

Ethikos Volume 37, Number 2. April 01, 2023 Pioneers in business ethics: Kirk Hanson

by Kirk Hanson and Joan E. Dubinsky, JD

Kirk Hanson (kohanson@scu.edu) is a senior fellow of the Markkula Center for Applied Ethics at Santa Clara University, in Santa Clara, California, USA, and former executive director of the Center. He is also Senior Lecturer Emeritus at the Stanford Business School.

Joan E. Dubinsky is Senior Lecturer, School of Public Policy, University of Maryland Fellow, Rutland Institute for Ethics, Clemson University. Dubinsky is the former Chief Ethics Officer, United Nations.

Questions for this interview were also provided by Gretchen Winter and Patricia H. Werhane. **Gretchen Winter** (gwinter@illinois.edu, [linkedin.com/in/gretchen-winter-47a81311/](https://www.linkedin.com/in/gretchen-winter-47a81311/)) is Clinical Assistant Professor of Business Administration in the Gies College of Business and adjunct professor in the College of Law and the Grainger College of Engineering City Scholars Program at the University of Illinois Urbana–Champaign; she also is an invited professor at CY Cergy Paris School of Law.

Patricia H. Werhane is a Faculty Fellow at the Center for Professional Responsibility in Business and Society at the Gies College of Business, University of Illinois Urbana–Champaign and Professor Emerita at the University of Virginia.

A note on this series: In the last 40 years or so, an entirely new academic and occupational niche for practicing ethics in business has emerged. Many of the original academic business ethicists came to the field through philosophy, then brought their thinking and research into business schools. Many of the original practitioners came to the field through the law and remain close to the practice of law.

In an effort to preserve and share this knowledge and practical experience, the Center for Professional Responsibility in Business and Society at the University of Illinois Gies College of Business has filmed and transcribed the oral histories of these pioneers and early adopters. To date, almost 50 academics and practitioners have been interviewed, each with 25 years or more of experience in the field of business ethics.

This series aims to provide a better understanding of how the business ethics field and profession have evolved over the decades, through the interviewees' own experiences. This interview was condensed for clarity and brevity. This interview is loosely based on the Business Ethics Pioneer interview that took place earlier, and updates have been made. For more details on this series, contact Winter.

JED, GW, PHW: How did you become engaged with business ethics?

KH: I taught at the Stanford Business School from 1978 to 2001, where I was the first business ethics professor. In 2001, I took early retirement and moved to Santa Clara University, where I was the Executive Director of the Markkula Center for Applied Ethics, taught business ethics in the MBA and Executive MBA program, and held the John Courtney Murray S.J. University Professorship in Social Ethics until I retired in 2018.

How did I first get into business ethics? In 1967, I was editor of the *Stanford Daily* newspaper, and one of the Stanford Trustees offered me a summer internship at Hewlett Packard to look at corporate responsibility. Reflecting that era, this program was sarcastically dubbed the “Radical in Residence” program. This whetted my

appetite for how companies could serve society, which became my career passion. Next, I went to Yale Divinity School for a year as a Rockefeller Fellow and had an internship at Southern New England Telephone in what was called “urban affairs.” This was the time of the Watts riots in Los Angeles. I returned to the Stanford Business School for my MBA, where two events shaped my future. We formed a student group called the Committee for Corporate Responsibility, which I directed, and secondly, I was able to work part-time with Ernest Arbuckle, chairman of Wells Fargo Bank, as an assistant in the bank’s Urban Affairs Department. These experiences made me even more passionate about corporate responsibility. And they led me back to academia to do doctoral studies. I began to see the deep connections between corporate social responsibility and business ethics, strategy, and executive management.

On reflection, my growing interest in the field was stimulated by a succession of very fortunate corporate connections. I was able to get early jobs with CEOs—Walter Haas at Levi’s and John Young at Hewlett Packard, Alfred VanSinderen at Southern New England Telephone Company, and Ernie Arbuckle at Wells Fargo Bank. That gave me standing that eventually opened doors to teach and do research at Stanford in an entirely new field.

JED, GW, PHW: At the beginning of your work in business ethics, what did you hope to accomplish?

KH: My initial goal was simply to introduce business ethics into the curricula of our country’s business schools, a goal I had pursued earlier from 1971-75 as head of a national organization called the Concerned Business Students. But I also hoped to have an impact on how executives thought about business ethics. I didn’t have a clear idea of what kinds of knowledge would be useful or what kinds of theories might help practitioners. In the early 1980s, I hosted two national gatherings of researchers in the field of business ethics to share our ideas about what the field might become.

Over my career I have focused increasingly on how executives might be influenced to think about ethics. I began to teach in the executive programs offered at Stanford as well as their MBA program. In the 1980s, I worked with a few other business ethics academics to offer executive-level seminars to key industry leaders and their companies. Some of these leadership engagements evolved into programs to teach ethics to everyone in a corporation. Over 30,000 employees of McDonnell Douglas Corporation took a very early eight-hour ethics course CEO Sandy McDonnell and I developed and taught on videotape in the mid-1980s.

JED, GW, PHW: What are some of your theoretical contributions to this emerging field?

KH: When I came up for senior lecturer at the Stanford Business School, I was credited with creating a practical approach to business ethics for executives. The concept that ethics operated at three levels, for example, came out of a conversation that I had with Tom Donaldson, later of the Wharton School. We were drawing diagrams on the back of a napkin and I sketched out this concept that ethics operates at the individual, corporate, and systemic or societal levels. It was during the mid-1980s that I also first put together an ethical decision-making model, which is reflected in today’s decision model from the Markkula Center. The model directs us to think about the facts of cases, including what we don’t know, and what we can still find out. That model then encourages us to look at all five types of ethical theory (utilitarian, rights, justice, and others) and apply those theories to our facts. Finally, it focuses on the effective implementation of decisions.

