

Today's Agenda

1. **Homework debrief.**
2. **Finishing Team Discussion (Week 3)**
3. **Finishing Kidder (Week 3)**
4. **Confucian Ethics and Indian Ethics**
5. ***Enron: The smartest guys in the room (1:46)***
handout: questions to ponder
6. **HW for Noa: handout: Domains of Life & Related Values**

Confucian Ethics

Kongfuzi or Confucius (550–479 B.C.) has influenced over 2000 years of thought in China and beyond.

Master Kong developed the three principles of *Li*, *Ren*, and *Junzi*.

***Li*: the ideal standards of conduct: religious, moral, and social.**

***Ren*: the virtues of goodness and benevolence; a recognition of value and concern for others. (*Jen* in Giles-Wade.)**

The Silver Rule:

“Don’t do unto others what you would not like them to do to you.”

***Li* provides a structure for social interaction**

***Ren* makes it a moral system.**

Junzi

Junzi (or *Chun-Tzu*, ruler's son, in Giles-Wade):

**the true or virtuous gentleman or person
he who lives by the highest ethical standards,
and displays the five virtues:**

- 1. self-respect**
- 2. generosity**
- 3. sincerity**
- 4. persistence**
- 5. benevolence**

Junzi

Relationships:

as a son	loyal
as a father	just and kind
as a husband	righteous and just
as an official	loyal and faithful
as a friend	faithful and tactful

Note: Confucius held that we are inherently good creatures.

Against Christianity: ? Original sin.

see <http://www-chaos.umd.edu/history/ancient2.html> for discussion of his disciples Meng Zi and Xun Zi and the schools of Literati and Legalism and of yin-yang and of Mo Zi.

Questions after watching *Enron*, the movie

- 1. Is this a movie about one bad apple and its egregious practices? Or is Enron an example of corporate culture at large?**
- 2. Taking the latter idea one step further, does the film portray an inevitable dark side of human nature, of hubris and arrogance? Or are the real problems capitalism and deregulation? Could a strong watchdog mentality at the Securities and Exchange Commission have stopped Enron's relentless efforts to deceive?**
- 3. In 1978, a Harvard Business School professor asked his students what they would do if they discovered that a product they manufactured was potentially harmful. "I'd keep making and selling the product," replied Jeff Skilling, who went on to become Enron's president. "My job as a businessman is to be a profit center and to maximize return to the shareholders. It's the government's job to step in if a product is dangerous." If you were dean of Harvard Business School, what books or other works would you require students study to learn ethics and honesty?**

- 4. Does it surprise you to hear that Skilling was right? Corporate charters—and subsequent court cases—have affirmed that business should be conducted “primarily for the profit of stockholders.” Should corporate charters include ethical responsibilities—such as worker and environmental protections—in addition to legal and economic ones? How would you ensure that such provisions aren’t what the California Chamber of Commerce calls “job killers”?**
- 5. At Enron’s top levels, executives knew of their wrongdoing, but everyone passed the buck. Other than changing business laws, how can we influence the “bottom line” mentality of corporations that puts fast profits ahead of ethics and basic honesty?**
- 6. The business-journalism community of the late 1990s was infatuated with the ongoing economic boom, as were many Americans who watched their stock values soar. This gave Enron plenty of cover. How do we maintain a critical eye even when we may profit from the status quo?**

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- 7. Among the overabundance of villains and people who looked the other way are a few heroes: Sherron Watkins, the Enron vice president and whistle-blower who repeatedly tried to steer her company in the right direction; an Enron trader who lost his job when he questioned the company's numbers; and Bethany McLean, the *Fortune* magazine reporter who first scrutinized the company for the general public. Does this give you hope that a handful of people can make a difference?**

Homework

Three readings: Steidlmeier (CD), plus handouts on “Big Brother in China”, the Classic Container Corp., and AWB.

Questions for this week:

- 1a. 1a. What is the ethical significance—if any—of cultural differences in business?**
 - 1b. Think about this: when in Rome, do as the Romans do. When people behave like barbarians in Rome, the Romans resent it. Is it not the same in business today?**
 - 1c. On the other hand, if the standards that prevail in Dallas (or Baghdad) are not the same in Sydney, then what is the point of having them?**
 - 1d. Can areas of difference be partitioned so that MNCs can be culturally sensitive yet ethical according to their own corporate lights?**
- 2 Reflections of the week.**