

# **Business Ethics**

**Paul J. Schmidt | 舒明德 J.D.**

**Classes: Mondays and Fridays 3:30 pm to 5:20 pm**

**Dates: Oct. 14, 18, 21, 28, Nov. 1, 4 & 8**

**Office Hours: Monday 2:00-3:00 or by appointment**

**ALL SUBJECT TO REVISION**

**Teaching Assistant: Huan Liling | 黄丽灵**

## **Course Objectives:**

1. Increase your ability to identify ethical dilemmas
2. Improve your critical thinking and your creative problem solving skills
3. Improve your ethical thinking and empathy
4. Refine your ability to work through ethical dilemmas within a group
5. Become more persuasive in making ethical arguments

## **Expectations of the Student:**

1. Come to class completely prepared. This means having completed and studied all readings, being prepared to discuss the readings, ask questions, of presenters, and answer questions when called upon.
2. All work must be turned in on time. Any requests for extension must be made prior to the deadline. If you know you will be absent, then arrange to turn the assignment in early.
3. Students must be able to critically analyze and present independent thought about the material covered in class. Simply regurgitating the material will not earn the student a good grade.
4. The student MUST perform their own work. Any student caught cheating, plagiarizing, or using others work will receive a failing grade for the course automatically. No exceptions.

## **Class Readings:**

You are expected to have completed the reading and be ready to engage in discussion about the material before attending class.

Each class will consist of foundational readings and case studies. The foundational studies will consist of readings about the ethical or cultural issues we will be focusing on in a given class session. These may consist of readings such as philosophy or studies in

psychology that will help us better understand the ethical and cultural dilemmas you will face as managers and leaders.

Finally, in each class session, we will analyze case studies that will place the students in real life situations that will illustrate some of the ethical or cultural dilemmas they will face. Students are expected to have read and reviewed the case studies prior to class in order to be able to critically analyze the problems.

Each students must analyze the text and decide based upon the given information such questions as: which facts are more important, what additional information might be helpful in making a decision, what possible courses of action are there, what course of action would I recommend and why? Often, there will not be a single correct answer. Sometimes, there might not be any “good” solutions only “problematic” ones. Which solution do you view as the least “problematic” and why?

### **Writing Assignments:**

**Students will have 2 writing assignments of 2-5 pages each** over the course of the class which will require them to critically analyze a case study or ethical dilemma.

The students must analyze the case study or situation provided by the professor and critically analyze the fundamental problem, strengths and weaknesses, and recommend a course of action and defend the recommendation made. In preparing the writing assignment, the student should assume that the reader has already read the case study and not waste time covering the facts.

Students are encouraged to think like managers and act as if they have been given an assignment and must make a recommendation about how to handle a specific situation and defend their choice to the board of directors.

Students must present a hard copy of the written assignment at the **beginning** of class.

Written assignments will not given to the students no more than 1 class session prior to the due date and as little as one day before being due.

### **Class Participation:**

**Class participation will count for 30% of your final grade.** Class participation is very important and you are expected to arrive at class prepared to work through the foundational readings and case studies presented.

**You are required to prepare at least three questions for each class session.** You should be prepared to ask these questions in class so we can work through the ethical questions and so you gain a better understanding of the material being presented. You should prepare the questions though you may decide not to ask questions, though participation is strongly encouraged. I will not make a habit of collecting questions and

grading them. However, if I do not feel that students are coming to class prepared, ready to ask questions, and discuss the material I will collect and grade questions.

When discussing the foundational literature, students should attempt to make sure the readings and the strengths and weaknesses of each. Students are encouraged to ask the presenters about contradictions, strengths or weaknesses of the readings, how it relates to other readings, or why one was better than another for instance.

When discussing the case studies, students are encouraged to think as if they are in a business meeting and a colleague is making presentation about a problem he/she has in their division or unit. Students must be prepared to ask question about facts that would help them make an informed decision about how to act or make recommendations about a course of action. Just as in a business meeting, students should question the presenter to make sure they have considered all the facts and are making the best decision possible.

### **Final:**

The final will each focus on ethical questions taken from class and from the readings. To succeed on the exam, the student will need to have followed and understood the class discussions and to have completed all of the readings.

