

## **Ethical Issues in the Business Environment**

Business Administration 840.050

University of Delaware MBA –Spring 2010 -- Tuesdays, 6:00 to 8:45PM – Lerner Hall 230

(Revised 15 February 2010 due to snowstorm – Subject to further revision)

Instructor: Dr. Gary R. Weaver

Office: 218 Lerner

Telephone: 831-4568

Email weaverg “at” lerner.udel.edu

Note: Information in the syllabus (e.g., schedule of reading assignments) is subject to updating/revision as the semester progresses. The latest version of the syllabus can be found at [www.buec.udel.edu/weaverg/840050syllabusSpring2010.docx](http://www.buec.udel.edu/weaverg/840050syllabusSpring2010.docx).

### **Course description**

Today’s businesses operate in complex social and political environments which generate a range of demands and expectations. Decisions which once were treated as internal management responsibilities increasingly are subject to scrutiny from the general public or major institutions of society (government, news media, etc.). Even within large companies, issues of ethics, loyalty and trust increasingly concern employees and sometimes spill over into news reports. As business becomes more global, dealing with all of these issues becomes more complex as well.

This course is aimed at helping you incorporate an awareness of these kinds of issues into everyday managerial thinking. Much of the time we will focus on pragmatic managerial issues: for example, coping with organizational situations that can lead a manager into ethical difficulties, learning to look at issues from multiple perspectives, or thinking about how to get others to better understand your ethical concerns. At other times we look at issues more theoretically, and consider how scholarly investigations help illuminate the ethical and social issues that arise in business organizations. Issues covered range from the very individual and personal (e.g., coping with pressure from one’s boss to lie to a client) to the very large scale and impersonal (e.g., social impacts of economic globalization).

### **Course requirements**

#### **Reading assignments**

There is no textbook in the traditional sense. All reading assignments are articles and cases from various sources. Many of the readings are available for free online, either by searching the internet or using the University of Delaware Library’s database of electronic journals. The other readings are available for purchase at the university bookstore in a package of Harvard Business School cases and readings (indicated in the reading list below by “packet”).

Access to most of the free materials is available through the databases provided on the university library’s website. In particular, you should be able to find most of the online materials using the Business Source Premier database (go to [www.lib.udel.edu](http://www.lib.udel.edu), click on “databases”, and look for Business Source Premier; then search using a few key terms such as author’s last name and main words from the article title).

In order to access the library databases, the University’s computer system must recognize you as a university student. This happens automatically if you use a university computer. So if you use your own computer off-site, eventually you will be asked to enter your user id and password for the university’s computer system (your “UDelNet” id and password). All of you received a user id when you first enrolled as students.

### **Participation – 20% of semester grade**

A major goal for the class is to get people in the habit of looking at ethical, political and social issues in business from multiple perspectives -- personal, organizational, and societal. This task is facilitated simply by talking openly about social and ethical issues in business. Thus you should plan on being actively involved in class discussion. Such involvement can take the form of answering questions other class members pose, explicating various issues or topics, and asking thoughtful questions about the views espoused in the readings or by other class members. *Consequently, well-prepared participation is an essential part of this class.* Participation includes not only general discussion, but active involvement in any formal or impromptu in-class activities (debates, group discussions, etc.). Also, although I don't explicitly grade on attendance, if you're not in class it's hard to participate. (Merely showing up for class, however, won't generate an "A" participation grade.)

### **Final Exam – 30% of semester grade**

At our April 13<sup>th</sup> class meeting, I will hand out a take-home essay-type exam which cover various topics dealt with during the semester. Exams will be due by email 5PM on May 24th.

### **Case commentary – 10% of semester grade**

You should select any one of the case readings marked with an asterisk (\*) in the reading list, and prepare analysis of it (approximately 600 words long), focusing on these questions: (1) what are the key issues or problems in the case; (2) how and why did they develop; and (3) what should the business do about it (or, if the business' solution is described in the case, evaluate how well you think that solution would work, and how it might be improved). Your case commentary must be submitted prior to the time at which we hold class discussion on the case on which you write. Your analysis of the case should make good use of any relevant concepts, theories and ideas discussed in class or covered in the course reading materials.

