

**Rhodes College**  
**Department of Economics and Business Administration**

**Topics: Business Ethics**  
**Business Administration 261, Section 01**  
**Course number: 10142**

**Instructor:** Allan Ryan, Ph.D.                      **Fall:** 2004/05  
**Office:** 315 Buckman                                **Classroom:** Buckman 110  
**Telephone:** 843-3568 (office)                    **Time:** MWF ~~14:00-14:50~~  
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**TEXTS**

[Shari-Collins Chobaniak, Ethical Challenges to Business as Usual, 2005, Pearson/Prentice-Hall, ISBN 0-13-048763-5.](#)

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Since students will be asked to be active in raising issues of current concern or interest in the sphere of business ethics, I suggest that all students become regular readers of business publications that often cover ethical issues. Some possible sources include: WSJ, NYT, Business Week, The Economist, Fortune and Forbes.

**SPECIALIZED SUPPORT AND DISABILITY SERVICES**

Students who require accommodations in this course due to a disability affecting mobility, vision, hearing, learning, or mental or physical health are advised to discuss their needs with Melissa B. Butler of the Office of Student Disability Services (Tuthill Hall, Phone: 901-843-3994, E-Mail: MButler@rhodes.edu ).

**COURSE CONTENT**

This is neither a comprehensive course in ethical philosophy nor is it a course in which I will pretend to be able to confer on students a previously undiscovered ability to tell right from wrong. Instead, this course is designed to give you the opportunity to think about applying your own moral code to a wide variety of business situations. This process will be enriched by allowing you to compare your opinions and arguments to those of other students and to those that have currency in society or in academic discussions drawn from philosophy, economics and other disciplines. While much of the emphasis in the classroom will be on learning through consideration of real or simulated examples (cases, role playing, presentations, and videos), I will also direct your attention to ethical philosophy. Among the more abstract questions we will examine are such issues as whether corporations (as opposed to individuals) can have moral responsibilities and whether there are moral limitations on the exercise of free enterprise.

During the semester I will make every effort to bring up some the most provocative issues that businesses and managers face in real life. These include, but are not limited to, issues related to: discrimination, product safety, worker safety, environmental impacts of business activity, strike behavior (including discussion of picket-lines and use of replacement workers), worker privacy, industrial espionage, bribery, animal rights, final use or abuse of products (e.g. armaments, drugs, pornography), insider trading, expense account padding, malingering, plant closures, and bankruptcy. I will show videos and movies extensively in order to help stimulate and direct class discussion.

Given the nature of the issues addressed, it is unlikely that an ethical consensus is achievable on all, or perhaps even any, of the issues to be discussed. In some cases, students may not even agree that a given issue is one of ethics. In all cases, however, I will argue that being sensitive to the kinds of issues that have the potential to cause moral outrage will not only help you decide how to act morally in business situations, but will also help you to recognize the strategic threats and opportunities that ethical issues can represent for individuals and for companies.

### **ASSIGNMENTS AND GRADING:**

#### **MID-TERM EXAM (25%)—In-class**

The format and content of the exam will be discussed in the weeks leading up to the exam.

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#### **SHORT PAPER COMPARING MILTON FRIEDMAN AND R. EDWARD FREEMAN (15%)**

Due September 29 in class. Approximate length: 5 pages. I encourage you to submit a draft for which feedback will be provided. More detailed guidelines will be provided the second week of classes.

#### **QUIZZES ON READINGS (20 % OF GRADE)**

At the beginning of each class meeting for which reading has been assigned from class 3 on (except for the day of the mid-term) a short quiz will be administered relating to the readings assigned for that class. Each quiz will include up to 4 true/false or multiple choice questions (designed to determine whether you have a basic familiarity with, and understanding of, the readings) and up to one short answer question (i.e., there won't always be a short answer question). A number of your lowest quiz marks (exact number to be determined) will be dropped when calculating your semester average.

