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## BADM 261-01, Business Ethics, Fall 2005

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

**Topics: Business Ethics**  
**Business Administration 261, Section 01**  
**Course number: 10138**

<b>Instructor:</b>	<b>Allan Ryan, Ph.D.</b>	<b>Fall: 2005/06</b>
<b>Office:</b>	<b>315 Buckman</b>	<b>Classroom: Buckman 108</b>
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<b>Office hours:</b>	<b>MWF 15:00-16:00; TR 13:00-14:00 (subject to change), by appointment, or by dropping by.</b>	

**TEXTS**

Beauchamp, Tom L., & Norman E. Bowie, 2003, *Ethical Theory and Business*, 7<sup>th</sup> ed., Prentice–Hall, Inc.

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 (20%)—In-class**

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

#### **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, in-basket 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 "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 topic of the student's own selection. The topic must be one of business ethics and should be pre-approved by the instructor.

**TWO SHORT PAPERS ON ASSIGNED TOPICS (10% EACH, TOTAL 20%)**

First paper on an assigned question dealing with Milton Friedman or R. Edward Freeman.  
Second paper on topic of either public goods or social costs.

**Marking**

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!

Class	Date	Topics	Readings & materials
1	Wed, August 24	<b>Introduction</b> Marking, introductions and discussion of the focus of the class.	.
2	Friday, August 26	<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.	Film—"Today's Life choices: Challenges for Out Times; Business Ethics: The Bottom Line" (28 min.) Background reading: Material distributed on kinds of moral arguments.
3	Monday. Aug. 29	<b>Discussion of relevant philosophy:</b> utilitarianism, 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: Beauchamp & Bowie pp. 1-44 Other reading: Material distributed on kinds of moral arguments.
4	Wed. Aug. 31	<b>The Minimalist View of Corporate Obligations</b>	Beauchamp & Bowie pp. 45-50. Friedman: The Social Responsibility of Business is to Increase Profits (pp. 50-55). R. Edward Freeman, A Stakeholder View of the Corporation (pp. 55-64). Possible video.
5	Friday Sept. 2	<b>Philosophical issues related to corporate morality.</b> Are there good and bad companies? 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.	Hasnas, Two Normative Theories of Business Ethics: A Critique, pp. 65-74, Boatright, What's So Special About Shareholders? Or Fiduciary Duties and the Shareholder-Management Relation, pp. 75-83
	Monday Sept. 5	<b>Labor Day: No class</b>	
6	Wed. Sept. 7	<b>Situations, cases and applications of theories of corporate morality</b>	Dodge v. Ford Motor Co. pp 83-84, A.P. Smith Manufacturing Co. v. Barlow, pp. 85-87, Johnson & Johnson: Our Credo, p. 88; Merck & River Blindness, pp. 90-91

<b>Class</b>	<b>Date</b>	<b>Topics</b>	<b>Readings &amp; materials</b>
7	Friday Sept. 9	<b>Individual responsibility vs. Corporate responsibility.</b> 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?	Corporate Character and Individual Responsibility—pp. 95-98  Moore, Corporate Culpability under the Federal Sentencing Guidelines, pp. 99-109 Velasquez, Debunking Corporate Moral Responsibility, pp. 109-122, Federal Sentencing Guidelines, pp. 147-152
8	Monday Sept. 12	<b>Corporate Crime and Punishment: Who do you blame?</b>	Boisjoly, Roger Boisjoly and the Challenger Disaster, pp. 123-136, Belkin, How Can We Save the Next Victim?, pp. 136-146
9	Wed. Sept. 14	<b>Morality of products and services</b> (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	Assignment: Find and photocopy (if multiple page just bring in the first page) an article (newspaper, magazine, on online website) that discusses the morality of a product or a service. Be prepared to offer your own opinion.
10	Friday Sept. 16	<b>Attacking an Industry on Moral Grounds</b>	Movie: Pelts: Politics of the Fur Trade (NFB)
11	Monday Sept. 19	<b>Theory of Consumer Protection</b>	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
12	Wed. Sept. 21	<b>Cases on Product Safety/Morality</b>	Protecting Consumers Against Tobacco, 247, H.B. Fuller in Honduras, pp. 91-93, The Nestle Corporation, pp. 629-630 Other materials to be discussed: Ford Pinto, Tylenol, Single-engine airplanes, handguns, Firestone tires ...