### **Group Projects**

Form groups of 3 to 5 people (preferably 4 people) to work on these projects (you do not need to be in the same group each time):

***First project (due mid-semester)– 15% of semester grade:*** Using what you have learned so far in the course, you are to analyze "what went wrong, and why" with respect to a particular aspect of the current financial/economic crisis. You should pick a particular company (e.g., Lehman Brothers, Fannie Mae, AIG, UBS), or particular institution (e.g., private equity firms, government regulators, the media, money center banks, mortgage brokers and lenders, foreign banks), or the individuals responsible for high level decisions in those organizations, and explain their role in the financial system "meltdown" and how and why the problems relevant to them developed. Focus carefully on what you think constitutes the most important things to know or lessons to learn from the company, institution, or individual in question, and be sure to consider (a) what went wrong, and why, (b) how the company, institution or individual you focus on illustrates issues, theories, ideas and processes we have considered so far in class. Create a presentation of your findings, allowing about 20 minutes for your own findings and about 10 minutes discussion of your topic with the class. These presentations will be given on approximately mid-semester (see schedule, below).

***Second project (due near end of semester) – 25% of semester grade:*** This project requires you to offer a presentation to the class. The presentation should take about 35-40 minutes, including time for class discussion. Presentations will be given during the last 2 class meetings. Pick one of the following assignments:

1. This is an exercise in dealing with current or emerging issues. Select a business issue that features ethical, legal or political aspects (for example, privacy issues, ethics in electronic commerce, ethical issues in biotechnology, political and social issues stemming from the globalization of business, ethical aspects of organizational restructurings, financial industry regulation, business lobbying, etc.). Develop analyses, guidelines or plans for how a business (actual or fictional) could deal with that issue in a way that does justice to the issue and also contributes to business success. (You may focus on a single

business or offer analyses that apply more generically to a range of businesses -- for example, you might analyze workplace privacy issues generally, or you might pretend you're a "squeaky clean" accounting firm that's trying to figure out how the accounting world will change after Enron, and how you can avoid being "blindsided" by those changes.)

2. Pick an ethical or social issue in business that generates opposing sides (e.g., ethics of direct to consumer pharmaceutical marketing; ethics of "competitive intelligence" gathering; ethics of the use of "fine print" in consumer lending contracts, etc.). Then take one of those sides and develop a carefully argued defense of that position. Be sure to consider possible replies to your position, and be sure to use appropriate evidence and logical analysis.

For either option (#1 or #2), I encourage you to pick a topic that you've got a genuine interest in, or even one that you (or someone else at your organization) might confront. You should use a variety of relevant and high-quality resources—including both academic and practitioner-oriented articles—in analyzing the issue or topic in question.

You are free to form your own project groups during the first three classes. Anyone who has not joined a group by the end of the third class session will be assigned to a group by me. Your group should select a topic and obtain my approval of it by the third week of class.

During the fourth class session, I will meet briefly with each group to review your selected topics. You should be prepared to outline your approach to your topic -- both in terms of content and presentation style. I will use the time to offer suggestions to you on how you might approach it, with an eye toward keeping the project well-defined and manageable.

### **Academic Honesty**

Your grade for the course is intended to show what you have learned. Thus, students should not do anything which involves taking credit for the work of others; in short, insofar as you rely on the work of others in your own works, you need to indicate so in a way appropriate to the work (e.g., footnotes or in-text references in a written work; verbal attribution in a presentation). In this class you will be held accountable to the University's standards for academic honesty; please read these in detail on the university's web page. Penalties for academic dishonesty can include a grade of F for the entire course. Examples and other details of what constitutes academic dishonesty can be seen at <http://www.udel.edu/judicialaffairs/ai.html>.

## Weekly topics and reading assignments

About the readings: Readings listed as “packet” are in the set of cases available at the bookstore. Readings for which a web link is provided are available at that web link. Readings for which a journal name is provided are available through the library’s online databases, usually most easily through the Business Source Premier database (other database sources are indicated in some cases).