#### **PARTICIPATION (10 %)**

Throughout the semester there will be a number of activities that hinge on active student participation. These activities will include: preparing mini assignments, impromptu debates where groups of students will be called upon to argue one side or other of an issue, general discussions, role-playing exercises, and critiques of articles or of video material. All students will be expected to participate. Much of this participation will require that the student has prepared for class by completing the assigned readings. Just being in class and occasionally opening your mouth should guarantee at least a 6. Any regular participation will result in a "satisfactory" mark (probably around 8), beyond that point

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“premium” grades will be based on both the quality and quantity of the contributions as judged by the instructor.

### **Final Paper (30 %)**

Term paper on a business ethics topic of the student's own selection. The topic must be one of business ethics and should be pre-approved by the instructor. A draft introduction, bibliography and outline are required by November 15.

### **Grading**

A 94-100%	A- 90-93%	
B+ 87-89%	B 84-86%	B- 80-83%
C+ 77-79%	C 74-76%	C- 70-73%
D+ 67-69%	D 64-66%	D- 60-63%
F Below 60%		

### **ATTENDANCE**

Given the subject matter of this course, attendance and participation in class discussions is critical. Attendance will not form part of the mark but excessive absence may result in mark penalties or failure. At the beginning of each class an attendance sheet will be circulated with a space for each student's signature. Up to 6 classes can be missed without penalty (although missing any classes is strongly discouraged). Any absences beyond that allotment will be penalized in the following fashion: first two classes missed—1% each; next two classes—1.5 % each; any further absences (beyond 10 classes) will result in a failing grade being awarded in the class. Special circumstances that lead to excessive absence should be discussed with the instructor. Illness and family emergencies will be considered valid excuses for absence but since the provision for missing classes without penalty is meant to allow for illness, religious observance and emergencies, release from attendance penalties will be assessed over the full period of the course. In order to avoid any possibility for misunderstanding, any student believing that they have received any special dispensation should put the particulars of their understanding in writing and secure the instructor's signature as proof that the agreement is understood by both parties.

### **Honor Code and Plagiarism**

All students are expected to abide by the honor code. Plagiarism in any form will not be countenanced. Scrupulous referencing will be expected in all written work. If in doubt—reference!

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### **Final Paper (30 %)**

Term paper on a topic of the student's own selection. The topic must be one of business ethics and should be pre-approved by the instructor.

### **Student Presentations (20 %)**

Each student is required to choose a real or simulated business dilemma that has or could face a corporation (or an individual within a corporation) and to present an analysis of the situation, suggest what the problems of arriving at an “ethical resolution” might be, and to suggest a favored course of action. Students will be marked on both their analysis and the degree to which they are able to convey and share their interest in their topic with the class.

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Class	Date	Topics	Readings & materials
1	Wed, August 25	<b>Introduction</b> Marking, introductions and discussion of the focus of the class.	.
2	Friday, August 27	<b>Philosophical underpinnings.</b> Kinds of relationships relevant to business ethics (e.g., employer-employee, corporation-public). Two kinds of concerns: 1. Nature of moral obligations. 2. What can be done to induce ethical behavior in the business world. Some examples of business misbehavior	Film clips Other reading: Material distributed on kinds of moral arguments.
3	Monday Aug. 30	<b>Discussion of relevant philosophy:</b> utilitarianism, Mill, Kant, Plato, Locke, Hume, Rawls, Nozick. Tragedies of choice vs. living with the consequences of your choices or "Sophie's Choice vs. Buridan's Ass." The rise of consumer and community advocacy.	Background reading: Ethical and Economic Theoretical Grounding. 1-11 Nicomachean Ethics, Aristotle. 12-18 Utilitarianism, John Stuart Mill. 19-27 Foundations of the Metaphysics of Morals, Immanuel Kant. 29-36 A Simplified Account of Kant's Ethics, Onora O'Neill. 37-42
4	Wed. Sept. 1	<b>The Minimalist View of Corporate Obligations</b>	Challenges Calling for Corporate Responsibility. 201-210 The Social Responsibility of Business is to Increase its Profits, Milton Friedman. 224-229 Stakeholder Theory of the Modern Corporation, R. Edward Freeman. 258-267
5	Friday Sept. 3	<b>Corporate Philanthropy: The Good, the Bad, and the Ugly</b>	"Global Health and Corporate Philanthropy: Fickle Funder or Lasting Partner?," Susan Raymond <a href="http://www.onphilanthropy.com/tren_comm/tc2002-01-11a.html">http://www.onphilanthropy.com/tren_comm/tc2002-01-11a.html</a> "A contractarian Defense of Corporate Philanthropy": <a href="http://www.teamproduction.us/p/philanthropy.htm">http://www.teamproduction.us/p/philanthropy.htm</a> A.P. Smith Manufacturing Co. v. Barlow, pp. 85-87, Discussion assignment: When might corporate philanthropy be immoral?
	Monday Sept. 6	<b>Labor Day: No class</b>	

