

Walsh University
Business and Economics Division
April 29-June 17, 2008

Course: Social and Ethical Responsibility for Managers
Course Number: BUS 635
Course Times: 6:00 – 10:00, plus Saturday Class
Course Location: Medina/Thursdays
Instructor: Brian R. Corbin **Office:** Diocese of Youngstown
Email: bcorbin@walsh.edu **Phone:** 330-744-8451/330-565-4232
Office Hours: TBA
Required Text: *Business Ethics: Policies and Persons*
by Kenneth E Goodpaster (Author), Laura L Nash (Author), Henri-Claude de
Bettignies (Author) McGraw-Hill/Irwin; 4 edition (February 24, 2005)
ISBN-10: 0072996900 ISBN-13: 978-0072996906

COURSE OVERVIEW

The Environment

Ethics is probably the most urgent problem America's businesses face in this ever-changing environment. And it is a difficult environment, to be sure. Leaders we have trusted are serving a prison sentence, manufacturers we've believed in are telling us that their products are substandard, and violence and cynicism are played and replayed on our televisions, radios and websites.

But what is ethics, and how can studying it increase our chances of success and help us focus our energies on the concept of basic human goodness? This is the question for the business leader of today. Ethics is not only timely, but also extremely practical when viewed in the holistic approach.

The Course

This course is designed to explore behavior in the modern business world from a professional perspective. Particular current issues will form the basis of discussion and analysis. During the course, we will look at ethics as a discipline and will explore it with an emphasis on the modern business environment. Cases will be used to provide a better understanding of concepts and principles that determine managerial ethics in real-life situations.

VISION (OUR PURPOSE)

To have a highly interactive class dedicated to exchanging and creating as much useful information as possible.

MISSION (BROAD PLAN OF ACTION)

The Division of Business and Economics is committed to quality graduate and undergraduate business education which provides students with close student-teacher interaction and a curriculum which fosters ethics, values and the professional and personal skills needed for today's global competitive environment

To read, discuss, analyze and apply information about ethical business practices in organizations needing to be effective in highly competitive global environments.

VALUES (RESPECT FOR INDIVIDUALS)

We treat each other with respect and dignity, valuing individual and cultural differences. We communicate frequently and with candor, listening to each other, regardless of level or position.

Dedication to Helping Customers

We truly care for each customer. We build enduring relationships by understanding and anticipating our customers' needs and by serving them better each time than the time before.

Highest Standards of Integrity

We are honest and ethical in all our business dealings, starting with how we treat each other. We keep our promises and admit our mistakes.

Innovation

We believe innovation is the engine that will keep us vital and growing. Our culture embraces creativity, seeks different perspectives and risks pursuing new opportunities.

Teamwork

We encourage and reward both individual and team achievements. We freely join with colleagues across organizational boundaries.

Accountability

Each of us takes ownership for our success. Our rewards are determined by our results.

Excellence

We will be satisfied with nothing less than being the best in everything we do.

OBJECTIVES

In class and in writing assignments, you will:

1. Expand your understanding of the key principles and practices of business ethics through case studies, research and presentations.
2. Examine and discuss the importance of moral decision making within the context of business.
3. Examine and discuss the role of business in a societal context.
4. Examine and discuss various social and ethical issues confronting the international community, society, business, stakeholders of business and individuals in society
5. Simulate the business environment through a variety of ethically and socially oriented cases
6. Collaborate effectively with peers in learning and in conducting a group assignment
7. Integrate theory and research with sound management practice
8. Lead discussion groups on ethics and related topics

Classes are conducted as interactive and collective learning experiences, with both individual and group activities used in class. The application of management principles to practical problems will help students share their own experiences with the class and share in the issues which other managers and leaders face. The success of the course is dependent upon your preparation for and participation in this class.

