

IP: Business Ethics

September 27 – October 1, 2004

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Testimonials from previous years:

“the best IP I did and one of my top 5 courses”

“good ethics can mean good economics”

“good management isn’t just about meeting bottomlines anymore”

“I have no hesitation in recommending the Business Ethics IP ... an opportunity to take stock of your value system before launching back into the 'jungle'”

“I thoroughly enjoy the subject”

MODERN BUSINESS is conducted in a climate of society’s expectations of managers’ behaviour. This climate derives partly from tradition and partly from responses to recent developments, such as e-commerce and, unfortunately, recent corporate collapses. The demands that this climate imposes on business are sometimes misconceived or confused, but their impacts on business are undoubted. This IP considers the ethical responsibilities of managers and corporations. We shall examine the fundamentals of moral reasoning in dealing with the ethical problems and dilemmas of business. We shall also identify the limits of ethics, and distinguish genuine from mistaken ethical requirements in business.

The aim of the IP is to assist you to recognise ethical issues that will confront you in your business careers, and to develop your understanding and analytical skills in the resolution of ethical problems and dilemmas.

The IP will introduce you to the basics of moral theory and moral reasoning and then discuss a variety of ethical issues in business, such as the morality of markets, corporate responsibility and regulation, codes of ethics and international business ethics. Lectures and case-study seminar discussions will be complemented with rôle plays and video materials.

Methods of instruction will include classes on basic moral theory and reasoning, case studies, exercises, and presentations.

This IP is designed:

1. To develop moral awareness in individuals who, while under severe time pressures, will be faced with a constant stream of decisions about situations that rarely come labelled as “ethical dilemmas.”
2. To inspire and empower you to imagine solutions to envision a personal rôle in shaping a positive future.
3. To depict business as a social system of responsibilities, commitments, relationships and purposes.
4. To see relationships based on respect, honesty, fairness and trust as fundamental to the effective and ethical functioning of organizations.

5. To instil a recognition of a leader's responsibilities toward employees, customers, community, suppliers and owners.
6. To suggest how ethical awareness can provide benefits to an organization.

By the end of this IP, you should be able to:

- a. recognise and anticipate ethical issues in a range of business activities;
- b. use appropriate concepts and methods of reasoning to understand and resolve ethical problems and dilemmas in management;
- c. feel confident in explaining the importance of ethical considerations to stakeholders in business;
- d. use ethics imaginatively to enhance business decision making;
- e. recognise the value position you bring to management;
- f. identify some common forms of ethical failure and success in corporations;
- g. recognise that arguing for an ethical position is not mere preaching.

Among some of the thematic questions that arise in business ethics are the following: What, if any, are the social responsibilities of businesses? Under what conditions are managers obliged to become whistleblowers? How should multinational enterprises manage the problems of cultural relativism? In addition to these central kinds of questions, business ethics also includes such issues as workplace privacy, sexual harassment, employee rights, product liability and consumer rights, truth in advertising, and the nature of ethical managerial decision-making. Business ethicists proceed methodologically by taking the theoretical work of moral philosophy that throughout history has developed an assortment of theory, principles and concepts in ethics and applying these to the seemingly intractable questions of business ethics.

Assessment

The IP will be graded as Satisfactory/Unsatisfactory. There will be four items for assessment, and you must submit all four:

- I. Your written responses to several ethical dilemmas. (5%)
- II. Your critique of an expert's responses to these dilemmas. (5%)
- III. Class participation, including team presentation of a case in class, with a one- or two-page outline. Each member of the class will be required to participate in the presentation of a case discussion or other class activity, as well as general discussion. Cases for discussion will be distributed in class on Monday. A one- or two-page summary of presentations should be prepared for the class beforehand. Assessment will be based on general participation, involvement in specific activities, and the one- or two-page summary; class participation will be worth 30% of the total mark. In this exercise you should at the very least:
 - identify the ethical issues at stake and if necessary indicate why they are ethical;

- present the facts and the salient values upon which you will deliberate;
 - argue for a conclusion indicating what objections you have taken into account;
 - suggest what measures should be taken to discourage misconduct, and encourage ethical conduct;
 - suggest how you would encourage your organisation to adopt these measures.
- IV. A five-page essay on a topic to be advised in class. It should be submitted by 8 October. The essay will be worth 60% of the assessment.

Program timetable

The first session of each day will begin at 9:00, break at 10:45 for 30 minutes, and conclude at 1:00 for lunch. On Wednesday and Thursday there will be presentation sessions from 2:00 to 3:00 here. Afternoons will be available for reflecting, reading, writing, and syndicate discussions. There will be homework consisting of reading and other tasks for nights 1 to 4 inclusive.

Day 1: Introduction.

What do you hope to get out of this IP?

Ethics, economics and game theory – REM

What is ethics? – REM & DG

Mr Ethicist's short cases:

The importance of reflection as a tool. What ethical problems have you encountered in business that have caused you to reflect on your ethics?

Moral theory and moral reasoning in business

Amoral theories of business – Friedman and Carr. Stakeholder analysis.

Break

Icebreaker

Bayer's article

Theories of morality: subjectivism, egoism, and relativism;

Utilitarianism and deontology.

What is an ethical opinion?

Principled conduct. The avoidance of hypocrisy. Defining the issue.

Nobody admits ethical defeat

Ethics costs

Accountability and responsibility — the 9/11 Report

Ethical empowerment

Is good ethics good business?

Day 2: Ethical issues in corporations

Report back on homework – REM

Mr Ethicist: responses – REM

Ethics and the market system – DG

What is a corporation? What are the responsibilities of managers in corporations? Can a corporation have a conscience? – DG

Rational decision making and results – REM

Break

Issues in corporate ethics:

Social costs and social responsibilities

Trust and competition

Workers and consumers

The environment

James Hardie

Corporate philanthropy

Day 3: Corporate governance

Report back on homework – REM
Mr Ethicist: his answers
The temptations
Control systems, accountability and responsibility
Directors, boards and managers

Break

Shareholders – Cadbury Report recommendations
Corporate sustainability and corporate collapse: HHH, Harris Scarfe
Regulation & ethics — watchdogs and auditors: Andersen's

Day 4: International business & ethical relativism.

Report back on homework – REM
Principles of international business ethics
Business across cultural contexts
Politics and business
Gifts and bribes
Discrimination issues

Break

Multinational corporations (MNCs)
The responsibilities of MNCs to stakeholders
Ethics codes and legal regulation for MNCs

Day 5: Structuring ethics in organisations

Report back on homework
Incentives and disincentives – REM
Structures and cultures to support ethics
Leadership
Rôles and organisations: do rôles absolve us of moral responsibility?

Break

Codes of ethics and conduct
Decision models
— Bayer revisited
Regulation
Principles — the Sistine Chapel model
Whistleblowing: Johnson case; Dennis Gioia and the Pinto
Review and conclusions

Class discussions

Key questions that should be addressed in class discussions are set out below. They are not the only questions you might ask, but you are a useful starting point.

1. 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.
2. Who are the people and organisations who will be affected by your decision? In what ways will they affect your decision?
3. 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.
4. 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?
5. 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?
6. Are there analogous cases to help in your decision? How are they useful?