Fundamental Task of Business Ethics

Business ethics is understood in a comprehensive and differentiated sense, as it has evolved recently under the influence of globalization. Accordingly, its fundamental task is to enhance the ethical quality of decision making and taking action at all levels of business, at the personal, organizational, and societal levels, thus extending far beyond the narrow notion of business ethics as a technique for managers with good intentions. This task involves five main objectives:

Objectives

1. **Ethical Awareness and Recognition:**
   *Exploring the ethical dimension, which is implied, though often not revealed, in both the practice and the study of business.* If this dimension is not perceived and understood, ethics cannot become a proactive factor for business.

2. **Ethical Knowledge:**
   *Identifying key ethical concepts and understanding different ethical approaches and theories.* In our "age of moral confusion," clarifying complex ethical problems and understanding different, and often opposing viewpoints, is essential. Otherwise, ethical dialogue is restricted.

3. **Ethical Judgment:**
   *Improving the skills of moral reasoning and ethical decision making.* Business ethics should not be content with "understanding worldwide complexities," but should concern itself with decision making and action, which is the basic purpose of ethics. Therefore, in addition to ethical awareness and ethical knowledge, ethical reasoning and ethical judgment are indispensable for "good" decision making.

4. **Ethical Implementation:**
   *Effective action and implementation require both moral courage and tactical savvy.* It is not only enough just to demonstrate ethical knowledge and judgment, but also it is essential that one has the courage to carry out an ethical action. Furthermore, the individual must understand the political and organizational dynamics so that she or he can effectively carry out ethical action. Finally, consistently effective ethical action requires an understanding of the fundamental drivers of moral and immoral behavior.
5. **Ethical Reflection and Idealism**

*Critical reflection is an important component of living an ethical life.* Ethics at its best involves not just the episodic exercise of deliberative reason with respect to particular dilemmas that emerge but also ongoing reflection on what most matters in life and how to live accordingly. Success can be defined in many ways. At Notre Dame a strong effort is made to educate the whole person. That means fostering integrity and an ethical idealism that should pervade one’s personal and organizational lives. A sense of commitment to a larger purpose, rooted in one’s core values and beliefs, is fostered within this course, the ethics curriculum and the ND MBA program.

**Principles to Follow**

1. MBA Values Statement—Students will live the espoused values of the program: Community and Responsibility, Excellence, Integrity, Leadership and Spirituality.

2. The Principles for Responsible Management Education of the UN Global Compact (Both are attached.)

**Course Texts**


**Readings on Concourse**

**Websites—Corporations**

Co-operative Bank: [www.co-operativebank.co.uk](http://www.co-operativebank.co.uk) ethics, ethical policy

Cummins Engine: [www.cummins.com-code](http://www.cummins.com-code),

Domini Social Investments: [www.domini.com](http://www.domini.com)

Grameen Bank: [www.grameen-info.org](http://www.grameen-info.org)

Levi Strauss: [www.levistrauss.com](http://www.levistrauss.com), company—values

TDIndustries: [www.tdindustries.com](http://www.tdindustries.com) see About us (culture, vision & values, servant leadership)

**International Organizations**

Global Compact, United Nations: [www.unglobalcompact.org](http://www.unglobalcompact.org)

Global Reporting Initiative—[www.globalreporting.org](http://www.globalreporting.org)

International Labor Organization: [www.ilo.org](http://www.ilo.org)


**Non-Governmental Organizations (NGOs)**

Amnesty International, UK: [www.amnesty.org.uk](http://www.amnesty.org.uk)

Caux Roundtable [www.cauxroundtable.org](http://www.cauxroundtable.org)

Corp Watch: Holding Corporations Accountable [www.corpwatch.org](http://www.corpwatch.org)

Sullivan Principles [www.sullivanprinciples.org](http://www.sullivanprinciples.org)

Transparency International [www.transparency.org](http://www.transparency.org)

**Business Ethics Centers and Networks**

ND Institute for Ethical Business Worldwide: [www.ethicalbusiness.nd.edu](http://www.ethicalbusiness.nd.edu)

ND Center for Ethics and Religious Values in Business [www.nd.edu/ethics](http://www.nd.edu/ethics)

International Society of Business, Economics, and Ethics [www.isbee.org](http://www.isbee.org)


**Requirements**
Sessions will primarily be conducted in seminar style discussing the assigned readings. Thus, it is crucial to prepare the assignment beforehand in order to use the time in class most productively. The final grade will be computed on the basis of:

- **a. Class Discussion** 30%
- **b. Berges Lecture Notes** 25%
- **c. Case Analysis** 15%
- **d. Final Exam** 30%

- **a. Class Discussion.** You are expected to come to class well prepared and participate actively in our discussions. You will be judged on both the quality and quantity of your contributions. Questions are provided to aid preparation and guide discussion. Other questions and topics will likely be discussed as well. As part of class discussion, students in teams of two will be asked to give brief reports or participate in a role play as part of their class participation grade. The presentations should be between 8 and 10 minutes long for each team.

