

# IP: BUSINESS ETHICS

1. **Welcome!**
2. **Who are we? Bob, with the assistance of philosopher Damian Grace, psychologist Noa Erez-Rein, and emeritus professor Dennis Turner, with guest speaker Mr Peter Houston, of the NSW RTA.**
3. **The recommended book: Rush Kidder, *How Good People Make Tough Choices: Resolving the Dilemmas of Ethical Living*, (NY: HarperCollins, 2003). (Used Monday and Tuesday.)**
4. **The Student's Handbook of Readings, keyed by Day.**

## **5. Five Handouts:**

- 1. Course outline, Assessment, Timetable**
- 2. Four Syndicate groups of 4.**
- 3. Questions for Mr Ethicist of the *NYT*.**
- 4. Cases from M&W — to be done in teams of 4 — your choice; email bobm@agsm.edu.au with names.**
- 5. Eight IGE cases, for syndicate discussion.**

## **Assessment**

**The IP will be graded as Satisfactory/Unsatisfactory.**

**Five items for assessment:**

- I. Three individual Homework assignments (due 9am Tuesday, Wednesday, and Thursday). (each 5%)**
- II. Class participation, including team presentation of a case on Friday, with a 1- or 2-page outline. (30%)**
- III. A 5-page individual essay on a topic to be advised in class (due by October 5th). (55%)**

# **The Five Days**

**Monday: personal ethical dilemmas**

**Tuesday: a psychological view of behaviour  
recognising ethical dilemmas  
corporate ethical behaviour**

**Wednesday: practical experience (a visitor)**

**Thursday: international business**

**Friday: team presentations  
wrapping it up**

# Our Teaching Philosophy

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## **We all have dirty hands!**

**We are not here to preach.**

**We are all human: to err is human.**

**We have all behaved unethically at some time or other. Sometimes difficult to acknowledge this, even to ourselves.**

**We agree on confidentiality here: Chatham House rules — only between these four walls.**

## What You Will Take Away — We Hope

1. ***Ethical recognition:*** is this a “right v. right” decision?
2. ***Analysis:*** What sort of dilemma? How to resolve?
3. ***Justification:*** How to explain the resolution in terms of principles, norms, procedures, outcomes?

# What is “ethics”?

(from Damian)

- **Ethics is the way we do things around here.**  
— Aristotle
- **Ethics is treating others as you would be treated.**  
— Confucius, St Paul, Kant
- **Ethics is doing whatever brings the best results.**  
— Bentham, Mill, Singer
- **Ethics is becoming the right kind of person: acquiring the virtues.**  
— Aristotle, MacIntyre

## Objections?

- **But isn't ethics is subjective/relative?**
- **If it's legal, it's ethical — at least for corporations.**
- **Ethics is about following rules: if you know the rules, that's all you need to know.**
- **I don't give a damn about ethics.**

## **Well, *is* ethics subjective and relative?**

- **Everyone disagrees about ethics. Who is to say what is right?**
- **Ethics is relative to one's culture, so it's offensive to impose one's values on others.**
- **Clearly, we *do* differ, but don't we also share values?**

## **A thought experiment**

**Think of someone who's an ethical example to you, and of the core ethical values they embody. Write them down.**

- **One word only.**
- **Serious (not “punctual” or “polite”)**
- **Non-religious (not “pious” etc)**
- **Non-legal (not “law-abiding”)**

## **How about ...**

**Honest**

**Fair**

**Compassionate**

**Integrity**

**...**

## **Law and ethics — a model**

**Law is the floor; ethics is the ceiling.**

**Although ethics is a higher standard, without law ethics is unlikely to be effective.**

**Ethics and the law are complementary: they cannot substitute for each other.**

## Rules and Standards

- **Rules useful but incomplete**
- **Rules can proclaim standards, minima.**
- **Aim above the floor of rules and standards.**

## **The New York drug dealer**

**He claimed he never ripped off his customers, especially the underage druggies.**

**Even the worst of us want to be seen as having some ethics.**

**We vigorously deny “ethical defeat”.**

## **Ethics are trumps**

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### **Why accept a bribe?**

- **Well, I'd just be doing my job, only faster.**
- **Well, I wouldn't be hurting anyone, just helping someone.**
- **My family and I would be better off.**
- **If I don't do it, someone else will.**
- **I deserve better pay anyway.**

## **What the Bagel Man found**

- **Less cheating when customers knew him.**
- **Use a closed money basket, not an open one.**
- **Bagels are stolen but almost never money boxes.**
- **The higher the firm's morale, the less the cheating.**
- **Smaller firms are more trustworthy.**

**See the Edelman survey of Australian stakeholders.**

## **A Simple Hierarchy of Behaviour**

- 1. Do no evil.**
- 2. Prevent evil.**
- 3. Remove evil.**
- 4. Do good.**

# Principles for ethical judgement?

## Four possibilities:

1. Acts are intrinsically right or wrong; ethical requirements are expressed as duties (Kant's deontology).
2. Right and wrong means producing a surplus of good consequences over evil: *consequentialism* (Mill's utilitarianism).
3. The ethics of care.
4. Virtue and character: human endeavours can be improved by acquiring virtues that can be learned.

