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## Business Ethics

Course No : 02812610

Credit : 2

Prerequisite :

Program : Graduate

Instructor : Steven P. Feldman

Semester : 2015 Fall

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Instructor's resume/brief introduction(Within 500 words):

Education

Ph.D. Social Systems Sciences. *Wharton School of Business*. University of Pennsylvania. (1983)

M.S. Political Economy. *University of Oregon*. (1978)

B.A. Economics/History Cum Laude. *Linfield College*. (1976)

Research Areas

Business and professional ethics, cultural aspects of organizations, business-society relations, American-Chinese business relations, leadership, organization theory, organization decision-making, organization politics.

Instructor's contact information :

TA's contact information::

Office hour:

### **Program Learning Goals and Objectives**

**Program objective 1** Introducing frontier theories of finance, economics, and management; helping students establish the ability to apply theoretical knowledge and solve real world financial problems.

Specific objectives include

- Obtaining systematic understanding of finance, economics, and management theories;
- Mastering quantitative analysis skills;
- Applying theoretical knowledge in class to real problems.

**Program objective 2** Building strong communication skills to help students work in financial institutions and companies. Specific objectives include

- Fostering strong oral communication skills;
- Fostering effective written communication skills;
- Building team work spirits.

**Program objective 3** Establishing social responsibility and business ethics.

**Program objective 4** Gaining an international perspective. Specific objectives include

- Understanding the cultural variety in the financial industry;
- Knowing different financial systems around the world;
- Preparing for effective work at multinational financial institutions.

