

SYLLABUS

MANAGEMENT 425 - ETHICS IN MANAGEMENT

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Office Hours - Mondays: 2:00pm-3:00pm; Mondays and Thursdays: 6:00-6:30pm; or by appointment

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This syllabus is organized as follows:

- A. Course Overview**
- B. Course Requirements**
 - I. Participation**
 - II. Team Assignments**
 - III. Final Paper**
 - IV. Overview of Assignments and Due Dates**
 - V. Honor Code**
- C. Course Calendar - summary**
- D. Topics for Presentation/Team Report**
- E. Sample Presentation Evaluation Form**
- F. Course Topics and Readings**

A. Course Overview

Today's business environment has powerfully reinforced the centrality of ethical behavior in business. Over the past several years, we have been bombarded with stories of corporate scandals from the accounting scandals at corporations such as Enron and MCI/Worldcom to the misleading analysis of powerfully conflicted stock analysts at firms such as Merrill Lynch and Goldman Sachs to charges of big-rigging by the country's largest insurance brokerage, Marsh & McLennan. These scandals have focused sustained attention on the issue of ethics in business and there is much to be learned from them. However, business ethics is not most fundamentally about scandals (or the avoidance of scandals). At a much more basic level, it is about clearly discerning the ethical dimensions of managers' *everyday* business decisions. And it is about being able to make considered, thoughtful judgments in the face of this ethical complexity in an environment where decisions must often be made quickly and under considerable pressure. A manager cannot choose to avoid making ethically difficult decisions. To make that choice is already to have made a choice that is ethically significant and a choice that fails to take into account significant aspects of the situations that managers face everyday.

In this course, we develop tools and ways of thinking that will be helpful to you when faced with ethically complex decisions. In the first three classes, we focus especially on the more theoretical aspects of business ethics, from a discussion of basic concepts in ethics to a consideration of the nature and purpose of the corporation to the central importance of context in ethical decision-making. We then move to a more practical, case-based approach, and consider the various communities with which managers must interact. Roughly, we consider these communities in circles of expanding inclusive, starting with the internal community of the organization, moving to the local and national community, then to the international community, and finally to the ecological community. We look at such issues as sexual harassment and discrimination,

downsizing, industrial espionage, corruption, conflicts of interest, and marketing and ethics. The use of the case method essentially allows us to slow down time to consider the aspects in a case more slowly and carefully than can occur in real time. This helps us to gain the habits of mind that encourage us to maintain a broad vision of life in business so that focus on narrow goals does not blind us to the ethical significance of our activities.

Even as we move into this more practical aspect of the course, the theoretical concepts we developed in the earlier portions will continue to be touchstones to which our conversation refers. Further, the readings that accompany the cases introduce additional theoretical material that not only can help us analyze the case at hand but often applies beyond that case. For example, when we discuss downsizing, the ethical significance of having to fire an employee for any reason becomes relevant. The cases themselves can also suggest issues that are relevant to other situations. For example, when we discuss sexual harassment and discrimination, the importance of corporate policies to deal with sensitive, and potentially explosive, issues in the face of possible litigation comes to fore.

The goal of this course is not to teach or preach the basic difference between right and wrong. Rather the goal is encourage a broad view of life in business by acquiring the tools and habits of mind to discern the ethical dimensions embedded in everyday business decisions. We will gain practice in making thoughtful judgments when faced with such ethical complexity. Further, we will seek to gain clarity both on our own values and the environmental factors that influence ethical behavior.

B. Course Requirements

- I. Participation – 35%**
- II. Team Assignments – 35%**
- III. Final Paper – 30%**

I. Participation

The participation component is divided into two distinct categories –

- a. Class Assignments (10%)**
- b. Class Participation (25%)**

a. Class Assignments

For **Classes 6, 7, 8 and 10**, I will post questions to course website that will ask for your reaction to, and analysis of, the upcoming readings and cases. These assignments are designed to help you think through the material prior to class. You are to provide responses to these questions for **two** classes of your choosing, **though you may not choose the same class in which you are presenting**. You should complete the relevant readings before answering the questions. In general, your answer to a particular question should be brief and to the point. The assignments are due by the beginning for the class for which you write them, and can be either hand delivered before the start of class or e-mailed to me (fbenzoni@duke.edu) before class. Your answers to the questions will be graded solely on the basis of whether they reflect a clear understanding of the topic. (Note that although not all questions will be narrowly focused on the readings, the readings are relevant to how you should address the questions. For example, for a question on sexual harassment, I might ask you to explain the ethical underpinnings of sexual harassment law. You need some familiarity with the relevant law, which is in the readings, to address this question.)