ASSUMPTIONS

1. You enjoy working and learning.
2. You all have some different needs and styles.
3. You are willing to work hard on things that are useful and/or pay well.
4. You will silence your pagers, beepers and phones in the classroom.
5. Working as effectively as possible requires effective teamwork.
6. You appreciate feedback, autonomy and the opportunity to participate and contribute.
7. There are always more assumptions that are as important as the first six.

Attendance and Participation:

Attendance is expected at each class meeting and class attendance is taken at the beginning of each class. You are expected to be prepared for each class and will be called upon to discuss various issues, topics and case studies. Missed work, because of an approved absence, can be made up only under approved conditions. Late work will be penalized if accepted by the instructor.

Academic Integrity

The exchange of ideas and the sharing of information as part of the educational process is encouraged. Shared views among members of the class can provide an additional element in the process. However, the student is reminded that such sharing of views and other information must remain in the context of academic integrity. A breach of academic integrity will be considered a serious matter.

“Breach of Academic Integrity” in the course shall be defined as the use by one student of the work of another (student or otherwise) when such use is wrongfully used by the student. This definition is intended to address commonly recognized means and methods of cheating on materials, including plagiarism. Any infringement will result in a “0” grade on the assignment.

COURSE REQUIREMENTS

Performance Evaluation and Grading

Performance in class will be evaluated based on your demonstrated participation and the quality of the contributions. Therefore written work, assigned work, contributions to the group project, peer relationships, and participation in class will all affect the final course grade.

| | |
|---|-----------|
| Ethics Paper @ 25 points | 25 |
| 3 Case Studies @ 5 points each | 15 |
| Your “Firm” Analysis paper | 20 |
| Book Presentation @ 30 points | 30 |
| <u>Class Participation/Presentation @ 10 points</u> | <u>10</u> |
| Total points possible | 100 |

A = 90 – 100

B = 80 – 89

C = 70 – 79

D = 60 – 69

F = Below 59

Homework

Homework is a broad term used to cover the assignments given frequently in class as assimilative activities, reinforcing the main topics of discussion. They may be case studies, website evaluations, independent field trips, interviews or other related activities.

Ethics Paper (25%)

The ethics paper provides you an opportunity to explore a topic in the course in depth. You may choose a topic from the following four areas:

1. Business-government relations - examples include: product safety, affirmative action, environmental protection, benefits/wage policy, international trade agreements, intellectual property rights, and regulation of competition.
2. Corporate strategy - examples include: competitive philosophy, going global, changing the organization to fit the changing business environment, developments in marketing and distribution channels, and supplier relationships.
3. Trends in the business environment - examples include: changing demographics of the work force, changes in worldwide capital markets, the effect of technological and scientific advances on business.
4. Industry analysis - discuss the key elements of the business environment for an industry of interest.

The ethics paper will be graded on how well it fulfills the following criteria:

5. Clear statement of topic, how it fits one of the four categories, and how it relates to the course.
6. Paper is clearly and logically organized. Paragraphs have topical sentences and are concise and logical.
7. The paper draws on multiple reference sources that have credibility on the topic. The paper does not depend primarily on one or two secondary sources. That is, it does not paraphrase someone else's summary work.
8. Arguments and conclusions are well supported by the evidence.

Present the title and a few sentences describing your topic for approval by the end of **Week Two**. Submit your paper **by Week 8** of the course

Guidelines for the Ethics Paper

The paper must deal in some way with business ethics/social responsibility, and incorporate ideas from at least two sources outside of the assigned course readings. (You may use assigned readings, but you aren't required to do so.)

Newspaper or magazine articles may be cited, but your main sources should be scholarly. Since the paper is to be fairly short (6-8 pages), it's important to focus your topic narrowly in order to do it justice. I strongly recommend that you elicit feedback from me on your paper topic soon, so that I can steer you away from inappropriate subjects and toward useful research sources. I am also willing to comment on a draft of your paper at least two weeks prior to the due date for the final product.