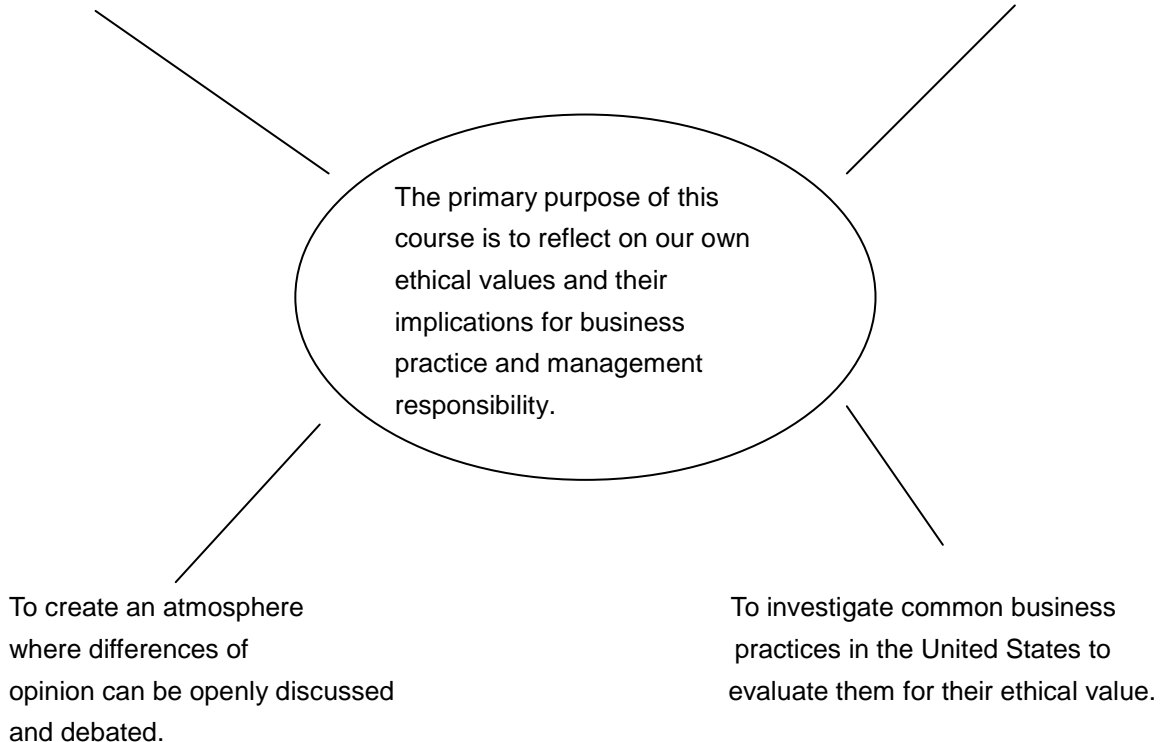
## Teaching Philosophy

Learning business ethics is a joint activity between teacher and students. I see my task as helping students define moral values, but not by imposing my own values on students. Instead, this class will confront you with a variety of business situations that pose hard moral choices and encourage learning through conflict and debate. In the process I seek to help you rise to higher stages of moral reasoning and thus to higher levels of principled judgment through insight into your own value commitments and their application to business situations. I will try to avoid putting pressure on you for premature closure, recognizing this will set back your interest in the challenges and complexities of moral inquiry. Instead, I seek to empower and help refine the moral sensibility you bring to business problems. Your moral values and moral decisions are ultimately your own right *and* responsibility.

## General Course Goals

To develop skills in ethical problem identification, evaluation and reasoning, and problem-solving.

To learn how to apply ethical frameworks for evaluation of business problems.



## Specific Course Goals

1. Develop knowledge of the ethics of finance and accounting.
2. Developing skill in making complex decisions involving important ethical dimensions.
3. Develop skill in ethical evaluation/appraisal.
4. Develop an appreciation of the relationships between ethics, trust, and business effectiveness.
5. Develop understanding of the relation between ethics and information technology.
6. Appreciate the difference between a compliance-driven ethics strategy and a values-driven ethics strategy.
7. To develop knowledge of how personal psychology influences ethical decisions.

8. To develop an appreciation of the relationships among management's ethical commitments and organizational systems such as incentives, training, performance appraisal, communications, monitoring, etc. and organizational effectiveness.
9. To develop knowledge of international business ethics.
10. To heighten awareness of the dynamic and interrelated nature of law and ethics.
11. To explore issues in the ethics of marketing.
12. To develop an understanding of the dynamic relationship between leadership and a culture of integrity.
13. To study the role of sustainability in business.

## Grading

There are three parts to the course grade: class participation, group presentation and handout, and written briefs.

Class participation – Each student is expected to read the class materials each week and come prepared to discuss them and, in some cases, lead class discussions. The class participation grade will be determined by your PREPAREDNESS and the QUALITY of your contribution. 33% of final grade.

Group Presentation and Handout – Students will form groups of two. Each group will design and deliver a presentation and give the class a two page handout one week before the presentation. The presentation should be 20 minutes followed by 40 minutes of presenters asking questions, leading discussion, and answering questions from the audience. Note: Part of your grade will be based on time management.

The two page handout should: 1. clearly define the core purpose of the presentation; 2. explicitly identify key sub-themes that will be covered; 3. clearly state why this project is important to study; 4. clearly state what exactly should be learned from the presentation. The two page handout should not be a copy of presentation slides.

The presentation should clearly separate what are the facts as the presenters know them from what are the presenters' own analyses and conclusions. The presenters' analyses and conclusions are a very important part of the presentation and should be a core part of the class discussion. The relationship to class materials should be explicitly discussed.

You have five options for this project:

1. You can gain access to a business and analyze one of their problems. For example, you might analyze the ethics of new product advertising. Your task would be to identify and describe the problem, ethically evaluate it, and make recommendations to solve it.
2. You can gain access to a business and carry out a study of the organizational culture. For example, you can study the ethics of company communications internally and/or externally. You would need to carry out interviews or a questionnaire to collect data on the culture.
3. You can identify a theme we covered in class – like business ethics in India – or you discovered in practice or literature that has important implications for business ethics. Your task would be to investigate this theme further and present your findings.
4. You can identify an enduring or recent debate involving business ethics, describing all sides of the debate and presenting your own position. For example, should the CEO be forbidden from the board chairperson's position given that the board is responsible to evaluate the CEO or should American companies follow their own ethical codes while doing business abroad or the ethical codes of the host country?