For Class 12, the readings must be downloaded from the class website because I want to have the opportunity to add very recent readings (if they are appropriate). I will post them to the website by approximately Class 6. For Class 12, you are also to submit one ethically relevant question, for possible class discussion, based on the Wal-Mart readings. The question is due by noon the day before class (i.e., by noon on Wednesday, October 5).

For Class 2 and Class 9, think carefully about the following questions (no written assignment due).

Class 2: Whose position, Friedman's, Freeman's, or Solomon's, on the nature and purpose of the corporation do you find most convincing? Why?

Class 9: Is ethical universalism (i.e., the position that there are moral norms that transcend cultural boundaries) or ethical relativism (i.e., the position that all moral norms are wholly culturally bound or relative to a given culture) more convincing? Why?

b. Class Participation

Participation in class discussion is essential to creating an environment conducive to making this class a rich experience for all of us. Reading the assignments carefully and participating in the discussion are vitally important. The wealth and diversity of backgrounds that you all bring into the class help make possible a fruitful discussion. Learning for everyone is enriched through discussion and debate, and the quality of these, in turn, is enhanced both by your engaged preparation and diverse standpoints. Of course, it is not simply the quantity, but, more importantly, the quality of the comments that enrich the conversation. A quality comment might do one or more of the following: contribute to moving the discussion or analysis forward, add a different – but relevant – perspective, build on other comments, present illuminating examples from outside of class, apply concepts from the readings or lectures to the cases, identify important factors that underlie a dilemma, or offer additional considerations that qualify the analysis of a given case. And, of course, activities that distract from the quality of the class discussion (e.g., late arrival, talking to classmate, etc.) count against your class participation for that day.

II. Team Assignments

The team assignments component is also divided into two parts:

- a. Team Presentation (25%)**
- b. Team Report (10%)**

a. Team Presentation

Starting in Class 5, there will be class presentations. I have found that student engagement with each other on these topics can be very productive, provocative, and often intense. In short, it can add a great deal to our classroom experience. You should plan your presentation to be 15 to 20 minutes, with an additional 5 to 10 minutes for question and answer (which can be worked into the presentation or come after). The total presentation time should be between 25 and 30 minutes. Presentations should not go beyond this 30 minute time limit. After forming your team, you should list your top three preferences for topics by the beginning of Class 3.

If there is more than one case assigned for a given topic, you should feel free to focus your presentation on whichever one or ones you find most helpful to bring out the main ethical issues involved for the assigned topic. In addition to serious engagement with the class on the ethical issues, you are to evaluate the ethical issues from a managerial perspective. For example, you might make a recommendation about what ought to be done, or what type of practices are acceptable, or you might

offer an assessment of the actions taken if the activity in the case has already concluded. You are *both* to flesh out the ethical issues involved *and* to take a stand on these issues.

Because I will be teaching for approximately half of the class in which you are presenting, I need a rough draft of your slides – submitted via e-mail – by noon the day *before* you are presenting. These do not need to be the final version of your slides, but they should contain roughly the information you will present. Please also hand in a hard copy of the final version of your slides in class, and e-mail me the final version of the slides by the beginning of class so that I can post them to the course website. In sum, you will (1) e-mail me a rough draft of your slides by noon the day before your presentation, (2) hand in a hard copy of your slides on the day of your presentation, and (3) e-mail me the final version of your slides by the time of your presentation.

If there are relevant legal issues covered in the readings, you should feel free to use them in your presentation. However, you do not need to explain them to the class because we will assume that the class has read the material and, where it might be helpful, I will briefly go over the relevant legal material before the presentation. As noted, in general, the presenters' job is to present on the ethical issues in the case(s) and take a stand on them.

b. Team Report

In addition to the team presentation, the presenters are responsible for a team report on the topic. The report should be 3 to 5 pages in length, double-spaced with 12 point font. Any needed summary of the circumstances in the case should be brief (less than a page) and your focus should be on articulating the ethical issues involved and making your evaluation and recommendation. Your analysis should offer supporting arguments for your recommendations (why you rejected other alternatives, what trade-offs you faced, etc.), reflect a realistic grasp of the situation and available alternatives, and draw on theoretical material from the class where appropriate. You should think of this as a report to your supervisor in which you are attempting to arm her or him with the rationale she or he needs to convince her or his superiors to implement your recommendations. It should be written in clear, concise prose, and generally without bullet-points since you are making an argument. Though there will be some overlap between the presentation and the team report, the report should focus more on fleshing out your rationale for making the recommendations you do. The team report is due at the beginning of the class in which you will present, and can be handed in to me or submitted via e-mail.