<b>Class</b>	<b>Date</b>	<b>Topics</b>	<b>Readings &amp; materials</b>
13	Friday Sept. 23	<b>Ethical Issues of International Business.</b> Relations between companies and governments. Taxation and ownership of resources.	Introduction to chapter 9, pp. 532-538, Bowie, Relativism and the Moral Obligations of Multinational Corporations, pp. 538-544, Werhane, Exporting Mental Models, pp. 544-550
14	Monday Sept. 26	<b>Ethical Issues of International Business</b>	Video or material to be distributed
15	Wed. Sept. 28	<b>Regulation of International Business</b> FCPA, The United Nations Declaration of Human Rights	Universal Declaration of Human Rights, pp. 606-609 Maitland, The Great Non-Debate Over International Sweatshops, pp. Arnold & Bowie, Sweatshops and Respect for Persons, pp. 591-606; Adidas-Salomon, pp. 624-628, Nike's Suppliers in Vietnam, pp. 677-678
16	Friday Sept. 30	<b>Bribery and Behavior in Foreign Places</b>	Foreign Corrupt Practices Act Amendments of 1988, (reference to be provided); Dunfee & Donaldson, Untangling the Corruption Knot, pp. 550-558, Facilitation of Bribery, pp. 623
17	Monday October 3	<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.	De George, Safety, Risk and Environmental Protection, pp. 222-2227, Velasquez, Ethics and the Environment, pp. 227-237, The McDonald's Polystyrene Case, pp. 249-250. Other material to be assigned
18	Wed. October 5	<b>Hazards in the Workplace</b>	Video or other material to be assigned.
19	Friday Oct. 7	<b>Who should choose the appropriate level of workplace safety?</b>	Faden and Beauchamp, The Right to Risk Information, pp. 204-211, Boatright, Occupational Health and Safety, pp. 211-221, Automobile Workers v. Johnson Controls, 241-244, Exposing Workers to Plutonium, pp. 248-249
20	Monday Oct. 10	<b>In-class mid-term exam</b>	

<b>Class</b>	<b>Date</b>	<b>Topics</b>	<b>Readings &amp; materials</b>
21	Wed. Oct. 12	<b>Who own jobs?</b> Labor vs. management. Right to work vs. closed shops, essential services, just wages, loyalty.	Werhane and Radin, Employment at Will and Due Process, p. 266-274 In Defense of the Contract at Will, Epstein, 274-282 Baseball Economics, p. 676-677, A matter of Principle, p. 321, Film clips related to theme to be announced.
22	Friday Oct. 14	<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.
	Monday Oct. 17	<b>Fall Recess: No class</b>	
23	Wed. Oct. 19	<b>Who owns jobs?</b> Capital vs. labor. What obligations do employers have to employees? The ethics of downsizing. Plant closures. Lifetime employment promises	Smith: Benefits of the Profit Motive, Locke: The Justification of Private Property
24	Friday Oct. 21	Marxist views of ownership and surplus value. Andrew Carnegie and Social Darwinism	Marx: Alienated Labour. Clip from Charlie Chaplin's "Modern Times." Readings Karl Marx, Carnegie: The Gospel of Wealth
25	Monday Oct. 24	<b>Sexual Harassment (I)</b>	Video.
25	Wed. Oct. 26	<b>Gender, family and related issues in the workplace.</b> Provision of daycare, mommy tracks, AIDS policies	Introduction to Chapter 6, pp. 325-331; Epstein, Can a "Dumb Ass Woman" Achieve Equality in the Workplace?, pp. 361-369 Judith M. Hill, Pay Equity, p. 379, Ellen Frankel Paul, Resolving the Debate Over Comparable Worth, p. 406, Comparable Worth in the Female Section, p. 451, American Federation of State County and Municipal Employees v. State of Washington, p. 438
27	Friday Oct. 28	<b>Sexual Harassment (II)</b>	Altman, Making Sense of Sexual Harassment Law, pp. 415-421, Vaughana Macy Feary, Sexual Harassment: Why the Corporate World Still Doesn't "Get It." p. 421-427, Harassment at Brademore Electric, pp. 446-447.