You may use the paper to argue in support of one side of an ethical issue. **You must incorporate elements of Catholic social ethics/natural law theory in your presentation/paper** (see for example, Pontifical Council for Justice and Peace, Vatican, SOCIAL AGENDA, Compendium of Social Doctrine, <http://www.thesocialagenda.org/>). You should not only find substantial arguments in support of that position, but also substantial arguments against that position. In other words, try to show that your position successfully withstands strong criticism.

Presentation of the Ethics Paper

Each student will be given an opportunity to present his/her paper to the class in a professional format. Visual aids and handouts are encouraged, but not required. However, due to the nature of this course, time is of the essence. Limit your presentation to 10 minutes, which includes set-up. Presentations that exceed the ten-minute limit will be penalized.

Case Studies (15%)

Each student will prepare three (3) written case studies for submission, besides preparing for the case studies assigned in the class. These three case studies can be found in any business ethics book or web site. FOR CASE STUDY NUMBER 3...PLEASE SEE SPECIAL INSTRUCTIONS ON SAKAI WEBSITE. The case study is to be approximately 2-4 pages in length. The student will submit a copy of each of the case study so that this case can be shared with each member of the class for discussion. The student offering the case study will lead the conversation in the class. The case study paper that is to be handed in only to the facilitator will include the following elements:

- 1) articulation of the ethical issue(s);
- 2) the moral framework being utilized by the major actor(s) in the case;
- 3) how would you analyze the case using a. Catholic social ethics, and b. another ethical theory of your choice;
- 4) what would you recommend as the suggested action regarding the ethical issue, and why?

'Your Firm' Analysis Paper (20%)

For the firm you have selected for your Final Project in MBA 752, write a 7-10 page paper:

1. Find out if your firm has an Ethics statement/Code of Conduct. Briefly describe what elements are in that Code; and what elements would you like to see included.
2. Determine whether your firm has had any ethical issues/social responsibility actions charged against them, including any environmental violation. Explain any judgment that was levied against them.
3. Provide suggestions as to how your selected firm of study could be more socially responsible and create a more ethical environment.

Book Presentation (30%)

Each student group will choose one book from the attached list and prepare a presentation of the book for class. Each group member must participate in the presentation, which may take one of many forms, (i.e. panel discussion, interview, formal highlights).

SCHEDULE OF EVENTS Class Schedule**Class 1 An Overview and Introduction to Ethics
April 29, 2008**

- Read: *Business Ethics: Policies and Persons* (textbook) pp. 1-16

- * Pinto Case (attached)
- * Select Book "Club" teams

**Class 2 Ethical Issues and Social Responsibility in Business: What is Role
of Leadership?
May 6, 2008**

- * Read Textbook 17-55

- * Read: *John Dalla Costa* **Casting the Nets: Managing From "Needs of the Soul"** in **BUSINESS AS A CALLING: Interdisciplinary Essays on the Meaning of Business From the Catholic Social Tradition**
<http://www.stthomas.edu/cathstudies/cst/mgmt/publications/businessasacalling/03DallaCosta.pdf>

- * Read: (handout) **Helen Alford and Michael Naughton**, "Beyond the Shareholder Model of the Firm: Working Toward the Common Good of a Business" from Rethinking the Purpose of Business Interdisciplinary Essays from the Catholic Social Tradition

- * Read: [Protestant and Catholic Meanings of Vocation: Is Business a True Vocation?](#)

Gary L. Chamberlain

Found at:

<http://www.stthomas.edu/cathstudies/cst/mgmt/publications/businessasacalling/06Chamberlain.pdf>

- Prepare for Discussion: Case Martha McCaskey p.24
- Prepare for Discussion, Case Joe Campbell's Mom, p. 39
- Proposed Ethics paper topic due
- Simulation I in class

**Class 3 Applying Moral Philosophies to Business Ethics & Social
Responsibility I: What Should the Political Economy Look Like?
May 13, 2008**