III. Final Paper

There is a final paper of 8 to 10 pages. The assignment will be passed out approximately one week before the end of class. The papers are due by 10pm on Friday, October 7 (the day after the last day of class) via e-mail. (Or, if you prefer, you can hand deliver them to me on the last day of class.) The assignment is individual and will potentially draw on material from the entire course. For this assignment, you will analyze the significant ethical issues in an assigned case and develop a proposed course of action. We will discuss this further when the date gets closer.

IV. Overview of Assignments and Due Dates

Participation

- Class assignments
 - Web questions for 2 classes:
 - **Due at start of the two classes for which you choose to write [note: questions will be posted for Classes 6, 7, 8 and 10]**
 - Class 12: (1) download articles and (2) develop an ethically relevant question for final class:
 - **Question due (via e-mail) by noon Wednesday, October 5**
 - Class 2 and Class 9: carefully think through assigned questions in syllabus (no written assignment due)

Presentation and team report

- Presentation
 - **Rough draft of slides due (via e-mail) by noon the day before presentation**
 - **Final version of slides (hard copy and e-mail) due at beginning of class in which you present**
- Team report
 - **Due at the beginning of class in which you present**

Final paper

- Due by 10pm on Friday, October 7**

IV. Honor Code

All students are expected to comply with the Fuqua honor code. For the presentation and team report, you will work with your team and do one presentation and hand in one team report. For the case questions and the final paper, you should work alone without discussing the assignment with other students. Because some of the material from this course may be used in a later course, please do not share any materials from this course with other students. It detracts both from the quality of the discussion and the value of the course for students.

C. Course Calendar

<u>Class</u>	<u>Date</u>	<u>Topic</u>
<u>1</u>	August 29	Introduction, Course Overview, and Concepts in Ethics
<u>2</u>	September 1	The Nature and Purpose of the Corporation
<u>3</u>	September 5	Ethics, Law, and Corporate Culture
<u>4</u>	September 8	Ethics in the Workplace A. Sexual Harassment and Discrimination B. Downsizing
<u>5</u>	September 12	Business and Society: Marketing and Ethics A. Marketing and Product Harm B. Marketing to Young People
<u>6</u>	September 15	Exposing and Preventing Ethical Misconduct A. Whistle-blowing B. Employee Privacy
<u>7</u>	September 19	Fiduciary Duties and Agency A. Conflicts of Interest B. Insider Trading
<u>8</u>	September 22	Ethics and Information A. Industrial Espionage B. Trade Secrets
<u>9</u>	September 26	Universalism v. Relativism in International Business A. Operating Overseas - The Ethical Context B. Business and Government Overseas – Shell and Nigerian Oil
<u>10</u>	September 29	Ethics in International Business A. Corruption B. International Labor and Sweatshops
<u>11</u>	October 3	Business and the Natural Environment A. Model for Business/Natural Environment Relation B. Environmental Standards across Borders
<u>12</u>	October 6 October 7	Wal-Mart & Wrap-up Final Paper Due by 10pm

E. Oral Presentation Evaluation Form

Topic:

Students:

	Scale – 1 (weak) to 5 (superior)				
Presentation reflected thorough knowledge of relevant aspects of the topic.	1	2	3	4	5
Presentation was well organized.	1	2	3	4	5
Topic was covered in a clear and understandable fashion, with smooth delivery, logical flow, and effective time management.	1	2	3	4	5
Compelling case was made for main argument.	1	2	3	4	5
Introduction and summary were clear and effective.	1	2	3	4	5
The group's interaction with class was engaging and questions were answered clearly.	1	2	3	4	5
Audio-visual resources were used effectively.	1	2	3	4	5
Overall grade					
Comments:					

F. Course Topics and Readings

- Notes: (1) The number in brackets (after article title) indicates the number of pages.
(2) The titles of articles below are often shortened to conserve space.
(3) Many of the articles can be found on the course website (faculty.fuqua.duke.edu/~fbenzoni/management425)

CLASS 1 (08/29) – INTRODUCTION AND CONCEPTS IN ETHICS

- Readings:**
Money and Morals at GE [4]
Business with a Conscience [4]
- Some Basic Concepts in Ethics [1]
Case:
Dying for Lobster [2]

CLASS 2 (09/01) - THE NATURE AND PURPOSE OF THE CORPORATION

- Readings:**
The Social Responsibility ... – Friedman [5]
Stakeholder Theory – Freeman [11]
Bonfires of the Virtues – Solomon [5]
Corporate Roles... – Solomon [6]
- Cases:**
Plasma International [2]
AES's Dennis Bakke [3]

