objections, as the means justifies the ends, in his mind.

Many individuals faced with overwhelming pressure take unethical actions which they deem, in the short-term, necessary to their “bottom line,” just as Hawkeye did. He takes a utilitarian approach to his concerns about mounting pressures during the war and makes decisions that are unethical in the process. The ethical culture of the hospital is an uncertain and ambiguous one, and Hawkeye is the de facto leader. His actions and non-actions, as well as what he says, “trickles down” to the entire hospital staff. If he is performing unethical operations deemed to be human mutilation by others, then one must ask what the other physicians are doing in their care of patients? If his actions demonstrate that such behavior is acceptable, how likely will it be that others are acting ethically, especially on the margin, at times when the ethical decision that must be made is not at all clear? How do his subordinates decide which path to take?

In this unit, we will delve into corporate culture and ethical leadership and, in the process, study a very interesting and highly publicized code of ethics. We will answer the questions of what is corporate culture, and how do we develop it? What makes a culture operate? And what are the most influential ways of developing and maintaining such culture?

It can be said that culture is an antecedent to its leadership. That is to say that culture is defined by the leadership at the top of the organization. What are those people doing (and not doing), and how is it communicated? The best way to develop an organization’s culture is through a multi-step process. A code of ethics is carefully written to identify all of the areas that are important to the organization and define what is impermissible as well as aspirational. This includes a mission statement, which is a list of the overarching goals. It helps guide the organization on its path and is referred to when making important business decisions to compare which choices support and advance the mission. However, a code in and of itself is not enough. A document has no meaning without a set of actions that implement it.

The company should institute a private confidential hotline for employees to call if they encounter or suspect unethical behavior. The research suggests that companies without hotlines spend almost double in legal fees, awards, and investigation costs as compared to those that have them. The time it takes to root out the
offending behavior is almost double as well. There is absolutely no good reason not to have such a hotline in today’s business climate. Whistleblower’s confidentiality must be respected to the utmost degree to encourage those to come forward, and investigations must be handled by independent third parties, rather than by those alleged to be involved.

We will explore Walmart’s Mexico case study where a highly credible whistleblower stepped forward with specific and detailed information concerning illegal bribes, and Walmart’s leaders buried the information. Its investigation was woefully inadequate as it devoted few resources, and those who led the investigation were actually implicated by the whistleblower. What is worse, instead of the leadership taking responsibility, the CEO of the Mexican subsidiary was promoted, even after the alleged scheme came to light, rather than punished. It is a fascinating story of how some companies deal with internal and market pressure to perform and make all of the wrong choices.

In addition to implementing a code, to ensure an ethical corporate climate, the company must promote positivity and loyalty and reward employees for fair work. Management will “walk the walk” by ensuring their actions are consistent with the messages sent at all levels. Management will be held accountable as well as subordinates. Next, leadership must embark upon an ethical path in their daily decision-making as viewed by employees. If the organization prizes cost-savings, for example, does the leadership fly in first-class when everyone else is expected to fly in economy? What message does that send? If leadership is fair and consistent, then its standards will be fairly applied to all levels of the company without discrimination in favor of highly compensated individuals. Employees are always watching, yet leadership must do more. They must also regularly issue communications about the firm’s ethical decisions by actively communicating what issues have surfaced and how they were ethically resolved.

We will delve into personal codes of ethics, as you will be asked to write your own, based on your background, outlook, goals, broader mission for your life and work, and within the ethical paradigms we have covered thus far. This should be an interesting creative writing assignment, wherein you will take the time to explore what is important to you at your core, and this may be something you can refer to and use in the future.

This will be a very interesting unit with ample opportunity to address and debate current events, and you can decide for yourself how you can best become a working and contributing part of a successful, ethical corporate culture in your own work.