<b>Class</b>	<b>Date</b>	<b>Topics</b>	<b>Readings &amp; materials</b>
28	Monday Oct. 31	<b>Ronald Coase and the theory of Social Costs: Dealing with externalities through property rights, regulation and other means</b>	Material to be assigned
29	Wed Nov. 2	<b>The challenge producing public goods: government, markets, corporate philanthropy</b>	Material to be assigned
30	Friday Nov. 4	<b>The environmental challenge: What are the facts and what should we do</b>	Material to be assigned
31	Monday Nov. 7	<b>Race and the Workplace (I)</b>	Nagel, A defense of Affirmative Action, p. 339, Arnold, Affirmative Action and the Demands of Justice, p. 343, Weber and the Kaiser Aluminum Steelworkers Plan, p. 394
32	Wed. Nov. 9	<b>Race and the Workplace (II)</b>	Beauchamp, Goals and Quotas in Hiring and Promotion, p. 352, Local 28 of the Sheet Metal Workers' International Association v. EOP Commission, p. 374, City of Richmond v. J.A. Croson Company, p. 379, Firefighters Local Union No. 1784 v. Stotts, p 395
33	Friday Nov. 11	<b>Marketing/Advertising (I)</b>	Arrington, Advertising and Behavior Control, p. 409; Bishop, Is Self-Identity Advertising Ethical? P. 417, Carr, Is Business Bluffing Ethical? P. 443, Second Thoughts About Bluffing, p. 448
34	Monday Nov. 14	<b>Marketing/Advertising (II)</b>	Holley, Information Disclosure in Sales, p. 427; Carson, Deception and Withholding Information in Sales, p. 494, Irving Backman, v. Polaroid, p. 453; Sanfield v. Finlay, p. 456
35	Wed. Nov. 16	<b>Marketing/Advertising (III)</b>	More Horsepower?, p. 461; Green Advertising, p. 463; Coca-Cola Company v. Tropicana Products, Inc., p. 459; Marketing Malt liquor, p. 465; Sales at World Camera, p. 464

<b>Class</b>	<b>Date</b>	<b>Topics</b>	<b>Readings &amp; materials</b>
36	Friday Nov. 18	<b>Workplace and Consumer Privacy Copyright</b>	Johnston, Privacy, p. 473, Charters, Electronic Monitoring, p. 487; De George, Intellectual Property, p. 495; Lessig, Controlling the Wired
37	Monday Nov. 21	<b>Whistleblowing</b>	Duska, Whistleblowing and Employee Loyalty, p. 305; Davis, Some Paradoxes of Whistleblowing, p. 297; The Reluctant Security Guard, p. 318
	Wed. Nov. 23	<b>Thanksgiving Recess: No class</b>	
	Friday Nov. 25	<b>Thanksgiving Recess: No class</b>	
38	Monday Nov. 28	<b>Finance and Ethics (Insider Trading, Information, Adding Financial Risk to Companies, and Asking for Bailouts)</b>	Conventions on Lying on Wall Street, p. 465; Other material to be assigned
39	Wed. Nov. 30	<b>Are Business and Economics Students Trained to View Ethics Differently Than Their Peers?</b>	Material to be Assigned
40	Friday Dec. 1	<b>Does Business Have a Place in Promoting Social Justice?</b>	Chapter 9 Introduction, p. 630; Rawls, An Egalitarian Theory of Justice, p. 638; Nozick, The Entitlement Theory, p. 6546; Singer, Rich and Poor, p. 650
41	Monday Dec. 5	<b>Biotechnology, New Technologies and New Ethical Challenges for Business</b>	Kupfer, The Ethics of Genetic Screening in the Workplace, p. 282; Wicks et al. Screening Workers p. 289; Health and Genetic Screening, p. 322; Disability Rights; Other Material as Assigned
42	Wed. Dec. 7	<b>Course Wrap-up and conclusions</b>	