CLASS 3 (09/05) - ETHICS, LAW, AND CORPORATE CULTURE

- A. Ethics and the Law*
- Readings:**
Overview of Sentencing Guidelines [3]
The New Corporate Sentencing Guidelines [4]
- Case:**
Pollution Case Highlights Trend [2]
Daiwa Bank Admits Guilt [2]
- B. Ethics and Corporate Culture*
- Readings:**
An Ethics Code Can't Replace [1]
- Cases:**
The Parable of the Sadhu [6]
The Environment was Ripe [4]

CLASS 4 (09/08) - ETHICS IN THE WORKPLACE: EMPLOYER/EMPLOYEE RELATIONS

- A. Sexual Harassment and Discrimination*
- Readings:**
More Than Just Semantics [6]
Sex Harassment Persists [3]
- Case:**
Lonestar [4]
- B. Downsizing*
- Readings:**
Many Say Layoffs Hurt Companies [2]
The Kinder, Gentler Way ... [2]
- Case:**
Xilinx, Inc. (A) [10+ addenda]

CLASS 5 (09/12) - BUSINESS AND SOCIETY: MARKETING AND ETHICS

- A. Marketing and Product Harm*
- Readings:**
Marketing to Inner-City Blacks [10]
- Case:**
Malt Advertising [3]
Heileman, Under Pressure [2]
- B. Marketing to Young People*
- Readings:**
Is Marketing to Kids Ethical? [2]
The Stepford Kids [2]
Cute, but Scary [4]
- Case:**
PBS Documentary – Merchants of Cool

CLASS 6 (09/15) - EXPOSING AND PREVENTING ETHICAL MISCONDUCT

- A. Whistle-blowing*
- Readings:**
Whistle-blowing and Professional Responsibility [7]
- Case:**
Informer's Odyssey [4]
- B. Employee Privacy*
- Readings:**
Monitoring on the Job [4]
When Employee Surveillance... [4]
Information Highway Patrol [3]
- Cases:**
Privacy at Lux [1]
Refusing to Gamble on Privacy [2]

CLASS 7 (09/19) - FIDUCIARY DUTIES AND AGENCY

A. Conflicts of Interest

Readings:

Once We Had Professionals [2]

Cases:

Fallen Star [2]

Career Crash [5]

Requiem for an Honorable Profession [4]

Watchdog and Lapdog [3] => skim

Risky Business [5] => skim

B. Insider Trading

Reading:

U.S. versus O'Hagan [2]

Cases:

Sam's Club [3]

An Accountant's Small-Time Trading [5]

Class 8 (09/22) - ETHICS AND INFORMATION

A. Industrial Espionage

Readings:

Dirty Little Secrets [1]

The Spying Game [4]

Behind Enemy Lines [5]

Cases:

The Pizza Plot [4]

Caution – Skulduggery Afoot [3]

B. Trade Secrets

Readings:

Protecting Trade Secrets [5]

Cases:

Stockbroker's Story [1]

Venture Capital for Rubberneck [6]

CLASS 9 (09/26) - UNIVERSALISM VERSUS RELATIVISM IN INTERNATIONAL BUSINESS ETHICS

A. Operating Overseas – The Ethical Context

Readings:

Ethics in International Business [5]

Case:

*The Case of GM and Apartheid [5]

B. Business and Government Overseas

Case:

Shell and Nigerian Oil [12 + addenda]

CLASS 10 (09/29) - ETHICS IN INTERNATIONAL BUSINESS ETHICS

A. Corruption

Readings:

The Short Arm of the Law [3]

The Growing Threat [4]

Case:

Seed Money: Monsanto's Indonesian Bribery [5]

B. International Labor

Readings:

Two Cheers for Sweatshops [2]

Economists and Sweatshops [3]

A World of Sweatshops [3]

Case:

International Sourcing [9 pages + addenda]

CLASS 11 (10/03) - BUSINESS AND THE NATURAL ENVIRONMENT & WRAP-UP

Readings:

Millennium Assessment Report [8]

Stuff: The Secret Lives of Everyday Things [4]

A. Model for Business/Natural Environment Relation

Readings:

Simplicity without Reduction [7]

Case:

Sustainable Growth – Interface, Inc. [4]

B. Environmental Standards across Borders

Case:

Separatist Rage [3]

Tribal Laments [2]

Class 12 (10/06) - Wal-Mart & Wrap-up

Readings:

One Nation Under Wal-Mart [7]

The Wal-Mart Effect - Overseas [3]

Is Wal-Mart Too Powerful? [6]

Value and Values at Wal-Mart [2]

How Costco Became the Anti-Wal-Mart [4]

Wal-Mart - A Nation unto Itself [2]

Wal-Mart's Impact Far-reaching [1]

Recommended:

Wal-Mart Uber Alles [2]

The War on Wal-Mart [2]