- * Read Text, pp. 583-610
- * Read Pope John Paul II, *Laborem Exercens* (On Human Work)
http://www.osjspm.org/majordoc_laborem_exercens_official_text.aspx

- Discussion, Case TBA
- Discussion, Case TBA

**CLASS 4: Applying Moral Philosophies to Business Ethics & Social Responsibility II: What Should the Political Economy Look Like?
May 20, 2008**

* Read Text pp. 126-196

- Read US Conference of Catholic Bishops, **Economic Justice For All: Pastoral Letter on Catholic Social Teaching and US Economy**
 - http://www.osjspm.org/economic_justice_for_all.aspx
- Prepare for Discussion, Case Reell Precision Manufacturing, p. 151
- Simulation II in class
- SUBMIT a Case Study 1 for class discussion

*******MBA Saturday, May 24, 2008 Program: 8:30 AM – 12:00 PM*******

**Class 5 Applying Moral Philosophies to Business Ethics & Social Responsibility III: How Do You Create and Sustain “Just” Business Governance and Operations Structures?
May 27, 2008**

* Read [PRACTICAL APPLICATIONS OF PAPAL SOCIAL THOUGHT](http://www.stthomas.edu/cathstudies/cst/mgmt/publications/goodstewards/05Practical_Applications.pdf), in Michael Naughton, The Good Stewards: Practical Applications of the Papal Social Vision of Work,
http://www.stthomas.edu/cathstudies/cst/mgmt/publications/goodstewards/05Practical_Applications.pdf

Read Text pp. 57-125

- Prepare for Discussion, Case Enron, p. 60
- Prepare for Discussion, Case American Refining Group, p. 101
- SUBMIT a Case Study 2 for class discussion
- **Book & Paper Presentations**

Class 6 Applying Moral Philosophies to Business Ethics & Social Responsibility III: How Can A Just Political Economy and Business Venture Happen?

June 3, 2008

* Read Text pp. 197-303

* Read

- Prepare for Discussion Case Study, [Mondragón: A Paradigm of Justice and Solidarity at the Workplace](#) David Herrera, found at:
<http://www.stthomas.edu/cathstudies/cst/mgmt/publications/businessasacalling/09Herrera.pdf>
- Prepare for Discussion Case Dayton Hudson, 221ff
- DUE: "YOUR FIRM" Analysis paper.
- Simulation III in class
- **Book & Paper Presentations**

Class 7 Applying Moral Philosophies to Business Ethics & Social Responsibility IV: How Does Ethics/Social Responsibility Become Institutionalized?

June 10, 2008

Read Text pp. 304-396

Read [How Faith Makes a Difference: Business as a Calling or the Calling of Christians in Business?](#)
Johan Verstraeten found at:
<http://www.stthomas.edu/cathstudies/cst/mgmt/publications/businessasacalling/02Verstraeten.pdf>

- * Possible in class Simulation
- SUBMIT a Case Study 3 for class discussion
- Prepare for Discussion Case Challenge of Responsible Lending, p. 360
- **Book & Paper Presentations**

Class 8 Going Global: Ethics and Social Responsibility in a Globalized Society

June 17, 2008

* Read Text pp. 413-570

* Read: Social Agenda, Pontifical Council for Justice and Peace, Compendium of Social Doctrine, The Global Economy, Chapter 10, paragraphs, 324-364

<http://www.thesocialagenda.org/article10.htm#1>

- Prepare for Discussion, Case Child Labor in Pakistan, p. 559
- Final Ethics Papers Due
- **Book & Paper Presentations**

**DIVISION OF BUSINESS AND ECONOMICS
WRITING POLICY**

To support the division's expectation that its students will demonstrate acceptable writing skills as evidenced by error free grammar and acceptable professional style by the junior year, the Division of Business and Economics has established the following "Writing Policy" for its programs.

Policy: A minimum twenty-five percent of the grade on ALL written assignments is based on the writing skills evidenced in the writing assignment. Those skills are evaluated using the written report evaluation criteria attached to this policy.

