

Business Ethics and Corporate Governance

Fall 2012

Course:	MGT 444	Professor:	Dr. Lori J. Ryan
Room:	EBA 339	Phone:	594-5314
Meetings:	TTh 12:30-1:45	E-mail:	Lori.Ryan@sdsu.edu
Prerequisite:	MGT 350, BA 300	Office:	SSE 3437
		Office Hours:	T 2:40-3:40 Th 9:45-10:45 Or by appointment

Readings: No book is required for this class. The readings are available electronically: Readings marked **(B)** on the syllabus are posted on the course Blackboard page under "Course Documents." Readings marked **(P)** are available from ProQuest (or ABI/Inform) on the infodome.sdsu.edu article database page. Links to most of these documents are available in the "Links" document posted on the "Course Documents" page. *You need to print out and bring paper copies of the day's articles to each class.* If you prefer to buy a reader, a "BA 702B" reader is available from Montezuma Publishing for about \$100 that includes many, but not all, of the readings for this course. To order a copy, e-mail orders@montezumapublishing.com. (Using the internet for readings significantly lowers your book costs.) Additional electronic readings may be assigned during the semester.

BSBA Goals: BSBA students will graduate being *Effective Communicators, Critical Thinkers, Able to Analyze Ethical Problems, Global* in their perspective, and *Knowledgeable* about the essentials of business. This class contributes to those goals through its course activities, assignments, and student learning outcomes.

Student Learning Outcomes: At the end of this course students should be able to:

1. Explain the philosophical arguments for and criticisms of 4-6 ethical theories.
2. Apply 4-6 ethical theories to current business situations.
3. Discern ethical content in current business news.

Course Objectives: (1) To encourage you to think systematically and rigorously about ethical issues, particularly those that occur in a business context, and (2) to help you to clarify and examine the ethical system you now hold. To accomplish these objectives, we will investigate several formal ethical theories closely tied to business ethics and apply those theories to current business-ethics issues. In addition, you will be asked to read assignments thoroughly and thoughtfully, to develop personal observations and insights about the material, and to write about and discuss those insights in class, on exams, and in a short presentation.

Course Format: A "business ethics" course lies at the intersection of business and the liberal arts, so it isn't a typical business class. Three to five times during the semester, at the beginning of class, I'll ask you to write a thoughtful response to a question about that day's assigned readings. Six of our classes will consist of lectures about and discussions of an ethical theory based on (particularly important *) readings. During the rest of our sessions, we will primarily discuss topical readings and cases. Five of our classes will consist of presentations and discussions of current ethical issues led by three teams of students. Extra readings may be assigned as we go along.

Grading:

25%	Brief essays and presentation-day attendance
40%	Midterm exams (20% each)
10%	Presentation and writeup of current business-ethics issue
25%	Final exam

Grading
(cont.):

Brief essay scoring:

5-10-minute in-class, thoughtful, written responses to the question(s) of the day based on assigned readings, at beginning of class on *any* given day (in ink on 8-1/2" x 11" paper; no spiral edges please; no credit if leave class early)

6 pts. = obviously read and understood the assignment and added personal insight

5 pts. = answered the question, but made an error or didn't add personal insight

4 pts. = didn't answer the question, but demonstrated that read the assignment

2 pts. = turned in a piece of paper; didn't read or unclear if read the assignment

0 pt. = didn't attend class

Class attendance (presentation days when no question; must arrive before first team begins, no credit if you leave class early):

2 pts. = present and alert (see below)

0 pt. = not present

Presentation: Three-person teams will be responsible for presenting a current, **business-ethics** related news item to the class. The article should have appeared within three weeks of the presentation date and must include **business-ethics** issues, but it doesn't have to relate to that week's topic. It should discuss **moral** issues facing **businesspeople; do not use** legal or government issues (e.g., lawsuits or university activities), those facing specific professions that have their own specialized ethics fields (e.g., journalism and medicine), or those whose issues are idiosyncratic (e.g., professional sports or utilities). *The Wall Street Journal* and *Fortune* are good places to start looking.

The proposed article must be approved by e-mail **before** office hours one week before presentation day (see signup sheet for precise dates); e-mail submissions of your best shot at an article that meets all of the above requirements (and one backup) must be submitted no later than 8:00 a.m. of that day. At least one member of each team must attend a meeting at the **very beginning** of office hours one week before their presentation day for a briefing on the project (teams will sign in). Seven carefully written and screened questions in the correct format must be submitted by e-mail at least 72 hours before the presentation for comment and approval. Then, one class session before the presentation, the team is responsible for handing out a copy of the article to each student in the class. (Bring **50** copies of the article, on a single sheet if possible.)

