

AUSTRALIAN GRADUATE SCHOOL OF MANAGEMENT

Business Ethics

The Social Responsibility of Business?

This is individual work. Choose *one* of the following topics. Write no more than 2000 words on the topic. The topics are intended as problems in conceptual analysis. Your answer should be based on your own thinking and viewpoint, but drawing on the assigned readings and classroom discussion. Be concise; avoid irrelevancies and merely stating your views or summarizing your readings. Examples should be used to highlight your conceptual analysis, but examples are no substitute for analysis. Beware of confusing descriptive (“what is”) with prescriptive (“what ought to be”) in either your interpretation of the topic or your answer. Give proper citations to all references, including URLs, dated. All answers must be typed. Due 4pm Friday, **29th October** (email or h.c. OK).

See <http://www.agsm.edu.au/bobm/teaching/Writing/essaywriting.html> for Notes on Writing.

1. The current orientation of business schools to thinking about social responsibility owes much to Peter Drucker. In his 1984 book, *Frontiers of Management*, he argued “the first responsibility of business [thus] is to make enough profit to cover the costs for the future. If this social responsibility is not met, no other social responsibility can be met.” He then goes on to argue that “...the proper social responsibility of business ... is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth.”

Write an essay either supporting or challenging this viewpoint. Beware of confusing description with prescription.

2. Professor Joe Badaracco of Harvard has said, “If you’re working for a for-profit company, your principal obligation is to work for the economic interests of the owners of the business. In cases of conflict between this obligation and your own values and interests, you should try to do both. Neither: ‘These are my values; I quit’ nor ‘This is what the company wants — that’s what I’m going to do, unthinkingly.’ Heroism — martyrdom, whistleblowing, quitting over principles — should be the last resort.”

Write an essay either supporting or challenging this viewpoint.

3. Ray Anderson, CEO of Interface, Inc., the world’s largest producer of commercial floor-coverings, has said, “The idea that business operates in its own self-interest needs to be modified. The idea that regulations are all you have to do is like saying ‘Act as bad as the law allows.’ That’s not good enough. Enlightened self-interest dictates a different attitude, such as, ‘Beyond regulation. Beyond compliance.’”

Write an essay either supporting or challenging this viewpoint. Beware of confusing description with prescription.

4. A report some years ago of the Conference Board, a research organization largely financed by American companies, showed that many business executives believe they have not only the right but even the obligation to pay bribes and kickbacks abroad to win contracts for their companies. One vice-president said:

“Whatever your moral views may be, the fact is that if you are going to do business in those countries and remain competitive, some such payment must be made.”

Write an essay arguing a case for or against the payment of bribes and kickbacks.

5. Professor Howard Raiffa of the Harvard Business School calls lying in business in order to improve one’s bargaining position “strategic misrepresentation,” [or “terminological inexactitude”?] He states, “In strategic negotiations ... it is unfortunately not always true that complete, unadorned, open honesty is the best policy.”

Write an essay either supporting or challenging this viewpoint, including answers to the questions: Is honesty in business not always the best policy? Is the right to lie one of the necessary freedoms of our economic system? Under what business circumstances would you feel justified in lying or misrepresenting your position? (For example, would you feel obligated to be truthful about the price at which you would sell a factory?) How would you feel about prospective employees “up grading” items on their business résumés because “others do the same”?

6. A Corporate Sea Change?: In his 1967 book, *The New Industrial State*, John Kenneth Galbraith wrote of business executives of that time:

“Management does not go out ruthlessly to reward itself — a sound management is expected to exercise restraint. ... With the power of decision goes opportunity for making money ... Were everyone to seek to do so ... the corporation would be a chaos of competitive avarice. But these are not the sort of thing that a good company man [sic] does; a remarkably effective code bans such behaviour. Group decision-making ensures, moreover, that almost everyone’s actions and even thoughts are known to others. This acts to enforce the code and, more than incidentally, a high standard of personal honesty as well.”

A recent article in *BRW* stated: A CEO’s average pay in Australia has risen from about 20 times the average wage in the early 1990s to about 70 times in 2004.

- a. Has there been a change in corporate culture over the past generation? If so, how?
- b. What of attitudes and morality — have they changed? If so, how and why?

- c. Does your answer to a) shed any light on how to reverse these changes, if they have occurred? How?
7. Write on one of the 14 topics/case studies handed out in class on Week 1 that the teams considered presenting in class. Go beyond the questions asked with the cases — look at the six questions below, and show imagination in the questions you answer.
 - i. What are the salient facts in this case, ie. what facts are relevant to making an ethical decision about the case and what facts are irrelevant? Define the decision to be made.
 - ii. Who are the people and organisations who will be affected by your decision? In what ways will they affect your decision?
 - iii. What moral reasoning is involved in this case? Go through the moral reasoning for your intended decision and indicate why you believe it to be sound.
 - iv. What part does the culture of the organisation play in the formulation of the issue and the decision making process? How will this culture be affected by the decision you advocate?
 - v. What ethical principles are relevant to deciding the case? What consequences will the decision have for those who make it; for those who carry it out; for the organisation and its customers?
 - vi. Are there analogous cases to help in your decision? How are they useful?