Approved unanimously, January 29, 2003

Effective: Fall 2003

Pinto Memo

The following figures are drawn from the 1968 memorandum written by and circulated amongst senior management at the Ford Motor Company concerning cost-benefit analysis of retrofitting the Pinto before sending the car into the marketplace.

Fatalities Associated with Crash-Induced Fuel Leakage and Fires **Expected Costs of producing the Pinto *with* fuel tank modifications:**

- Expected unit sales: 11 million vehicles (includes utility vehicles built on same chassis)
- Modification costs per unit: \$11.00
- **Total Cost: \$121 million** [= 11,000,000 vehicles x \$11.00 per unit]

Expected Costs of producing the Pinto *without* fuel tank modifications:

- Expected accident results (assuming 2100 accidents): 180 burn deaths
180 serious burn injuries 2100 burned out vehicles
- Unit costs of accident results (assuming out of court settlements):
\$200,000 per burn death* \$67,000 per serious injury \$700 per burned out vehicle
- **Total Costs: \$49.53 million** [= (180 deaths x \$200k) + (180 injuries x \$67k) + (2100 vehicles x \$700 per vehicle)]

Thus, the costs for fixing the Pinto was \$121 million, while settling cases where injuries occur was only \$50 million. With such a difference in costs, Ford decided to manufacture and market the Pinto without fuel tank modifications.

What would you do? Why?

*By the way, the \$200k and \$67k figures for the average value of a lost or injured adult life is drawn from the NHTSA (National Highway Traffic Safety Administration) calculation of the estimated costs to society of automobile accidents. It is not a low-ball figure fabricated by Ford. (For example, the \$200k for death was calculated by adding estimated direct costs of \$163k -- such as loss of future earnings, plus \$37k of indirect costs -- such as hospital and insurance costs, legal and court costs, victim pain and suffering, funeral costs, and property damage.) This is the calculation typically used by the U.S. Federal government for performing cost-benefit analyses of highway construction projects (e.g. determining how safely we should build our roads and highways). Even today, such figures are commonly used by many state and local, as well as federal, government agencies to weigh costs of various tax-supported programs.

**Book List for MBA 635/MAM 635
GROUP PROJECT
(Do not purchase any books yet.....)**

Alford, OP, Helen, Charles Clark, S.A. Cortright, and Michael J. Naughton, (editors), **Rediscovering Abundance: Interdisciplinary Essays on Wealth, Income, and Their Distribution in the Catholic Social Tradition**, University of Notre Dame Press, 2006***** (extra credit or for leisurely reading)

Badaracco, Joseph - **Leading Quietly: An Unorthodox Guide to Doing the Right Thing**, Harvard Business School Press, 2002

Coleman, SJ, John, and William F. Ryan (editors), **Globalization and Catholic Social Thought**, Orbis Books, 2005

Greenleaf, Robert **The Servant-Leader Within: A Transformative Path** by [Hamilton Beazley](#) (Editor), [Julie Beggs](#) (Editor), [Larry C. Spears](#) (Editor), Paulist Press, 2003

Kotter, John – **What Leaders Really Do**, Harvard Business Review Press, 1999

Martinez-Torres, Maria E., **Organic Coffee: Sustainable Development by Mayan Farmers**, Ohio University Press, 2006.

Sachs, Jeffrey, **The End of Poverty: Economic Possibilities for Our Time**, Penguin Press, 2006

Satre, Lowell J. **Chocolate on Trial : Slavery, Politics, and the Ethics of Business**, Ohio University Press, 2005

Selections of essays as agreed to in: **The Good Company: Catholic Social Thought and Corporate Social Responsibility in Dialogue**
<http://www.stthomas.edu/cathstudies/cst/conferences/thegoodcompany/GoodCompanyPapers.html>

Yunus, Muhammad, **Banker to the Poor: Micro-Lending and the Battle Against World Poverty**, Public Affairs, 2003