

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

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

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

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.

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?

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

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).**