

Cedar Crest College

Title: Business Ethics

Catalog Number: BUA 281

Instructor: W. Michael Donovan, MBA, CMA
Office Hours: Monday, 4:00pm – 6:00pm
Wednesday 1:00pm – 2:00pm
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Credits: 4

Prerequisites: BUS 110 or SOC 100, or PHI 100, or PSC 201

Fall 2009

Catalog Description:

An examination of how ethical and moral considerations are intertwined with the role of business and its search for legitimacy within our society. Business must identify various organization stakeholders, recognize the conflicting demands that emanate from each, and develop management behaviors, policies and practices that are acceptable to as many as possible. Special consideration is placed on the political, legal, social, environmental and technological pressures facing business today. Changing ethical and moral standards as businesses transcend political and cultural boundaries in the global marketplace merit attention. Real-life and hypothetical case study situations are used to enhance the classroom experience. Half of the course experience is spent in service-learning within an organization.

Course Objectives:

This course goes beyond providing students the opportunity to explore the major theories of ethics and social justice, as well as, their own values and beliefs, in the context of an individual's responsibility to her community. The course also introduces the complexity of ethical dilemmas caused by market-based systems and the reality of workplace environments that can distort value systems or moral standards. It considers the additional tension that exists between individuals and organization, in particular those organizations that must meet goals stimulated by a market-based society. Organizations are run by individuals and exist in communities. Effort to provide for society's needs

through the use of organizations introduces competing interests that often produce conflict and ethical dilemmas caused by different assumptions about value systems. In particular, society creates either formal or informal “institutions” that maintain order and sustain a particular way of life. A student’s experience in this course should provide insight to methods by which responsible decisions are made within the context of social needs and differing value systems among various participants within and outside of organizations.

Outcomes/Assessment:

- Upon completion of the course, students are able to:
- Describe fundamental structures of consequential, deontological, and virtue theories of ethical behavior.
- Identify variety in personal belief systems and their contribution to individual behavior or choices.
- Explain the role of organizations and the framework by which they measure themselves.
- Describe the nature and challenge of society coordination with particular attention to the manner by which society maintains self-control.
- Compare and contrast social institutions that exist to provide coordination in society.
- Identify the existence of differing value systems and their contribution to choices made by individuals and their willingness to enter into conflict.
- Describe various sources of authority and their impact on human behavior.
- Compare and contrast the concepts of individual and general will.
- Expand the amount of information sought when making decisions that produce ethical risks.
- Make decisions that include the consideration of moral and social responsibility.
- Synthesize the experiences of an on-site experience with the lessons of the course.
- Forecast and describe potential ethical dilemmas within organizations.

Outcomes are assessed through, essays, class discussion, and a semester long assessment of a personal ethics situation.

Student Evaluation and Grading

Students must complete the following as minimal requirements. These requirements require both classroom and service learning experience to complete successfully:

40% - five short essays (1-2 pages)

10% - On-site journal

10% - Lead class discussion for 30 minutes
20% - Ethical situation analysis (5-8 pages) based on service learning location.
20% - Class participation and attendance

100%

The short essays ask students to consider ethical dilemmas and to react to them using course lessons and personal values/beliefs. Assessments are in terms of logical development and clarity, not by the opinions of the student.

Students will lead class discussion for one hour by using the questions indicated in the syllabus and applying them to reading and current events.

Students will choose an ethical dilemma (actual or potential) that they observe during their on-site experience. They are to analyze the situation and make recommendations for action by using tools learned in the course.

Evaluation of class discussion is in terms of relevance and contribution to a topic. Please try to develop comments based on lessons on the course and sound, rational thinking that extends our perspective. However, insightful, thought-provoking questions are encouraged and treated favorably in the evaluation. Significant effort is spent having students gain new perspective on the world in which they live. Thus, bringing in news from outside readings is useful.

There are no extra credit opportunities. Students should focus on the course requirements, and they will do fine.

Grading Guidelines for Written Material

Any written material submitted for grading should contain all of the following elements:

Match the requested style requirements defined by the instructor.

- Have a clear, plausible thesis or focused point stated in the introduction.
- Evidence which is both necessary and sufficient to defend the focused point. Avoid wandering from the focused point.
- As required, in longer pieces, a conclusion which reinforces the thesis or focused point, gives its significance, and places it in a wider context.
- Correct spelling, grammar, and mechanics
- Factual accuracy.
- Thoughtful analysis (the use of relevant tools to examine material) and interpretation throughout.
- Originality; personal discovery of new ideas (concepts).

The following guidelines are used to assign each range of letter grades:

F The paper fails to meet minimum requirements.

D (D to D+) The material contains major errors of fact or major misunderstanding of key issues. It lacks a clear train of thought or expresses ideas incoherently. Mechanics (grammar, etc.) and structure are poor.