On the day of the discussion, the presenters should explain the article briefly, then lead a rousing discussion of the various **business-ethics** issues that it raises based on their approved questions (20-25 minutes). Grades will be based on 1) the appropriateness of the article (one "try" to get approval will lead to the highest grade, two to a slightly lower grade, etc.—screen your submissions carefully), 2) the quality of the submitted and final questions (one "try," etc.), and 3) the quality of the classroom discussion, with identical grades going to all team members. The signup sheet will be available the second week of class; changes will be through voluntary trades only. **Complete teams must be formed before signing up.**

Exams: Combination of definition, short-answer, and essay questions; questions on the final will require knowledge of midterm concepts. (You will need an 8-1/2" x 11" blue book for each exam—consider buying three or four at the beginning of the semester.) Potential Midterm and Final questions will be distributed in class one week before each exam, and the review sessions will consist of student-driven discussions of the answers. Out of fairness to other students, no one will be allowed "in and out" privileges during exams (i.e., no leaving the room and returning to continue working on the exam). The final exam will include one long essay question that will require you to write a persuasive essay that explains thoroughly (based on lecture, discussion, and assigned readings) your favorite of the six ethical theories listed in the syllabus. Makeup exams for preexcused absences will be variations of those given in class; makeup exams *may* be possible for unexcused absences only in extraordinary circumstances, at the discretion of the professor.

Student Classroom Conduct: 1) Students who interrupt the class to leave the room should take their belongings with them and not interrupt the class again by returning (any student who has a medical concern with this policy should talk with me). 2) To avoid having to deal with abuses, we have moved into the “post-laptop” era—students are not allowed to use any electronics of any kind in the classroom. 3) If any student is seen using an electronic device, I may ask them to leave for the remainder of the session, including forfeiting any points earned that day. 4) On student discussion days, if I observe any student doing anything but focusing on the classroom conversation, I may deduct attendance credit for that student without notice.

Cheating: This is an ethics class. You should never cheat. Especially in this class.

Course Outline

*Starred readings will be particularly important to the class and on the exams; read them very carefully

Week 1

Course Overview August 28

Course Kickoff August 30

J. O'Brien. 2008. “Team Building in Paradise.” *Fortune*, May 26, pp.112-122. (P)

Week 2

Justice Theory September 4

*John Rawls. 1971. “Justice as Fairness.” From *A Theory of Justice*, pp. 3-17 (you can safely skip pp. 8-10 and 16-17). (B)

Issue 1: Pharmaceuticals and Justice September 6

Ian Maitland. 2002. “Priceless Goods: How Should Life-saving Drugs be Priced?” *Business Ethics Quarterly*, Vol. 12, pp. 451-480 (you can safely skip the “Background” section, pp. 454-457). (P)

In-class cases (no advance reading required)

Week 3

Rights Theory September 11

*Robert Nozick. 1974. “Distributive Justice.” From *Anarchy, State and Utopia*, pp. 149-174 (you can safely skip “Sen’s Argument” (pp. 164-166); p. 166 onward examines applications and complexities. (B)

Issue 2: Employee Rights vs. Employee Benefits September 13

Ian Maitland. 1989. “Rights in the Workplace: A Nozickian Argument.” *Journal of Business Ethics*, pp. 951-954. (P)

Nick Bunkley. 2011. “G.M. Contract Approved, with Bonus for Workers.” *The New York Times*. Sept. 28. Available on line at <http://www.nytimes.com/2011/09/29/business/uaw-approves-four-year-contract-with-gm.html>

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Week 4

Utilitarian Theory

September 18

*J. J. C. Smart. 1991. "Distributive Justice and Utilitarianism." In John Arthur and William H. Shaw (Eds.), *Justice and Economic Distribution*. Englewood Cliffs, NJ: Prentice Hall. (B)

Issue 3: The Pinto Case and Johnson & Johnson

September 20

Lisa Newton and David Schmidt. 2004. "How Shall We Know if Our Products are Safe?" *Wake-up Calls*, pp. 111-127 (you can safely skip the introduction). (B)

"Johnson & Johnson's Tylenol Scare," available on line at:

<http://iml.jou.ufl.edu/projects/Spring01/Hogue/tylenol.html>

Kimes, Mina. 2010. "Why J&J's headache won't go away." *Fortune*. 100-108. (P)

(Midterm study suggestions distributed)

Week 5

Midterm Review

September 25

MIDTERM EXAM

September 27

Week 6

Current Business-ethics Issues

October 2

Current Business-ethics Issues

October 4

Week 7

Objectivist Theory

October 9

*Ayn Rand. 1967. "The Objectivist Ethics." From *The Virtue of Selfishness*, pp. 13-35. (B)

Harriet Rubin. 2007. "Ayn Rand's Literature of Capitalism." *The New York Times*, p. C-1. (P)