- **b. Lecture Notes.** Three evening sessions will be held in Module 1 where senior executives offer their perspectives on what it means to be ethical in the business world. You are required to attend two of the lectures and write a note on each. In not more than two-three pages, present your reaction to each speaker and reflect on the talk, using the concepts discussed in class. The notes are due no later than class time one week following the lecture (i.e., 9/6, 9/18 and 9/25). You can e-mail them to me at any time before they are due. A write up on the third lecture will count as extra credit.

**Wed., August 29—“Built on Values,” Ann Rhoades, President of People Link.**

**Monday, September 10—“Shared Success: Corporate Values in Action,” James Sinegal, CEO, Costco Corporation.**

**Tues., September 18—“Leading with Values,” Lord Hastings of Scarisbrick, Global Head of Citizenship and Diversity, KPMG.**

- **c. Case Analysis.** We will discuss several cases which highlight important ethical issues faced by business. Each student must submit one written case analysis (three page maximum). The format for doing the analysis will be provided in class and follow closely the steps in Chapter 2 of the text. If a student wants to improve his/her grade, a second analysis can be submitted. The average score for the two case analyses will be computed for this grade.

- **d. Final Exam.** The final exam will be given on October 5th during at the regular class time. The exam will be an essay format.

**Honor Code—The MBA Honor Code is to be followed in this course.**
Session 1: August 21 – Introduction, Objectives and Overview

Discussion: Why Study Ethics?

Reading: About the Authors and Preface—Text
“The Parable of the Sadhu”—Reading 2-1

Questions: How would you introduce one of the authors to the class?
What is one thing the authors hope to accomplish according to the Preface?
What is one or two of the most significant messages of the article?
How does the article relate to you as a future manager?
What passage (a couple sentences) from the article do you find most compelling?
Why?

Video: Paul Polman on You Tube

Session 2: August 23 – What Does It Mean to be Ethical?

Presentation: Course Philosophy and Expectations

Reading: Chapter 1, article on Laura P. Hartman

Questions: What is one ethical issue facing Cemex?
Do you agree with the evaluation of industry ethics in Figure 1.1?
Why or why not? Would the evaluation be different in 2012 than 2007?
What is a stakeholder? Who qualifies as a stakeholder?
Is business ethics different from ethics? How do law and ethics differ? Explain.
Answer questions in bullet points 2, 6 and 7 on page 15
Was Aaron Fuerstein an ethical business person?
Which point made in the few pages of the chapter do you find most compelling?
What is one interesting thing you learned about Laura P. Hartman?

Session 3: August 28 – Ethical Decision Making

Reading: Chapter 2
Value Shift—Reading 1-1
Freeman, et al., Managing for Stakeholders—Reading 2-2 (pages 78-83 only)

Questions: What is the first step in the ethical decision making? Explain.
Discuss the second step? Explain
Does the third stage follow logically from the first two? Explain.
What is the fourth stage? Explain.
How can these stages be related to the Opening Decision Point on p.46?
What is one significant “take away” from the Value Shift reading?
What are two significant issues raised about stakeholders in Freeman?

Presentations: Sherron Watkins, Aaron Feuerstein/Polartec, Richard Grasso
Stakeholders—BHP Billiton, bp
**August 29—Berges Lecture—7 to 8 pm, Ann Rhoades, 141 DeBartolo**

**Session 4: August 30 – Ethical Theory/Traditions—Philosophical Dimensions**

Presentation: Introduction to Business Ethics—Handout

Reading: Chapter 3

Questions: What are the major ethical theories? Are egoism and relativism legitimate ethical theories? What is one major challenge to each of the theories?

**Session 5: September 4—Ethical Theory—Religious Dimensions**

Reading: The Vocation of a Business Leader—Concourse
Catholic Social Thought (CST) and Business—Handout
Nike case—Concourse

Questions: What is one major point made in paragraphs 1-14, 15-26, 27-59, 60-end that speaks most strongly to you? Why? Which is the weakest paragraph? Why? How would you describe one principle of CST’s relationship to business?

Reports: Nike video and discussion—Nike reports—pro and con

**Session 6: September 6 – Human Rights and Caux Principles**

Case: Rights of the Monarch—turn in (1st of 3)—Concourse & Role Play:

Reading: Chapter 3—UN Global Compact (109) & UN Declaration (113)
Business and Human Rights—Reading 3-1
Caux Principles—Reading 3-2

Questions: Which of the human rights on p. 113 are the most essential? Least essential? What is one of the three pillars in Reading 3-1? Best corporate example? What is the most important of the General Principles in Caux? What is your assessment of the strengths and weaknesses of the UNGC?