C (C- to C+) The material summarizes facts accurately but fails to state significance, or it has a focused point (thesis) but fails to support it with adequate and appropriate evidence. Structure and mechanics are generally correct. (Definition of “significance.” The quality of being worthy of attention; importance: adolescent education was felt to be a social issue of some significance: The meaning to be found in words or events. Definition of “meaning.” To show, imply, convey – especially to help with understanding.

B (B- to B+) In addition to factual accuracy and correct mechanics and structure expected of “C” work, the material has a point of view and demonstrates an understanding of major concepts developed within the course. The focused point is well developed with adequate and appropriate specific examples. Examples are important!

A (A- to A) In addition to the expectations for “B” work, the material goes beyond the basic requirements of the question. It does not merely summarize what books and/or the instructor have said on the question, but demonstrates original thinking. It sets the problem in a broader context, sees the relationship among ideas, and is written clearly and convincingly. Getting an “A” Does not mean the bare minimum. There must be a demonstration of insight to the lessons of the course and the purpose of the assignment.

Grading guidelines for class discussion:

F – Exhibits virtually no involvement in discussions.

D (D to D+) Demonstrates infrequent involvement in discussion. Points that are made do not show understanding of material, adequate preparation, or a willingness to offer original thoughts. Instead, there are repetitious or superficial comments.

C (C- to C+) Demonstrates adequate preparation. Knows basic facts, but does not show evidence of interpretation or analysis. Offers information straight from readings without elaboration or analysis.

B (B- to B+) Good preparation by knowing facts well and thinking about implications. Offers interpretations and analysis of material. Contributes frequently and interestingly to the conversation. Responds to student points. Thinks through own points. Asks questions constructively. Helps to consider alternative points of view.

A (A- to A) Excellent preparation by analyzing material deeply and thoroughly. Relates cases and discussions to readings and other material. Offers analysis, synthesis, and evaluation of material. Brings pieces together to help forward learning in the class.

Contributes often. Stays focused. Responds to comments of other students productively. Cooperative in debates.

Policy on Plagiarism

In the event of suspected plagiarism, I will let the student know of my concerns. Sometimes plagiarism is not intended and short passages (or the ideas of other authors) are merely not footnoted correctly. In fact, in cases where plagiarism has occurred, students have claimed that they have not done so. Every student should review the college's catalog and student handbook for an explanation of the concept. However, if a major component of any work is copied, the student risks receiving a failing grade for the assignment or for the course without discussion. She may follow college policy to appeal the grade.

Text, Tools, and/or Supplies

Hoffman, W.M., Frederick, R.E., Schwartz, M.J. (2001). *Business Ethics: Readings and Cases in Corporate Morality, 4th Edition*. McGraw-Hill.

Reading Packet.

Students must have a Cedar Crest College email.

ECompanion will be used to communicate during the week and to submit homework.

Course Detail (Students should plan on having all material read during the period designated)

Weeks 1 and 2, The Person – Beliefs and Their Impact on Behavior

Purpose: To have the student focus on a starting point for considering how we live.

Key Terms: *Attitude, Ambition, Virtue, Character, Integrity*

FIRST WEEK. Hoffman: Introduction and Chapter 1. Case beginning on page 129 (Why Should My Conscience Bother me?)

FIRST WEEK. Paul Simon and Art Garfunkle, Lyrics to *I am a Rock*.

SECOND WEEK. Friedrich A. Hayek. (1948). *Individualism: True or False in Individualism and Economic Order*. Chicago: Gateway Edition, Henry Regnery Company.

SECOND WEEK. John Dewey. (1991). Chapter 1 in *How We Think*. Buffalo, New York: Prometheus.

- Questions
 - Try to totally divorce yourself from any other outside influence and describe what is truly important to you and you alone? Can you explain why?
 - As you approach the world on a daily basis, can you explain what prompts and stimulates your thinking process?
 - If you make a decision that affects others, what comes to mind? Your ends or theirs?

Week 3, Society – The Reality that Others Exist

Purpose: Broaden the perspective and reflect on how others affect us and that we do not live alone.

Key Terms: *Norms, Habits, Prescriptions, Consequences*

Hoffman: Chapter 2 (Articles that start on pages 87, 95, and 99). Case on page 128. (Framework for Ethical Decision Making)

Adam Smith. (1982). Readings from *The Theory of Moral Sentiments*. Indianapolis: Liberty Classics.

Victor Havel's New Year's Address

The Samaritan's Dilemma: Should government Help Your Neighbor. Deborah Stone. Address given at the Monadnock Summer Lyceum, July 5, 2009.

- Questions
 - Discuss what you feel like when you have sympathy or empathy for others.
 - Can people work together for a common goal? What if that goal affects the life of others outside a particular group?
 - When should we think of others in our decisions and actions? Try to explain Bentham and Kant's theories in your own words.