### 9 February

Course overview: ethical, social and political issues and their relationship to business success.

### 16 February

Business ethics & strategic resources

Managing ethics in organizations: Organizational pressures on individual behavior; social psychology of ethical behavior.

Milgram electric shock experiment (video in class)

### 23 February

Managing ethics in organizations: Organizational pressures on individual behavior; social psychology of ethical behavior

Orwell, Shooting an elephant\_(available on the web from many sources; just search for Orwell and “shooting an elephant”)

Jackall, Moral mazes: bureaucracy and managerial work, *Harvard Business Review*, 1983.

Conflict on a trading floor (packet)

Sells, What asbestos taught me about managing risk, *Harvard Business Review*, 1994

### 2 March

Managing ethics in organizations: Cognitive frameworks and institutional contexts

Lee & Ermann, Pinto "madness" as a flawed landmark narrative: an organization and network analysis, *Social Problems*, February 1999.

Managing ethics in organizations: organizational structures, culture and leadership

\*Beechnut Nutrition Corporation A1 (packet)

Planning for group presentations (be prepared to discuss with the faculty your plan for your group projects)

### 9 March

Managing ethics in organizations: Organizational pressures on individual behavior; social psychology of ethical failure; (continued)

Anand, Ashforth & Joshi, Business as usual: the acceptance and perpetuation of corruption in organizations. *Academy of Management Executive*, 2004.

Treviño & Brown, Managing to be ethical: Debunking five business ethics myths. *Academy of Management Executive*, 2004

Stanford prison experiment (in class video)

Ethical/legal failures and managerial responsibilities.

U.S. Department of Justice—Holder-Thompson-McNulty-Filip memoranda & policies. Skim

([http://www.usdoj.gov/dag/cftf/corporate\\_guidelines.htm](http://www.usdoj.gov/dag/cftf/corporate_guidelines.htm))

and

([http://lawprofessors.typepad.com/whitecollarcrime\\_blog/files/mcnulty\\_memo.pdf](http://lawprofessors.typepad.com/whitecollarcrime_blog/files/mcnulty_memo.pdf))

## 16 March

Managing ethics in organizations: leadership matters; influence of the institutional environment  
Corruption, institutions & identity—cross cultural issues; coping with systemic sources of ethics and corruption (part I)

Kaufmann, Corruption: The Facts. *Foreign Policy* No. 107 (Summer, 1997), pp. 114-131.

Doh, Rodriguez, Uhlenbruck, Collins & Eden, Copy with corruption in foreign markets. *Academy of Management Executive*, 2003.

Bodrock, The Shakedown (packet)

\*AES Hungaria (packet)

Presentations (if unable to schedule all on March 23)

## 23 March

Group presentations

## 6 April

Businesses and institutions: alternative approaches to understanding why businesses do what they do, and how to influence them

McKinley, Sanchez & Schick, Organizational downsizing: Constraining, cloning, learning. *Academy of Management Executive*, 1995.

Corruption, institutions & identity—cross-cultural issues; coping with systemic sources of ethics and corruption; corporate responses to corruption (part II)

\*AES-Telasi: Power trip or power play? (parts A, B, C; handout)

Power Trip (in class video)

## 13 April

Corruption, institutions & identity—cross-cultural issues; coping with systemic sources of ethics and corruption; corporate responses to corruption (part III)

\* Infosys in India: Building a software giant in a corrupt environment (packet)

Corporate social responsibility/corporate citizenship: Pro and con

Falck & Heblich, Corporate social responsibility: Doing well by doing good. *Business Horizons*, 2007.

Doane, The myth of CSR, *Stanford Social Innovation Review*, Fall 2005

([http://www.ssireview.org/articles/entry/the\\_myth\\_of\\_csr/](http://www.ssireview.org/articles/entry/the_myth_of_csr/))

Margolis, Walsh, Krehmeyer, Building the business case for ethics.

