

**Ethical Issues in the Business Environment**  
Business Administration 840  
University of Delaware MBA – Spring 2012  
Section 050 Tuesdays, 6:00 to 8:45PM  
Section 051 Wednesdays, 6:00 to 8:45PM  
(Revised 30 January 2012 – Subject to further revision)

Instructor: Dr. Gary R. Weaver

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/840syllabusSpring2012.pdf](http://www.buec.udel.edu/weaverg/840syllabusSpring2012.pdf).

### **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. 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 remainder of the readings are available for purchase and download from Harvard Business School Publishing. These readings are indicated in the syllabus by "HBSP". Follow this link to purchase the Harvard case materials: <http://cb.hbsp.harvard.edu/cb/access/12713759> (you will need to create an account/user id to access the materials). The total cost is about \$45.

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). For a few articles, instead use the electronic journals (E-journals) search bar on the library's homepage.

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 “UDeNet” id and password). All of you received a user id when you first enrolled as students.

## **Grading**

In recent years the meaning of grades has become distorted by grade inflation in many classes at many universities and colleges. This has led many students to consider any grade less than an “A” as unsatisfactory, or as an indication of failure. I do not think this way. In this class, however, a “B” is a very respectable grade, and “A” is reserved for truly extraordinary accomplishment.

Grades will be based on the following elements:

### **Participation – 25% 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.) If you are unable to attend a class, you should communicate with me about that before the class if possible, and otherwise immediately after the class. For details on the university’s excused absence policies, see <http://www.udel.edu/provost/fachb/III-1-1-attendance.html>.

### **Final Exam – 25% of semester grade**

During April 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 21.

### **Quizzes – 15% of semester grade**

There will be 7 short quizzes during the semester (5 to 10 questions, up to 10 about minutes long). These quizzes will cover the reading assignments scheduled for the day of the quiz. Your 5 highest scoring quizzes together will count for 25% of your grade (5% per quiz). The purpose of these quizzes is to make sure you start thinking about the reading materials before you come to class. Quizzes will be given during the first 30 minutes of class on the dates indicated in the schedule (below).

### **Group Projects**

Form groups of 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 grade)*** – Prepare a summary of two recently published research articles on business ethics, corporate responsibility, or related social or political issues in business. Early in the semester you will receive a handout with more detailed instructions on this task. Your presentation should describe the key insights, findings and implications of the articles, and also try to link them to topics we cover in class. For example, how do the insights of the articles help to analyze one or more of the cases we have discussed? How do the articles add to our knowledge of behavioral, social, or evaluative issues in business ethics? You may use PowerPoint slides or any other means (for example, handouts) that you think is appropriate for informing your audience about the articles.

***Second project (due near end of semester) – 20% of semester grade:*** This project requires you to offer a presentation to the class. The presentation should take about 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.

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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.

Prior to each presentation date, I will meet briefly with each group to review your selected articles/topics. You should be prepared to outline your approach to your articles/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 "HBSP" are in the set of cases available from Harvard Business School Publishing (<http://cb.hbsp.harvard.edu/cb/access/12713759>). 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).

### **7/8 (Tuesday/Wednesday) February**

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

### 14/15 February

Managing ethics in organizations: Organizational pressures on individual behavior; social psychology of ethical behavior.  
Milgram electric shock experiment (video in class)  
Geddes, Blueberries, accordions, and Auschwitz: The evil of thoughtlessness. *Culture*, 2008. [http://www.iasc-culture.org/eNews/2008\\_10/Geddes\\_CultureF08\\_LoWeb.pdf](http://www.iasc-culture.org/eNews/2008_10/Geddes_CultureF08_LoWeb.pdf)  
Orwell, Shooting an elephant <http://www.online-literature.com/orwell/887/>  
Conflict on a trading floor (HBSP)

### 21/22 February

#### QUIZ

Managing ethics in organizations: Cognitive frameworks and institutional contexts  
Sells, What asbestos taught me about managing risk, *Harvard Business Review*, 1994  
Lee & Ermann, Pinto "madness" as a flawed landmark narrative: an organization and network analysis, *Social Problems*, February 1999.  
Snook, Friendly Fire (HBSP)

### 28/29 February

#### QUIZ

Managing ethics in organization: Leadership matters  
Brown, Misconceptions of ethical leadership: How to avoid potential pitfalls. *Organizational Dynamics*, 2007. (Access via library's Electronic Journals database)  
Uhl-Bien & Carsten, Being ethical when the boss is not. *Organizational Dynamics*, 2007. (Access via library's Electronic Journals database)  
Beechnut Nutrition Corporation A1 (HBSP)  
Stanford Prison Experiment (in class video)

### 6/7 March

#### QUIZ

Managing ethics in organizations: Organizational pressures on individual behavior; social psychology of ethical failure (continued); leadership matters (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  
Legal expectations for managerial responsibilities.  
U.S. Department of Justice—Holder-Thompson-McNulty-Filip memoranda & policies. Skim the following:  
<http://www.justice.gov/opa/documents/corp-charging-guidelines.pdf>

### 13/14 March

Corruption, institutions & identity—cross-cultural issues; coping with systemic sources of ethics and corruption; corporate responses to corruption; political risks and issues (part I)  
\*AES-Telasi: Power trip or power play? (parts A, B, C; these are a handout you will receive at an earlier class meeting)  
Power Trip (in class video)  
Kaufmann, Corruption: The Facts. *Foreign Policy* No. 107 (Summer, 1997), pp. 114-131.

### 20/21 March

Group presentations

### 3/4 April

#### QUIZ

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

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

Bodrock, The Shakedown (HBSP)

Infosys in India: Building a software giant in a corrupt environment (HBSP)

Corporate social responsibility/corporate citizenship: pro & con (part I)

### 10/11 April

#### QUIZ

Corporate social responsibility/corporate citizenship: Pro and con (part II)

Falck & Heblch, 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))

Market failures and stakeholder expectations

G. Heileman Brewing Company (HBSP)

### 17/18 April

#### QUIZ

Business, culture, and the culture of business

Corporate responsibility & corporate citizenship: Managing the process (part I)

IKEA's global sourcing challenge: Indian rugs and child labor (You only need to read the A part of the case prior to class) (HBSP)

IBM's values and corporate citizenship (HBSP)

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

### 24/25 April

#### QUIZ

Corporate responsibility & corporate citizenship: Managing the process (part II)

Monsanto's genetically modified organisms: The battle for hearts and shopping aisles (HBSP)

Wal-Mart in Europe (HBSP)

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

### May 1 (Tuesday) only:

Ethics, institutions and the financial crisis of 2008.

Listen to these audio programs:

<http://www.thisamericanlife.org/radio-archives/episode/355/the-giant-pool-of-money>

<http://www.thisamericanlife.org/radio-archives/episode/390/return-to-the-giant-pool-of-money>

Watch this video program:

<http://www.pbs.org/wgbh/pages/frontline/madoff/view/>

Come to class prepared to analyze the origins and nature of (a) the financial crisis, and (b) the Madoff affair.

### May 2 (Wednesday) only:

Group presentations

**May 8/9 (Tuesday & Wednesday)**

Group presentations

**May 15 (Tuesday only)**

Group presentations

**Final exam (take-home) due 5PM May 21**

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**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.