Class	Date	Topics	Readings & materials
6	Wed. Sept. 8	<b>Philosophical issues related to corporate morality.</b> Are there good and bad companies? Possible topics: Economics and business ethics. Problems of choice: voter's paradox, Arrow's Impossibility theorem, Pareto optimality. The proper goals of the corporation: Profit maximization vs. stakeholder capitalism.	Collective responsibility: <a href="http://www.rep.routledge.com/article/L085SECT4?ssid=700238658&amp;n=19#">http://www.rep.routledge.com/article/L085SECT4?ssid=700238658&amp;n=19#</a> Corporate moral agency: <a href="http://duke.usask.ca/~wjb289/PHL235/transparencies/Notes_on_French_Corporation_as_Moral_Person.PDF">http://duke.usask.ca/~wjb289/PHL235/transparencies/Notes_on_French_Corporation_as_Moral_Person.PDF</a> <i>Optional for real keepers only:</i> <a href="http://www.iep.utm.edu/c/collect.htm">http://www.iep.utm.edu/c/collect.htm</a> <a href="http://slate.msn.com/id/101345/">http://slate.msn.com/id/101345/</a>
7	Friday Sept. 10	<b>Situations, cases and applications of theories of corporate morality</b> Codes of conduct	Dodge v. Ford Motor Co. <a href="http://www.lapres.net/dodge.html">http://www.lapres.net/dodge.html</a> Johnson & Johnson: <a href="http://www.jnj.com/our_company/our_credos/">http://www.jnj.com/our_company/our_credos/</a> Merck mission statement <a href="http://www.merck.com/about/mission.html">http://www.merck.com/about/mission.html</a> Video on Merck and river blindness Material to be assigned
8	Monday Sept. 13	<b>Individual responsibility vs. Corporate responsibility. Should the corporate veil protect managers, employees and directors? Should there be a death penalty for corporations? Is the threat of civil penalties sufficient to discourage unethical behavior by corporations? Is the use of bankruptcy as a protection against public and consumer litigation ethical?</b>	Federal Sentencing Guidelines, Corporate codes and Sarbanes-Oxley (References to be provided) Corporate Responsibility, Larry May. 241-249 How Organizations Socialize Individuals into Evildoing, John M. Darley. 211-223
9	Wed. Sept. 15	<b>Corporate Crime and Punishment: Who do you blame?</b>	<del>Material to be assigned.</del>
10	Friday. Sept. 17	<b>Morality of products and services (e.g., questions of animal testing, weapons, pornography, drugs). Is ethical behavior always good business? Is it ever? Can corporate responsibility be a source of strategic advantage? If yes, when? Can consumers and the public influence the ethics or behavior of companies? Boycotts, political correctness and the morality of a minority imposing ethical preferences on society at large</b>	Animal Liberation, Peter Singer. 423-430  Material to be assigned.