Reports: Caux Principles website—www.cauxroundtable.org
UN Global Compact website—www.unglobalcompact.org

**September 10—Berges Lecture—Jim Sinegal, Costco—Jordan Aud.—6:30 (note different time)**

**Session 7: September 11 – Psychological, International and Corporate Issues**
Readings: Narvaez and Rest—Concourse
Friedman, “Lexus and the Olive Tree”—Concourse
Collins, “How the Mighty Fall,”—Concourse

Questions: Is the Narvaez and Rest more useful than the philosophical theories? Why?
Discuss one stage in depth with examples not from the reading.
What is your Lexus and Olive Tree?
What is one of the five stages of decline? Is one more unethical than the others?

Videos: Friedman and Collins

Session 8: September 13 – Corporate Culture

Reading: Chapter 4 (pp. 144-159)
“Abuse Scandal Inquiry Damns Paterno and Penn State”—Handout
“Football Runs Many Colleges”—Handout
Financial Services Industry Survey case—Concourse

Questions: What is corporate culture and how is it related to ethics?
Does corporate culture matter (see Reality check on p. 147)?
What is the difference between compliance and values based cultures?
Where do courage, character and ethics fit in with a values-based culture?
How would you contrast ethical leadership with effective leadership?
What was the major problem with the corporate culture at Penn State?

Case: Financial Services Industry Survey case—2nd of 3—turn in

Session 9: September 18 – Corporate Ethics Statements, Programs and Whistle-blowing

Reading: Chapter 4 (pp. 159 to end)
Murphy, “Developing, Communicating…”—Concourse
Caterpillar Worldwide Code of Conduct—Concourse

Questions: What are the different types of ethics statements? Explain one.
Which guideline for writing an ethics code (p. 163) is most important? Why?
Why is whistle blowing a “classic” issue in business ethics?
How can describe a corporate culture audit?
What is one requirement for the Corporate Compliance Program?
How do different countries handle compliance issues (Reality Check p. 172-174)?
What is one of the four values in Cat’s code and how is it explained?

Reports: Toyota, Goldman Sachs, Coast Guard, FEMA—corporate culture—positive and negative

September 18 - Berges Lecture – Lord Hastings, KPMG—7 pm—141 De Bartolo

Session 10: September 25 – Corporate Social Responsibility
Case: “Johnson & Johnson Case Study”—turn in (3rd of 3)—Concourse

Reading: Chapter 5
Swartz interview—Reading 5-3

Questions: What is your answer to the first three questions on p. 205?
Which type of responsibility (p. 209-210) do you subscribe to? Why?
How would you describe one of the models of CSR?
Why is the Equal Exchange story an interesting one?
Does good ethics equate to good business?
How does corporate reputation tie to CSR?
Visit one of the websites listed on p. 221-222 and report on it.
How does Jeff Swartz apply CSR at Timberland?

Video: Johnson & Johnson, River Blindness

Session 11: September 27 – Business, the Environment, and Sustainability

Reading: Chapter 9
Friedman, “Today’s Date,”—Concourse

Questions: What is your answer to the first three questions posed on p. 481?
How are business ethics and environmental values related?
What is one of the approaches to business’ environmental responsibility?
Can you give other “first generation” problems not discussed in the book?
How would you definition of the one of the boldfaced words in this chapter?
How would you explain 1 ECE to someone?
What does he mean by crowded? Hot? Flat?
Which one of the five problems of the ECE do you find most convincing?

Session 12: October 2—Corporate Responsibility and Accountability in the Global Context

Readings: “Does it Pay to be Good?”—Reading 5-2
Global Reporting Initiative—visit website
Transparency International Website—Corruption Perceptions Index (CPI)

Questions: How would you answer to question posed in the title to Reading 5-2?
What are two things you learned about GRI from its website?
Where does your home country rank in the CPI? Why?

Review for Exam

Session 14: October 5—Final Exam

Final: Essay Questions

Reports and Role Play

Dates
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<tr>
<th>Date</th>
<th># of Teams</th>
<th>Topic</th>
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<tbody>
<tr>
<td>August 29</td>
<td>3</td>
<td>Where are they now?</td>
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<td></td>
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<td>Sherron Watkins, A. Fuerstein/Polartec, Richard Grasso</td>
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<td>BHP Billiton stakeholder engagement</td>
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<td>Bp stakeholder analysis</td>
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<td>September 4</td>
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<td>Reports on Nike, 2 pro and 2 con</td>
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<td>September 6</td>
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<td>6 role play (4 men, 2 women)</td>
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<td>Website reports—Caux and UNGC</td>
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| September 18| 6 or 7    | reports on companies—Toyota, Goldman Sachs, Coast Guard, FEMA, Four other
|             |            | company reports—two positive and two negative                        |

FOR REPORTS, PLAN TO TALK FOR 8-10 MINUTES

FOR ROLE PLAY, PLAN ON 15-20 MINUTES

Deliverable: Two paragraph statement on what you learned from the assignment. Due 48 hours after your participation.