([http://www.darden.virginia.edu/corporate-ethics/pdf/business\\_case.pdf](http://www.darden.virginia.edu/corporate-ethics/pdf/business_case.pdf))

## 20 April

Normative foundations of business, market failures, and stakeholder expectations

\*G. Heileman Brewing Company (packet)

Does the free market corrode moral character? (Templeton Foundation symposium; various authors; download at

<http://www.templeton.org/market/PDF/BQ%20Market%20Essays.pdf>)

Business, culture, and the culture of business

McCabe, Butterfield & Treviño, Academic dishonesty in graduate business programs:

Prevalence, causes, and proposed action. *Academy of Management Learning & Education*, 2006.

## 27 April

Conflicting values in a global economy

\*IKEA's global sourcing challenge: Indian rugs and child labor (A) (packet)

\*Mattel and the toy recalls. (packet)

Giddens, The globalisation debate (introduction plus 4 installments).

[www.fathom.com/course/10701014/index.html](http://www.fathom.com/course/10701014/index.html).

Ghemawat, Why the world isn't flat. *Foreign Policy*, 2007.

Doing business with the world; World Business Council for Sustainable Development  
(<http://www.wbcsd.org/includes/getTarget.asp?type=d&id=MjY1Nzg>)

#### 4 May

Corporate responsibility & corporate citizenship: Managing the process

Johnson, How I turned a critical public into useful consultants. *Harvard Business Review*, 1993.

Yaziji, Turning gadflies into allies. *Harvard Business Review* 2004.

\*Monsanto's genetically modified organisms: The battle for hearts and shopping aisles

\*Wal-Mart's sustainability strategy (packet)

Fishman, The Wal-Mart effect and a decent society: Who knew shopping was so important? *Academy of Management Perspectives*, 2006.

#### 11 May

Group presentations

#### 18 May

Group presentations

#### **This is a copy of the scale used to determine participation grades.**

A: Visible, thoughtful, and regular involvement in class discussion. You got involved, and not just for the purpose of hearing yourself speak. Class members gave attention to what you said, and your comments almost were appropriate to the context.

B: Tending to be quieter, but active and alert enough that it was clear you were thinking about the issues being discussed. Comments, though offered less often than by an "A," almost always were appropriate to the issue or context.

C: Dutifully present for class, but either (a) without much indication of active participation or (b) participation in ways that were unclear, irrelevant or inappropriate. We couldn't always tell if you were following what was going on in class.

D or F: Like a C, but more problematic, such as having substantial self-imposed difficulties due to absences (which kept you from participating).

Use a "+" or "-" indicates that you were near the high or low end of the category in question.

**At the end of the semester, you should provide with feedback on the contribution of each group member toward your project.**

Please use the following process and criteria to evaluate the contribution of each member to your group project. For each group member, including yourself, assign a numerical score using the following scale, and also write a few sentences describing each group member's contribution.. In particular, uniformly high grades for all group members (e.g., all 5s) will require a convincing explanation. These evaluations are confidential.

**Numerical categories:**

5 Outstanding contribution. This person showed clear dedication to the project, and was responsible for making it as good as possible. This person contributed both great ideas and a *more-than-fair* amount of time and energy. The project would have been *much lower* in quality without this person's involvement.

4. This person was a very good contributor. Though his or her contribution might have lacked the insights or energy level of a person receiving a 5, this person still contributed good ideas and much time and energy. The project would have been *somewhat lower* in quality without having this person work on it.

3 A basically fair and honest contribution. Although this person did not go out of his or her way to generate good ideas or contribute time and energy, he or she did a good job on assigned responsibilities. Although the group still could have done a good job without this person, you're glad she or he was there to help. Responsibilities were carried out on time; you didn't have to wonder if this person would do what he or she was supposed to.

2 A barely adequate contribution. This person did contribute to the group, but it was a lackluster contribution showing little concern for the overall success of the project. There was a contribution in ideas or energy, but it only was just enough to keep other group members from really getting angry. Work wasn't always done on time, and it seemed like this person always preferred to being doing something else. The group might have had a higher grade without this person being involved.

1. An inadequate contribution. This person refused to accept responsibilities and complete a minimally fair share of the work. You never were quite sure if this person was "on board" for the project. Work was done late, or poor quality. Your grade definitely would be higher had this person not been part of your group.