## Intent matters

- **Think of Bratman's examples (Readings Package).**
- **If we intend to kill, then whether actively kill or passively let die are the same.**
- **Intention changes the nature of the acts.**
- **Intention introduces responsibility.**

## **Results matter**

**Ethics is about consequences even if it is not *only* about consequences.**

**If there were no significance to consequences, then ethics would matter little. Ethics matters *because* it guides conduct.**

**Because of this, ethics is linked to economics.**

# Break

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## **Ethical Dilemmas — Truth v Loyalty.**

**Consider:**

**Stan learns from his boss that a team member of his, Jim, will be fired, but this is confidential.**

**Jim asks Stan to confirm the rumour he's heard: he'll be fired.**

**What should Jim say?**

**A dilemma: Truth v loyalty.**

## **Ethical Dilemmas — Individual v Community.**

**Or:**

**John learns that five elderly residents of his old-folks home have had surgery at a hospital which now informs him that its transfusion blood might have been HIV-infected.**

**The hospital asks for the five to be tested (it's 1987).**

**What should John say and to whom should he say it?**

**Fear of HIV in 1987 among staff, among residents, could lead to panic.**

**But ignorance could lead to further infection.**

**It's right to tell, and right not to unnecessarily scare:**

**A dilemma: Individual v community.**

## Further on Individual v community:

**What is our “community”?**

**Do we see “circles” of closeness to us: family, relatives, friends, neighbours, acquaintances, local community, co-religionists, fellow ethnics, compatriots, kith (same language speakers).**

## **Ethical Dilemmas — Short-term v Long-term.**

**Or:**

**Andy with a young family (twins!), and with a new job. With only one income, money is tight.**

**Should he spend more time with the wife and kids, or study part-time for an MBA, which will result in a better career and more money in the future?**

**A dilemma: Short-term v long-term.**

## **Ethical Dilemmas — Justice v Mercy.**

**Or:**

**The professor has warned all students not to copy assignments, although they may talk about them.**

**She finds two assignments with almost identical answers.**

**The University warns all new students that plagiarism is a serious offence.**

**She knows that one of the two students has had family problems.**

**What should she do?**

**A dilemma: Justice v mercy.**

## **Rush's Four Ethical Dilemmas**

- **Truth v Loyalty.**
- **Individual v Community.**
- **Short-term v Long-term.**
- **Justice v Mercy.**

**Any ethical dilemma will fit at least one of these four, says Rush.**

**If not, then ask: perhaps it's a case of Right versus Wrong?**

## **But what about ...**

**Student Pam works part-time as a receptionist at home for the elderly and has befriended many of the tenants.**

**Last winter, many of them complained to her that the rooms were too cold.**

**When Pam relayed this to her boss, she was told to tell the old folks that the furnace was broken.**

**But Pam knew that the furnace had been turned down to save fuel and money.**

**The truth will cost her the job.**

**Or:**

**Bob makes keys, and is accused of selling car master-keys over the Internet, without certainty that the customers are not car thieves.**

**Bob's defence: it's not up to him to know his customer's intentions, and it's not illegal to sell master-keys.**

**Is Bob responsible for the consequences of selling master-keys?**

**Or:**

**Della is a survey research firm supervisor, and needs to get a survey finished in a dangerous part of town.**

**The last three interviewers who went there: two quit on the first day, the third was mugged and is recovering.**

**What, if anything, should Della tell a newly hired interviewer about the neighbourhood?**

## **Three Ways to be Wrong**

- 1. To break the law.**
- 2. To lie knowingly.**
- 3. To behave inappropriately — to ignore others' law-breaking or wrong-doing; to let down a friend for no good reason; to fail to perform a duty; to deceive for self-benefit; to take advantage of the trust of others.**

**“Inappropriate” might depend on context, or place, or time.**

**Wrong-doing mostly arises from “immorality.”  
Cheating the Bagel Man?**

**Don't confuse Right v Wrong with Right v Right.**

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## **Ethical Dilemmas are Right v Right**

### ***Justice v Mercy:***

**fairness, equity, and non-discriminatory application of laws and rules often conflict with compassion, empathy, and love.**

### ***Short-term v Long-term:***

**Now v then: immediate or future?**

### ***Individual v Community:***

**us v them, self v others, the smaller group v the larger group.**

### ***Truth v Loyalty:***

**honesty or integrity v commitment or responsibility or keeping one's word.**

# **Are There Other Sorts of Ethical Dilemmas?**

**(Ethics: obedience to the unenforceable?)**

**Anyone?**

**Can you try to come up with an example that isn't described by one (or more) of the four tonight?**

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## **First Syndicate Exercise**

**In the four groups we've divided you into, go and discuss one of the first five situations (from Kidder's web site) now handed out.**

**Designate a spokesperson, and come back and tell us what (if anything) your group decided.**

**Return: after the coffee break, at**

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## **Second Syndicate Exercise**

**In the four groups, go and discuss one of the three situations now handed out.**

**Designate a spokesperson, and come back and tell us what (if anything) your group decided.**

**Return: at**

## **Monday's Homework (individual)**

- 1. Read Friedman pp.41, "Rethinking" pp.47, Kay pp.59, and Nash' list pp.183 (in the Readings). Answer the questions in the Course Outline under Monday HW.**
- 2. Choose three of the questions from Mr Ethicist and ask which (if any) of the four dilemmas they fall into. (Could be more than one dilemma.)**
- 3. Try to think of an ethical quandry which isn't described by one (or more) of the four.**
- 4. See the Reflections Guide in the Course Outline and write half a page.**
- 5. Due by 9am tomorrow, max five pages. (Be prepared to share in class).**