5. You can identify a business in the news facing a current business ethics issue. For example, last year News Corporation was facing a broad ranging crisis concerning the bribing of police in the UK, illegally hacking into the emails and cell phones of citizens, etc. You could analyze a case like this, collecting the facts, identifying the business and ethical issues, providing an ethical evaluation of the company, its relevant managers, and other important stakeholders, and an action plan to address the crisis, ethically, managerially, and financially.

You must email me, by the fifth class, a research proposal using the following structure:

- I. Names and emails of all group members. (All members must be CC when proposal is sent to me.)
- II. A descriptive title.
- III. Definition of research focus. This must be a paragraph. It must tell me the company you are studying and what particular research question you will answer. Within the research question you must define at least three sub-themes. For example, suppose your research question is, "If Countrywide Mortgage was committed to increasing home ownership in the United States, why did they make loans they knew it would be impossible to pay back?" Three sub-themes might be: one, the negative effect competition can have on ethics, greed, and egoism; two, the role of moral leadership and the isolation of dissenters; and three, denial of reality. Each sub-theme needs to be stated and a few sentences added to explain how it applies to your research. (Please do not research companies already on the class reading list.)
- IV. A statement explaining why your research question is important to study for a class on business ethics.
- V. State where you will get your data, from people or written sources. If it is written sources, state at least five articles or books you will be using.

33% of the final grade. 50% of the grade will be from student evaluations and 50% from the instructor (the instructor's grade will include evaluation of the proposal and the two page handout).

**Written Briefs.** You are required to hand in a one-page ethics brief each week. The first brief is due on the second week of class. You must write your briefs on the readings for the forthcoming week.

If a "case" is designated, you must write your brief on the case. If a case is not designated, you pick from the readings for that week what you want to focus on.

Please use the following three paragraph format for analyzing case studies:

- A. Identification of ethical problem from the perspective of management.
- B. Ethical evaluation of problem: using ideas and concepts from the five ethical theories covered in weeks two and three or ideas and concepts from that week's readings, ethically evaluate the problem.
- C. Recommendation of solutions (focusing on action steps).

The goal here is for you to develop ethical analysis and ethical evaluation skills from writing the briefs. These skills should be directly applicable to ethical problems at work. They should help you not only analyze the problem, but get others to see and understand the problem and to persuade them to take ethical responsibility for the situation.

Each week I will read a handful of student briefs to provide you with written feedback. These will be

handed back the following week. Every student should receive written feedback three times during the semester. The other briefs each week will be skimmed. The primary purposes of the briefs are to develop your analytic skills and help you prepare for class discussion. The briefs are 33% of your final grade. The briefs will be graded in two ways: 50% of the grade will be based on the number of briefs you hand in (if you hand in all the briefs you will receive an “A” for this portion of the grade); the other 50% of the grade will be based on the evaluation you receive on the three briefs you receive back with comments.

The briefs must be typed and double-spaced. The briefs cannot be handed in late. You cannot e-mail the briefs. Please do not use a cover page for the briefs.

Note you do not need to hand in a brief the week you are giving your presentation.

### **Grading Standards and Guidelines**

#### **I. Group Presentation and Handout**

1. The presentation and handout should be clearly communicated and well organized. The audience should have no problem following the presentation. The handout should define the research focus of and the key themes in the presentation, state why it is important, state questions that the presentation will raise, and state the presentation’s applicability to class materials and discussions.
2. The point of the presentation should be clear. The audience should see clearly why the problem being discussed is important and what should be learned from the presentation.
3. It should be clear what the value-added is from the presentation, that is, what new knowledge are being added that builds on what we already covered in class.
4. Correct and insightful use must be made of class materials.
5. Presenters should successfully engage the class in discussion by posing thoughtful questions that lead to interesting and insightful discussions. Presenters should effectively answer questions from the audience. Importantly, the presentation and discussion should demonstrate the presenters expert knowledge on the subjects covered.