Issue 4: Price Gouging

October 11

Megan DeMarco. 2011. "N.J. Sues Sussex County Gas Station for Alleged Price Gouging after Hurricane Irene." *NJ.com*. December 22. Available on line at http://www.nj.com/news/index.ssf/2011/12/nj_sues_sussex_county_gas_stat.html

Matt Zwolinski. 2008. "The Ethics of Price Gouging." *Business Ethics Quarterly*, pp. 347-378. (P)

Week 8

Social Contract Theory

October 16

*Tom Donaldson and Tom Dunfee. 1994. "Toward a Unified Conception of Business Ethics: Integrative Social Contracts Theory." *Academy of Management Review*, pp. 252-279 (you can safely skip "Implications for Research," pp. 271-278). (P) (use pdf)

Issue 5: Sweatshops

October 18

Ian Maitland. 1997. "The Great Non-debate over International Sweatshops." *British Academy of Management Conference Proceedings*, September, pp. 240-265. (B) (and possibly some Current Business Ethics Issues)

Week 9

The Ethic of Care

October 23

*Thomas I. White. 1992. "Business, Ethics, and Carol Gilligan's 'Two Voices'." *Business Ethics Quarterly*, 2: pp. 51-61. **(B)**

Issue 6: Gender and Work-life Balance Issues

October 25

Sylvia Ann Hewlett, "Executive Women and the Myth of Having it All." 2002. In *Harvard Business Review*. **(P)**

Eagly and Linda L. Carli. 2007. "Women and the Labyrinth of Leadership." *Harvard Business Review*, September, pp. 2–11. **(P)**

Tanvi Gautman. 2012. "Real Men Don't Need Work-life Balance." *Forbes*. May 23. Available on line at <http://www.forbes.com/sites/forbeswomanfiles/2012/05/23/real-men-dont-need-work-life-balance/2/>

(Midterm study suggestions distributed)

Week 10

Midterm Review

October 30

MIDTERM EXAM

November 1

Week 11

Current Business-ethics Issues

November 6

Current Business-ethics Issues

November 8

Week 12

Issue 7: Corporate Social Responsibility

November 13

Mallen Baker. 2010. "Corporate Social Responsibility—What Does it Mean?" Available on line at <http://www.mallenbaker.net/csr/definition.php>

Milton Friedman. 1970. "The Social Responsibility of Business is to Increase Its Profits." *New York Times Magazine*, pp. 32-33. Available online at <http://www-rohan.sdsu.edu/faculty/dunnweb/rprnts.friedman.html>

Aneel Karnani. 2010. "The Case Against Corporate Social Responsibility." *Wall Street Journal*, Aug. 23, p. R-1. **(P)**

Sarah Lyall. 2010. "In BP's Record, a History of Boldness and Costly Blunders." *The New York Times*, July 12. **(P)**

Current Business-ethics Issues

November 15

Week 13

Stakeholder Theory

November 20

Tom Donaldson and Lee Preston. 1995. "The Stakeholder Theory of the Corporation: Concepts, Evidence, Implications." *Academy of Management Review*, 20: pp. 65-91. (Focus on 65-75, skim 75-91). **(P)** (use pdf)

Issue 8: Stakeholder Management

Ann Zimmerman, "Costco's Dilemma: Be Kind to Its Workers, or Wall Street?" 2004. *The Wall Street Journal*, March 26, p. B-1. **(P)**

No class—Thanksgiving

November 22

Week 14

Corporate Governance: Structure and History

November 27

The Business Roundtable. 2012. "Principles of Corporate Governance." Click on "Download PDF" at <http://businessroundtable.org/studies-and-reports/business-roundtable-principles-of-corporate-governance-2012/>

Corporate Governance: The Case of Steve Jobs

November 29

Elkind, P. 2008. "The Trouble with Steve." *Fortune*. March 17, pp. 88-98+. (P)
Lashinsky, A. 2009. "The decade of Steve." *Fortune*. Nov. 23, pp. 92-100. (P)
Adam Satariano. 2011. "Apple's Shares Pare Losses After Investors Praise New CEO." *Bloomberg Newsweek*. August 25. Available online at <http://www.businessweek.com/news/2011-08-25/apple-s-shares-pare-losses-after-investors-praise-new-ceo.html>

(Final study suggestions distributed)

Week 15

Issue 9: Whistleblowing

December 4

Sissela Bok. 1980. "Whistleblowing and Professional Responsibility." *New York University Education Quarterly*, 11(4): pp. 2-7. (B)

Theory Application Exercise (bring your theory notes)

Final Review

December 6

FINAL EXAM

Tuesday, December 11

10:30 am-12:30 pm

The course syllabus provides a general plan for the course; deviations may be necessary, but exam dates are firm. Additional material may be assigned during the course of the semester.