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Class	Date	Topics	Readings & materials
11	Monday Sept. 20	<b>Attacking an Industry on Moral Grounds</b>	Movie: Pelts: Politics of the Fur Trade (NFB)
12	Wed. Sept. 22	<b>Theory of Consumer Protection</b>	<u>Material to be assigned.</u>
13	Friday. Sept. 24	<b>Cases on Product Safety/Morality</b>	The Ford Pinto, W. Michael Hoffman. 465-472 Other materials to be discussed: Ford Pinto, Tylenol, Single-engine airplanes, handguns, ...
14	Monday Sept. 27	<b>Ethical Issues of International Business. Relations between companies and governments. Taxation and ownership of resources.</b>	Enron: History of Human Rights Abuse in India, Human Rights Watch. 110-111 Creating the Third World, Clive Ponting. 112-120 The High Cost of Uranium, Donald A. Grinde and Bruce E. Johansen. 121-128 Moral Minimums for Multinationals, Thomas Donaldson. 129-141 Rio Declaration on Environment and Development. 142-145
15	Wed Sept. 29	<b>Ethical Issues of International Business</b>	Video or material to be distributed
16	Friday Oct. 1	<b>Regulation of International Business The United Nations Declaration of Human Rights</b>	United Nations Universal Declaration of Human Rights. 99-103 United Nations Declaration of Human Rights Principles and Responsibilities for Transnational Corporations and Other Business Enterprises. 104-109
17	Monday Oct. 4	<b>Bribery and Behavior in Foreign Places FCPA</b>	Foreign Corrupt Practices Act Amendments of 1988, (reference to be provided); <u>Other material to be assigned.</u>

**Deleted:** Acceptable Risk, pp. 166-175, Manuel Velasquez, The Ethics of Consumer Production. 175-183¶  
George G. Brenkert, Strict Products Liability and Compensatory Justice. 184-189, Hennington v. Bloomington Motors, Inc. and Chrysler Corporation, pp. 237-241¶

**Deleted:** Dunfee & Donaldson, Untangling the Corruption Knot, pp. 550-558, Facilitation of Bribery, pp. 623

Class	Date	Topics	Readings & materials
18	Wed. October 6	<b>The Ethics of Determining "Acceptable risks."</b> How safe is safe enough? The environment, deep pockets, Dave Barry on Lawyers. How do you value a life? Comparing risks: danger of delivery trucks vs. danger of nuclear accidents. Dalkon Shield.	At the Shrine of Our Lady of Fatima or Why Political Questions are Not All Economic, Mark Sagoff. 473-484 The Ford Pinto, W. Michael Hoffman. 465-472
19	Friday. October 8	<b>Hazards in the Workplace</b>	Video or other material to be assigned.
20	Monday Oct. 11	<b>Who should choose the appropriate level of workplace safety?</b>	Corporations When Does a Worker's Death Become Murder? David Rosner. 230-240 The Workers' Right to Know, Participate and Refuse Hazardous Work: A Manifesto Right, Robert Sass. 250-257
21	Wed Oct. 13	<b>In-class mid-term exam</b>	
22	Friday. Oct. 15	<b>Who own jobs?</b> Labor vs. management. Right to work vs. closed shops, essential services, just wages, loyalty.	State and federal work regulations (material to be assigned) Film clips related to theme to be announced.
	Monday Oct. 18	<b>Fall Recess: No class</b>	
23	Wed. Oct. 20	<b>Labor and Conflict</b> Strikes, collective bargaining, picket-line behavior, replacement workers, "anti-scab" laws. How do you maintain the "rights" of management and strikers at the same time as you discourage violence? Discussion of violent strikes.	Materials to be assigned.
24	Friday. Oct. 22	<b>Who owns jobs?</b> Capital vs. labor. What obligations do employers have to employees? The ethics of downsizing. Plant closures. Lifetime employment promises	The Justification of Private Property, John Locke. 281-285 An Inquiry into the Value and Causes of the Wealth of Nations, Adam Smith. 43-45
25	Monday Oct. 25	Marxist views of ownership and surplus value. Andrew Carnegie and Social Darwinism	Marx: Alienated Labour. Estranged Labor, Karl Marx. 286-291 Clip from Charlie Chaplin's "Modern Times." Readings from Carnegie: The Gospel of Wealth
26	Wed. Oct. 27	<b>Sexual Harassment (I)</b>	Video.

