



MG/IB 329 BUSINESS ETHICS

IES Abroad Shanghai

DESCRIPTION: This course enables students to understand the role of business ethics from an organizational and decision-making perspective. It is designed to demonstrate how to integrate ethics and responsibility into business decisions; to trace the historical foundations and evolution of business ethics; to examine the relationship between stakeholder orientation and corporate social responsibility; and to explore ethical business issues such as conflicts of interest, bribery, fraud, insider trading and intellectual property rights.

The course is designed to:

- Provide a comprehensive framework for ethical decision-making in business
- Introduce leadership styles that promote an ethical culture
- Explain how moral philosophies and values influence individual and group decisions
- Examine the influence of corporate culture on business ethics
- Determine how leadership, power, and motivation relate to ethical decision-making in organizations
- Assess organizational structure and its relationship to business ethics •
- Prepare students to implement and audit ethics programs

A case-study approach to business ethics gives students the opportunity to apply theory to practical business situations against the backdrop of one of the world's financial capitals. As the financial and economic crisis has led to world-wide political reactions based on macro-economic development on a global scale, students are invited in this course to examine one of the most challenging times of global business development and ethics.

We will use annual and sustainability reports and other actual company information to examine and evaluate global companies dealing with complex business ethics issues that are a priority in twenty-first-century companies.

CREDITS: 3 credits

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: None

METHOD OF PRESENTATION:

- Lectures
- Discussions
- Role games
- Group and single work
- Student presentations

REQUIRED WORK AND FORM OF ASSESSMENT:

- Class participation, case preparation and discussion – **20%**
- Project including case research, analysis, report, and student presentation - **30%**
- Midterm exam, based on lectures and complementary reading - **20%**
- Final exam, based on lectures and complementary reading - **30%**

Project:

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Assignments of companies and due dates will be determined at the beginning of the term. With instructor guidance, students working in groups of 2 or 3 will select a company and collect actual company information including sustainability reports. Then, students will analyze the company’s ethics and report and present their findings in class. These reports are completed throughout the semester:

- Draft table of contents / outline by group. Due: week 4
- Meeting and discussion with each group. Due: week 6
- Executive Report, 2 pages. Due: week 9
- Adjustments and additions in accordance with the instructor, final written report as of assigned format. Due: week 12
- Power point presentation in class (15 minutes presentation, plus discussion) Due: week 12

LEARNING OUTCOMES:

By the end of the course students will be able to:

- Relate the fundamental principles of business ethics.
- Recognize ethical issues in business situations.
- Apply the framework of ethical decision-making to complex business issues.
- Examine the influence of leadership and corporate culture on business ethics.
- Explain why businesses need to develop ethics programs.
- Examine the ways that ethical standards are monitored, audited, and enforced and to understand the need for continuous improvement.
- Formulate, analyze, and defend decisions in ethical terms when confronted with ethical issues and problems in business.

CONTENT:

| Week | Content | Reading |
|---------------|---|--|
| Week 1 | Introduction and Overview Introduction, structure and organization of course. Ethics and business; importance and benefits of business ethics; a crisis in business ethics. The framework for studying business ethics. The ethical dilemma as conflict between moral imperatives. The use of actual cases presenting actual business situations and ethical dilemmas. | Crane & Matten (2010) Chapter 1. pp. 4-37 |
| Week 2 | Moral Philosophies and Values. Ethical Decision Making. Individual factors: moral philosophies and values. Applying moral philosophy to business ethics; virtues supporting business transactions. The process of ethical business decision making . The framework for ethical decisions. | Ferrell et al., 2014, chapters 5 and 6, pp. 126-175 Crane & Matten, 2010., chapter 4, pp. 139-182 |