### **Grading:**

Writing Assignment #1:	15%
Midterm Paper:	25%
Final:	30%
Class Participation:	30%

## **Class Schedule**

### **Class 1: Class Introduction and Handling Corruption I**

**ASSIGNMENT #1 GIVEN OUT IN CLASS**

Cases: To be handed out in class

Foundations: A lecture on the elements and workings of the US Foreign Corrupt Practices Act ("FCPA")

### **Class 2: Handling Corruption II**

Cases: "Brooks Sporting Goods"

Foundations: "The FCPA Resource Guide" available at  
<http://www.justice.gov/criminal/fraud/fcpa/guidance>  
Chapters 1, 2, 3, 5, 6 and 7

### **Class 3: The Philosophy of Ethics**

**WRITING ASSIGNMENT #1 DUE AT THE BEGINNING OF CLASS**

Cases: "Bhopal (B): Recipe for a Toxic Mist", Darden Business School  
Case Study, Sarah Diersen

"Merck and Vioxx: An Examination of an Ethical Decision  
Making Model", *Journal of Business Ethics*, Erin Cavusgil

Foundations: "What Can Eastern Philosophy Teach Us About Business Ethics?",  
*Journal of Business Ethics*, Daryl Koehn

“A Comparison of Five Business Philosophies”, *Journal of Business Ethics*, Paul Miesing and John Preble

**Class 4: Cultural Ethics Part I: Cultural Icebergs / Relationships and Rules**

Cases: To be handed out in Class 3

Foundations: *Euthyphro*, Plato

*Analects*, XIII, Confucius

“What if the Father Commits a Crime?”, *Journal of the History of Ideas* Vol. 63, No. 1 (Jan. 2002), pp. 1-17, Rui Zhu

**Class 5: Cultural Ethics Part II**

Cases: “Cross Cultural Project Management for International Construction in China”, *International Journal of Project Management*, Low Sui Pheng and Christopher Leong

“Cultural Variance as a Challenge to Global Public Relations: A Case Study of the Coca-Cola Scare”, *Public Relations Review*, Maureen Taylor

“Retail Multinational Learning: A Case Study of Tesco”, *International Journal of Retail and Distribution Management*, Mark Palmer

Foundations: “Toward a Model of Cross Cultural Business Ethics: The Impact of Individualism and Collectivism on the Ethical Decision Making Process”, *Journal of Business Ethics*, Bryan Husted and David Allen

“Gift Giving, Bribery, and Corruption: Ethical Management of Business Relationships in China”, *Journal of Business Ethics*, P. Steidlmeier

“Cultural and Organization Antecedents of Guanxi: The Chinese Cases”, *Journal of Business Ethics*, Liang Hung Lin

**Class 6: Cultural Ethics III**

**MIDTERM IS DUE AT THE BEGINNING OF CLASS**

Cases: “Chapter 7: An Ethnic Theory of Plane Crashes” from *Blink* by Malcolm Gladwell

Foundations: “Ethical Climate and Managerial Success in China”, *The Journal of Business Ethics*, by Satish Deshpande, Jacob Joseph, and Xiaonan Shu

“The Challenge of Developing a Business Ethics in China”, *Journal of Business Ethics*, Po Keung Ip

“Does Culture Affect Behavior and Performance of firms? The Case of Joint Ventures in China”, *Journal of International Business Studies*, Ji Li, Kevin Lam, and Gongming Qian

**Class 7: What is the Responsibility of a Corporation**

Cases: “The Promise and Perils of Globalization: The Case of Nike”, *MIT Working Paper*, Richard Locke

“The Pragmatic and Ethical Barriers to Corporate Social Responsibility Disclosure: The Nike Case”, *Journal of Business Ethics*, Kristen Bell DeTienne and Lee Lewis

Foundations: “The Social Responsibility of Business is to Increase Profits”, Milton Friedman

“A Critique of Milton Friedman’s Essay ‘The Social Responsibility of Business is to Increase its Profits’”, *Journal of Business Ethics*, Thomas Mulligan

“The Case For and Against Business Assumption of Social Responsibilities”, *The Academy of Management Journal*, Keith Davis

**Class 8: Finance, Investment and Ethics**

Cases: “Ethical Decision Making: Finance Professional Need More Than Good Intentions”, *Financial Analysts Journal*, Robert Prentice

“Institutional Challenges for the Global China –Sustainable Foreign Direct Investment and Labour Rights Amongst Supply Chains in China”, Working Paper, Serena Lillywhite

Foundations:

“Being Virtuous and Prosperous: SRI’s Conflicting Goals”, *Journal of Business Ethics*, Benjamin Richardson and Wes Cragg

“Financial Markets: A Tool for Social Responsibility?”, *Journal of Business Ethics*, Matthew Haigh and James Hazelton

“The Ethics of Insider Trading Revisited”, *Journal of Business Ethics*, Peter Jan Engelen and Luc Van Liedekerke

**Class 9: Management and Ethics in the Workplace**

Cases:

“Corporate Communication, Ethics, and Operational Identity: A Case Study of Benetton”, *Business Ethics: A European Review* forthcoming, Janet Borgerson, Jonathan Schroder, Martin Escudero Magnusson, and Frank Magnusson

“Impacts of Corporate Code of Conduct on Labor Standards: A Case Study of Reebok’s Athletic Footwear Supplier Factory in China”, *Journal of Business Ethics*, Xiaomin Yu

Foundations:

“The Discipline of Building Character”, *Harvard Business Review*, Joseph Badaracco

“Leadership, Ethics, and Responsibility to the Other”, *Journal of Business Ethics*, David Knights and Majella O’Leary