Week 4, The Organization – In Search of Results and Efficiency

Purpose: To get work accomplished, sub-groups form and develop their own small societies that answer to specific goals.

Key Terms: *Growth, Property, Measurement Outcomes*

Hoffman: Chapter 3 (Articles beginning on page 147, 156, 160) and 4 (articles beginning on page 189, 204). Case on Page 231 (Not a Fool, Not a Saint).

Richard Sennett. (2006). Chapter 1 in *The Culture of New Capitalism*. New Haven, Connecticut: Yale University Press.

Gareth Morgan. (1997). Introduction and Chapter 1 in *Images of Organization*, 2nd Ed. Thousand Oaks, California: Sage Publishing.

- Questions
 - As you interact with the organization in which you are working, what do you see as measurement of success?
 - What is the organization trying to achieve and how well does it do?
 - Is the organization efficient? Do you ever see efficiency ignored for the sake of other goals?

Week 5, Institutions – How they differ from organizations

Purpose: Society organizes itself to coordinate. People and organizations must either abide or reject these institutions.

Key Terms: *Constraints, Law, Morals, Coordination, Tools*

Hoffman: Chapter 5 (pages 257-302). Case on page 363 (Landscape).

Douglass C. North. (1990). Chapters 1, 2 and 5 in *Institutions, Institutional Change and Economic Performance*. Cambridge, England: Cambridge University Press.

Mary Douglas. (1986). Introduction and Chapter 1 in *How Institutions Think*. Syracuse, New York: Syracuse University Press.

- Questions
 - Institutions are hard to understand, but they represent systems by which society achieves coordination and control. Are there legal constraints on the organization in which you work? Why do you think they exist? What could go wrong without the constraints?
 - Beyond the law, what do you see as common ways of going about the organization's daily business? What factors define and constrain those activities? Are they formal rules of generally accepted principles?
 - As people go about their work, are they rationally making decisions, or are emotions and feelings coming into play?

Week 6, Passions vs. Interests – The Rise of Commercialism

Purpose: The business system is one of the institutions that help to control society's dark side through incentives.

Key Terms: *Violence, Power, Wealth, Contract, Capital, Savings, Profit*

Hoffman: Chapter 6 (Pages 303-360). Case on page 367 (Texaco: The Jelly Bean Diversity Fiasco).

Albert O. Hirschman. (1977). Part 1 in *The Passions and the Interests*. Princeton, New Jersey: Princeton University Press.

Benjamin Friedman. (2006). The Moral Consequences of Economic Growth. *Social Science and Modern Society* 43 (2). January/February 2006.

- Questions
 - Profit and reward within the capitalistic system seem to keep people in check. What keeps your organization from diverting from a moral path?
 - Is growth ethical?
 - Who gets hurt with growth and the pursuit of profit?

Week 7, Motivation and its Dark Side

Purpose: What causes good people to become bad?

Key Terms: *Needs, Goals, Aspiration, Dreams*

Hoffman: Chapter 7 (Pages 379-427). Case on page 497 (The Ford Pinto) and 503 (The Ethics of Marketing: Nestle's Infant Formula).

David George. (2006). Moral Implications of Preference Change. *Social Science and Modern Society* 43 (2). January/February 2006.

Thorstein Veblen, Readings from *The Theory of the Leisure Class*

William George. (2004). *Note on Why Leaders Lose Their Way*. Boston: Harvard Business School Publishing.

- Questions
 - It seems easy to say, “stay ethical.” How do needs, goals, dreams contribute to people not adhering to ethical principles?
 - Will material interests overwhelm any hope of societal compassion and fairness?

Week 8, Decisions from Within

Purpose: What prompts us to make personal decisions?

Key Terms: *Obligation, Duties, Loyalty, Truth, Dependence*

Hoffman: Page 566, Corporate Policy and Ethics of Competitor Intelligence Gathering. Page 449, Dilemmas of Disclosure: Ethical Issues in Environmental Auditing.

Jane Jacobs. (1992). Chapters 1-4 in *Systems of Survival: A Dialogue on the Moral Foundations of Commerce and Politics*. New York: Random House.

Albert Z. Carr. (1967). *Is Business Bluffing Ethical*. Boston: Harvard Business School Publishing.

Immanuel Kant. (2002) Ethical Duties Towards Others: “Truthfulness.” in *Ethical Issues in Business: A Philosophical Approach, 2nd ed*, Thomas Donaldson, Patricia H. Werhane, and Margaret Cording, Editors. Upper Saddle River, New Jersey: Prentice Hall.

- Questions
 - The characters in Jane Jacob’s book discuss living a life that is driven either by commercial/market motives or guardian of society motives. Do you see yourself as wanting a commercial life or a guardian life?
 - Are we duty-bound to care about others?
 - Do we always have an obligation to tell the truth?
 - Do we have duties that force us to give up what we want? Examples of why or why not?