Class	Date	Topics	Readings & materials
27	Friday. Oct. 29	<b>Gender, family and related issues in the workplace.</b> Provision of daycare, mommy tracks, AIDS policies	White Privilege and Male Privilege: A Personal Account of Coming to See Correspondences Through Work in Women's Studies, Peggy McIntosh. 322-330 TBA
28	Monday Nov. 1	<b>Sexual Harassment (II)</b>	The "Social Etymology" of "Sexual Harassment", Margaret A. Crouch. 347-363 Other material to be assigned
29	Wed. Nov. 3	<b>Race and the Workplace (I)</b>	Affirmative Action: The Price of Preference, Shelby Steele. 331-337 Does Affirmative Action Hurt Its Intended Beneficiaries? Barbara R. Bergmann. 338-346
30	Friday Nov. 5	<b>Race and the Workplace (II)</b>	Material to be assigned
31	Monday Nov. 8	<b>Marketing/Advertising (I)</b> Advertising codes Advertising to children Is the consumer autonomous?	Material to be assigned
32	Wed. Nov. 10	<b>Marketing/Advertising (II)</b> Is the encouragement of "unnecessary" consumption unethical?	How Much Should a Country Consume? John Kenneth Galbraith. 494-500 The Case That the World Has Reached Its Limits, Robert Goodland. 501-511 A Proposal for Environmental Labels: Informing Consumers of the Real Costs of Consumption, Shari Collins-Chobanian. 512-526 The Myth of Consume or Decline, Alan Thein Durning. 527-533 Involuntary Simplicity: Changing Dysfunctional Habits of Consumption, Guy Claxton. 534-540
33	Friday. Nov. 12	<b>The environment (I)</b>	Environmental Ethics Challenges to Business. 367-372 The Land Ethic, Aldo Leopold. 373-384 The Ethics of Respect for Nature, Paul W. Taylor. 385-396 Risk and Justice: Capitalist Production and the Environment, Rodger C. Field. 397-408

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Class	Date	Topics	Readings & materials
34	Monday Nov. 15	<b>The environment (II)</b>	Ethics and Ecology, William T. Blackstone. 146-151 The Human Right to a Safe Environment, James Nickel. 152-163 Beyond Sax and Welfare Interests: A Case for Environmental Rights, Shari Collins-Chobanian. 164-176 Defining Sustainable Development, Devon Peña. Gandhian 177-182
35	Wed Nov. 17	<b>Workplace and Consumer Privacy Copyright</b>	Material to be assigned
36	Friday. Nov. 19	<b>Whistleblowing</b>	Whistleblowing and Professional Responsibility, Sissela Bok. 550-557 Whistleblowers and the Narrative of Ethics, C. Fred Alford. 558-572
37	Monday Nov. 22	<b>Are Business and Economics Students Trained to View Ethics Differently Than Their Peers?</b>	The Mistake, Kenneth Lux. 46-54 Reflections on the Triumph of Capitalism, Robert Heilbroner. 73-83 Material to be Assigned
	Wed. Nov. 24	<b>Thanksgiving Recess: No class</b>	
	Friday Nov. 26	<b>Thanksgiving Recess: No class</b>	
38	Monday Nov. 29	<b>Does Business Have a Place in Promoting Social Justice?</b>	Distributive Justice, John Rawls. 55-63 Article on Nozick: <a href="http://www.rep.routledge.com/article/S090SECT2?ssid=63221970&amp;n=2#">http://www.rep.routledge.com/article/S090SECT2?ssid=63221970&amp;n=2#</a> Rich and Poor, Peter Singer. 301-309
39	Wed. Dec. 1	<b>Biotechnology, New Technologies and New Ethical Challenges for Business</b>	A Different Path, Richard Heinberg. 431-441 The Cost of Biotech Fever, Russell Mokhiber and Robert Weissman. 442-443 Other material to be assigned.
40	Friday. Dec.3	<b>Biotech II</b>	Biotechnology is Not Compatible with Sustainable Agriculture, Martha L. Crouch. 444-455 The Human Genome Diversity Project: Indigenous Communities and the Commercialization of Science, Brian Tokar. 456-464
41	Monday Dec. 6	<b>To be announced</b>	
42	Wed. Dec. 8	<b>Course Wrap-up and conclusions</b>	

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