#### **II. Written Briefs**

1. Key criteria for grading the briefs are: writing quality, meeting task requirements, strength of logic and analysis, application of concepts, and focus and organization.
2. Remember when writing the ethical evaluation paragraph all ethical theories have strengths and weaknesses. So consider why your value judgments are the most appropriate ones.

#### **III. Class Participation**

1. Most of the grades are in the “A” to “B” range, but if you miss many classes or seldom speak in class, the grade will go lower.

2. If you attend all classes but never speak, you will receive a "C."
3. If you attend most classes and participate in most classes, the grade will range from a "B" to an "A-" depending on the quality of your participation.
4. The quality of your comments is important. It does not mean that I agree with you. It means that your comments demonstrate you read the assigned reading, thought about it, and came to class with your own analysis. If you are always merely commenting on someone else's comments but never showing you read the readings, then it is unlikely you will receive an "A" in class participation.
5. Demonstration of small group leadership or leadership in class discussions is a plus.
6. I take notes for each student over the course of the semester. By midway through the semester, I know a good deal about your class participation.

#### SCHEDULE

Class One	I. INTRODUCTION
Class Two	II. ETHICAL THEORY AND BUSINESS <ol style="list-style-type: none"> <li>1. The Social Responsibility of Business is to Increase Its Profits: Milton Friedman</li> <li>2. A Stakeholder Theory of the Modern Corporation, R. Edward Freeman</li> <li>3. The Utilitarian Approach and the Debate Over Utilitarianism, James Rachels</li> <li>4. Silent Treatment: How Genentech, Novartis, Stifled a Promising Drug, Wall Street Journal (April 5, 2005)</li> <li>5. Inside Wal-Mart's Bid to Slash State Taxes, Wall Street Journal (October 23, 2007)</li> <li>6. Aides Rebel After CEO Tweaked 'Tar-zhay' Formula, Wall Street Journal (June 24, 2014)</li> <li>7. Obama Faults Sony Decision to Pull Film, Wall Street Journal (December 20, 2014)</li> </ol>
Class Three	ETHICAL THEORY CONT. <ol style="list-style-type: none"> <li>1. Corporate Roles, Personal Virtues: An Aristotelian Approach to Business Ethics, Robert C. Solomon</li> <li>2. A Kantian Approach to Business Ethics, Norman E. Bowie</li> <li>3. How to Handle Employee Activism: Google Tiptoes Around Cairo's Hero, Wall Street Journal (February 11, 2011)</li> <li>4. A Banker's Costly Cab Ride, Wall Street Journal (December 19, 2012)</li> <li>5. Nike Presses for 40-Year Tax Deal in Oregon, Wall Street Journal (December 14, 2012)</li> </ol>