Week 9, Expectation – A Personal Source of Control or Vice

Purpose: What checks us when making decisions?

Key Terms: *Rights, Responsibilities, Entitlement*

Hoffman: Page 613, The Importance of Leadership in Shaping Business Values.

Jerry Muller. (2006). The Neglected Moral Benefits of the Market. *Social Science and Modern Society* 43 (2). January/February 2006.

Martha Minow. (1990). Chapters 1 and 2 in *Making All the Difference: Inclusion, Exclusion, and American Law*. Ithaca, New York: Cornell University Press.

- Questions
 - What do you expect out of life?
 - Are you entitled to anything? What might they be?
 - How does the market or a job help you achieve expectations?
 - Do you ever see consequences in having expectations? Example?

Weeks 10, Taking Action – Free Will, the General Will, and Moral Values

Purpose: The conflict between personal needs and social demands.

Key Terms: *Liberty, Security, Opportunity*

Hoffman: Page 584, Can a Company Be Too Ethical? Page 631, The Case of the Contested Firearms.

Samuel C. Florman. (1987) Chapters 7, 8, and 15 in *The Civilized Engineer*. New York: St. Martin's Press.

Samuel C. Florman. (1996). Chapter 9 in *The Introspective Engineer*. New York: St. Martin's Press.

George Stalk, Jr. and Rob Lachenaour. (2004). *Hardball: Five Killer Strategies for Trouncing the Competition*. Boston: Harvard Business School Publishing.

- Questions
 - You are free to act as you wish, or are you?
 - Should a scientist or engineer consider his or her impact on society?
 - Identify conflict between individual free will and general will within your organization.

Week 11, When Moral Conflict Occurs – Decisions Made by Others

Purpose: Managing ethical conflict.

Key Terms: *Fairness, Equity, Justice, Diversity*

Robert Axelrod. (1984). Chapter 1 in *The Evolution of Cooperation*. New York: Basic Books.

Michael Harrington. (1962). Chapters 1 and 2 in *The Other America*. New York: Penguin Books.

Gareth Morgan. (1997). Chapter 9 in *Images of Organization*, 2nd Ed. Thousand Oaks, California: Sage Publishing.

- Questions
 - You attempt to cooperate with someone and they look out for their own interests. How do you feel? What is your response?
 - Do you see yourself cooperating easily with people who are not members of your social group?
 - Do you feel that you are exploited or domineered by the organization in which you are working? If not, why?
 - In addition to the wage gap, what other examples of domination seem to exist in organizations?

Week 12, Control – What are the Rules of the Game?

Purpose: Understanding that the rules are dynamic and hard to understand.

Key Terms: *Authority, Accountability, Incentive, Prescriptions, Constraints, Coordination, Enforcement*

Hoffman: Page 598, Feminist Morality and Competitive Reality: A Role for an Ethic of Care.

John McMillan. (2002). Chapter 17 in *Reinventing the Bazaar: A Natural History of Markets*. New York: W.W. Norton and Company.

Friedrich Engels. (1988). Introduction to *The Conditions of the Working Class in England*. New York: Penguin Books.

Paula England and Nancy Folbre. (2005), Gender and Economic Sociology in *The Handbook of Economic Sociology*, 2nd ed., Neil J. Smelser and Richard Swedberg, editors. Princeton, New Jersey: Princeton University Press.

- Questions
 - Who makes the rules? Do you have a say in making those rules? Are there rules beyond your control?
 - What do you think of your participation within the marketplace? What do you think it would take to improve your well-being and standard of living?
 - Is the market fair?

Week 13, Living in Peace

Purpose: What holds the system together?

Key Terms: *Trust, Caring, Compassion, Commitment*

Hoffman: Page 553, Can Ethical Management and Managed Care Coexist?

Francis Fukuyama. (1995). Chapters 5, 6, 23, 24, 26, 31 in *Trust*. New York: Free Press.

Robert Putnam. (2000). Chapter 1 in *Bowling Alone*. New York: Simon & Schuster

- Questions
 - Is trust an idealistic concept?
 - Do associations of people matter? How are they beneficial? How are they not beneficial?
 - Do we help the homeless so that we do not see them on the streets and feel awkward?

Week 14, Sustaining an Ethical Life

Purpose: Is it possible to build and maintain an ethical community/organization?

Key Terms: *Transmission, Intellect*

Sen, Amartya. (1999). Chapters 11 and 12 in *Development as Freedom*. New York: Anchor Books).

- Questions
 - What does it take to build and maintain an ethical community/organization?
 - Is it possible?
 - What did you learn in this course?
 - Did you change some of your beliefs or attitudes?