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| <p>Week 3</p> | <p>Stakeholder Relationships Ethics, and Corporate Governance Corporate social responsibility, stakeholder orientation and sustainability reporting; stakeholders defining ethical issues; associated measures of corporate impacts; implementation of a stakeholder perspective.</p> | <p>Ferrell et al., 2014 chapter 2: pp. 29-51</p> |
| <p>Week 4</p> | <p>Emerging Business Ethics Issues Historical perspectives; classical philosophy and modern business; building morale and productivity; recognizing ethical issues and business dilemmas; honesty, fairness and integrity; bribery, fraud, financial</p> | <p>Ferrell et al., 2014 chapter 3, pp. 59-91</p> |
| | <p>misconduct, insider trading and intellectual property; challenges of determining ethical issues in business.</p> | |
| <p>Week 5</p> | <p>The Institutionalization of Business Ethics Ethical Leadership Ethical issues and the institutionalization of business ethics. Laws protecting consumers and laws that encourage ethical Conduct. The role of leadership; leadership styles and strong ethical leaders. Requirements for and benefits from effective ethical leadership. Leadership and organizational culture.</p> | <p>Ferrell et al., 2014, chapter 4 pp. 92-125 and chapter 11: pp.308-340</p> |
| <p>Week 6</p> | <p>Unethical corporations. The emergence and history of the legal status of the corporation. Should corporations pursue their own self-interests? Unethical business practices such as undercover marketing, advertising to children etc. Midterm Exam</p> | |
| <p>Week 7</p> | <p>Formulation and Implementation of Effective Business Ethics. Ethics Audits. Developing effective ethics programs; responsibility of the corporation as moral agent; codes of conduct; systems monitoring and enforcing ethical standards.</p> | <p>Ferrell 2014, Chapters 8 and 9. pp. 213 - 271</p> |

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| Week 8 | Ethics towards the Employees The Role of Employees in Business Ethics. Ethical Topics in employees' rights and duties. Ethical Resource management. Sustainability for workplaces, working conditions. | Crane & Matten (2010) Chapter 7, pp. 287-338 |
| Week 9 | Ethics and the Supply Chain Suppliers and competitors as stakeholders in a firm. Ethical issues and problems in an organization's dealings with the supply chain. Globalization and business ethics concerns. Degree of responsibility for the ethics of their suppliers. | Crane & Matten (2010) Chapter 9, pp. 339-388 |
| Week 10 | Sustainability CSR Communication How is sustainability related to ethical decision-making and social responsibility? Communication of CSR practices. CSR Reporting. Possible business responses to sustainability: green marketing vs. green washing. | Ferrell 2014, chapter 12, pp 344-373 |
| Week 11 | Crisis Management and CSR An Ethical Approach to Crisis Management . CSR as Risk Prevention. | Assigned Readings |
| Week 12 | Final Project Presentations. Summary and Conclusions | |

REQUIRED READINGS:

- Ferrell, O. C.; Fraedrich, J.; Ferrell, L.: Business Ethics: Ethical Decision Making and Cases. South-Western Cengage Learning. 10th edition, 2014.
- Business Ethics. Anrew Crane and Dirk Matten, 3rd edition, 2010
- *Selected sustainability reports, articles, as well as case studies as described in the Appendix EBSCO Database and other international research databases.*

RECOMMENDED READINGS:

- Morris, T.: If Aristotle ran General Motors. The new soul of business. New York, 1997.

OTHER RESOURCES:

Cases

- **Week 2:** Following Lance Armstrong: Excellence Corrupted. Harvard Business School, 9-314-015
- **Week 3:** Starbucks' Mission: Social Responsibility and Brand Strength, Ferrell et al, 2014, p. 396-406
- **Week 4:** The Man in the Mirror (A) 06/2015-6073



- **Week 5:** Rupert Murdoch and News Corp: The Phone Hacking Scandal 04/2014-5947
- **Week 7:** The Pepsi Refresh Project: A Thirst for Change, 9-512-018
- **Week 8:** Honeywell and the Great Recession (A)9-315-022
- **Week 9:** Axel Springer and the quest for the boundaries of corporate responsibility, ESMT–714–0143–8
- **Week 10:** Patagonia, 9-711-020
- **Week 11:** Abercrombie and Fitchthehomeless W13420

Articles/ Readings

- **Week 1:** Making Ethics Personal: Character And Your Personal Vision, Harris, 2014
- Introduction to Ethics: The Language of Ethics for Managers, Wicks et al., 2016
- **Week 2:** Ethics Beneath the Surface, Harris et al., 2015
- Ethical Breakdowns: Good people often let bad things happen. Why? Harvard Business Review, Bazerman and Tenbrunse, 2011
- **Week 3:** Managing for Stakeholders, Freeman, 2013
- **Week 5:** Note on Human Behavior: Situation versus Character. 9-316-078
- **Week 8:** Layoffs: Effects on Key Stakeholders. 9-611-028
- **Week 9:** Learning to Navigate the Rough Seas of Ethics. Kusyk, 2013
- **Week 10:** The Drivers of Greenwashing. Delmas and Burbano, 2011
- **Week 11:** An Ethical Approach to Crisis Management, Schwartz et al., 2012