	<ol style="list-style-type: none"> <li>6. The Galleon Trial: Motive for Stock Leak Can Be Respect, Love, Wall Street Journal (March 14, 2011)</li> <li>7. Let's Give Some Credit To Credit-Default Swaps, Wall Street Journal (November 15, 2011)</li> </ol>
Class Four	<p>III. ETHICS AND THE 2008 FINANCIAL CRISIS</p> <ol style="list-style-type: none"> <li>1. BofA Takes New Crisis-Era Hit, Wall StreetJournal (September 29, 2012)</li> <li>2. Lehman Whistle-Blower's Fate: Fired, WallStreet Journal (March 16, 2010)</li> <li>3. Morgan Stanley, U.S. Reach Bond Pack, Wall Street Journal (February 26, 2015)</li> <li>4. BofA, Executive Hit With 'Hustle' Fines, WallStreet Journal (July 31, 2014)</li> <li>5. Bringing dead economists back to life: Adam Smith on the financial crisis, The Economist (January 27, 2015)</li> <li>6. The Great Financial Crisis: the guilty men, The Economist (November 6, 2014)</li> <li>7. The Great Financial Crisis: Making the System Safer, The Economist (November 7, 2014)</li> <li>8. Economic models and the financial crisis, The Economist (June 19, 2014)</li> </ol>
Class Five	<p>FINANCIAL CRISIS CONT.</p> <ol style="list-style-type: none"> <li>1. Yellen Scolds Wall Street on Culture, Ethics, Wall Street Journal (March 4, 2015)</li> <li>2. As Regulators Focus on Culture, Wall Street Journal (February 2, 2015)</li> <li>3. Shouting Down Wall Street's Wall, Wall Street Journal (November 5, 2011)</li> <li>4. Finance Needs Its Own Crash Safety Board, Financial Times (March 1, 2010)</li> <li>5. Real Talk With Sheila Bair: Leave these Folks Penniless or in Jail, Forbes.com (July 25, 2012)</li> <li>6. How Goldman secretly bet on the U.S. housing crash, McClatchey Newspapers (November 1, 2009)</li> <li>7. Repos Played a Key Role in Lehman's Demise, Wall Street Journal ( March 13, 2010)</li> <li>8. Book Review: Wall Street Values, Business Ethics Quarterly (24:4, 2014)</li> </ol>
Class Six	<p>IV. SUSTAINABILITY</p> <ol style="list-style-type: none"> <li>1. Green Entrepreneurship in Transition Economies: A Case Study of Bosnia and Herzegovina, Journal of Cleaner Production (v. 88, February 2015)</li> <li>2. Socializing the C-Suite: why some big-box retailers are "greener" than others, Business and Politics (16:1, 2014)</li> <li>3. Soda Firms Pledge 20% Calorie Cut By 2025, Wall Street</li> </ol>

	Journal (September 24, 2014) 4. The 'Avon Ladies' of Africa, New York Times (October 14, 2012)
Class Seven	V. CULTURE , ETHICS, AND THE BOARD 1. Chesapeake CEO Faces Storm, Wall Street Journal (June 10, 2011) 2. Chesapeake Tweaks Big Payday, Wall Street Journal (November 3, 2011) 3. The Many Hats of Aubrey McClendon, Wall Street Journal (May 8, 2012) 4. Chesapeake's Private Jets in Cross Hairs, Wall Street Journal (May 9, 2012) 5. Chesapeake Agrees to Revamp Its Board, New York Times (June 4, 2012) 6. Chesapeake CEO to Exit, Wall Street Journal (January 30, 2013) 7. Chesapeake Contends Its Ex-Ceo Stole Data, Wall Street Journal (February 15, 2015)
Class Eight	VI. ETHICS AND INFORMATION TECHNOLOGY 1. The Great Privacy Debate: Tracking is an Assault on Liberty, Wall Street Journal (August 7, 2010) 2. The Great Privacy Debate... Web Users Get as Much as They Give, Wall Street Journal (August 7, 2010) 3. U.S. Products Help Block Mideast Web, Wall Street Journal (March 28, 2011) 4. Give Me Back My Privacy, Wall Street Journal (March 24, 2014) 5. When the Most Personal Secrets Get Outed on Facebook, Wall Street Journal (October 13, 2012)
Class Nine	VII. CONTEMPORARY TOPICS IN ACCOUNTING ETHICS 1. Ernst Accused of Lehman Whitewash, Wall Street Journal (December 22, 2010) 2. Role of Auditors in Crisis Gets Look, Wall Street Journal (December 23, 2010) 3. Auditors Draw Clients Closer, Wall Street Journal (March 4, 2014) 4. Firms Alter Bonus Playbook, Wall Street Journal (February 27, 2014) 5. One Cure for Accounting Shenanigans, Wall Street Journal (January 14, 2012) 6. Backdating Likely More Widespread, Wall Street Journal ( August 8, 2009)
Class Ten	IX. ETHICS AND MARKETING 1. Dow Corning Corporation: Product Stewardship Case 2. Student Presentation 3. Student Presentation
Class Eleven	X. ETHICS AND STRATEGY



	<ol style="list-style-type: none"><li>1. Forging the New Salomon Case</li><li>2. Student Presentation</li><li>3. Student Presentation</li></ol>
Class Twelve	WRAP UP