After a while, I became better myself at how to create corporate, as well as academic, programs on ethics. When the Defense Industry Initiative on Business Ethics and Conduct (DII) was formed in 1986, I worked with its executive director and the major defense corporations on shaping the original 18 DII principles. I formed an early business consulting firm called The Hanson Group, where we consulted during a period of about six years with about 50 to 60 companies, including all the major defense contractors. I also became interested in creating university initiatives that would focus on the specific ethical issues faced in the professions, not just business but also law and medicine. In retirement today, I am consulting on the creation of ethics centers at universities.

In 1988, I got a call from Norman Lear, the television producer who'd done *All in the Family*, *Maude*, *The Jeffersons*, and *Mary Hartman, Mary Hartman*. He produced seven of the top 10 television programs in the late 1970s. Norman said he wanted to create an organization which would promote ethical behavior in business by pointing at positive examples rather than teach scandals and disasters. This Business Enterprise Trust would tell stories about corporate virtue. Through Norman and the organization's chair, James E. Burke of Johnson & Johnson, we put together the best board in America to debate business ethics issues. We created an awards program, which produced video and written cases on virtuous behavior that were widely taught in business schools. The most case featured Merck's experience underwriting the use of the drug ivermectin to treat the river blindness epidemic.

After my five years leading the Business Enterprise Trust, I was appointed faculty director of Stanford's Sloan Program, a mid-career master's program for students nominated by leading global companies. In that role, I developed new courses on international business ethics and leadership ethics.

My goals changed in 2001 when I was offered the job as Executive Director of the Markkula Center for Applied Ethics at Santa Clara University. Manuel Velasquez of Santa Clara had been its first executive director, and the challenge in 2001 was to take the center and grow it significantly. I increased its staffing from six to 26 and expanded its prestige and expertise beyond business ethics to include medical ethics, technology ethics, government ethics, and nonprofit ethics. Today, the Markkula Center is active in all those fields including artificial intelligence and media ethics.

At Santa Clara, we also began to explore the concept of "unavoidable ethical dilemmas" that can arise in any profession, whether it's business, journalism, politics, or whatever. I believe all professionals need to think about the unavoidable dilemmas so that they can prepare the principles they will honor as they go about addressing those dilemmas.

JED, GW, PHW: What were some of those initial career challenges that both academics and practitioners faced?

KH: The most important question for both academics and practitioners was, "Can you survive in this new field that bridges multiple other disciplines?" The academics who have been most successful over time are those who've had a disciplinary base, whether it's philosophy, psychology, sociology, organizational behavior, or strategy—my own field.

The corporate world has shifted over time. Initially, business ethics officers came from a variety of different backgrounds. As that movement has shifted towards compliance, most of them now have legal backgrounds, which in my opinion leads to a restricted view on what this field is all about. Sadly, most corporate practice has tended to narrow over time to mere compliance. Academic practice still permits a greater breadth of ethical issues as well as some focus on compliance.

There is now a good basis for the long-term survival of business ethics as an academic field, which is not to say that it is entirely robust. At this point, there are too few strong doctoral programs and too thin a pipeline of younger faculty.

JED, GW, PHW: Is business ethics a new profession?

KH: I think that compliance officers are trying to make compliance a professional field. I'm not sure that's a good thing because this relegates compliance to a subfield within the law, focusing on administrative and regulatory law, along with investigations. There really isn't a professional role for business ethics in a corporation unless you have the confidence and full support of your CEO. In academia, business ethics will hopefully, slowly, continue to gain credibility as a professional field so down the road it will become easier to declare yourself a

business ethics expert and look for an academic job with that specific primary focus.

JED, GW, PHW: Looking forward, what are some of the big questions in business ethics that are crying out for answers?

KH: The biggest question is still, “What is the purpose of business?” I was a consultant to the Business Roundtable in the late 1970s and helped put together their 1981 statement that a business has a responsibility to all its stakeholders. In 1999, the Business Roundtable reversed itself and declared that business’ sole responsibility was to its shareholders. And in 2019, the Roundtable again turned around and said the responsibility of a business is to serve to all its stakeholders. We still don’t have a lasting theory for what business responsibility is, and we don’t have a concept of what ethical values need to be embodied in corporate practice.

Another near-term concept that needs more work is the concept of ethical risk. From a very profit-oriented standpoint, companies want to know where and when it is at risk of outraging the public with unethical behavior. How can you predict what happened at Wells Fargo Bank and the 5,000 employees who manufactured fake accounts? How can you predict the fact that Boeing would have a mishap regarding the 737 Max? How can you predict the troubles that Pacific Gas and Electric faced with wildfires?

Ethics unfortunately remains, to some extent, the province of the most profitable firms which can “afford” ethics, as well as some firms that are run by their founder or a founding family. Other firms are responding to their own employees or their customers. How can we make ethics essential to all businesses?

We continue to struggle with how ethics is to be carried out in the international arena. We recognize that most executives must consider how one does ethical business in China or Russia, and other parts of the world, where it is more difficult to operate ethically.

We need to do more work on measuring ethical behavior. Yet without a clear theory about what the responsibilities to the stakeholders are, it’s hard to make the leap to measurement. Measuring ethical business behavior today is taking place without a clear standard.

And this all opens the debate over capitalism and whether it is possible to have values and ethics within a free market. What is the ethical basis of capitalism?

This publication is only available to subscribers. To view all documents, please log in or purchase access.

[Purchase Login](#)