

**Georgia Tech College of Management**  
**MBA Business Ethics**  
**Syllabus**  
**November - December, 2005**

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**Objectives**

When you finish this course, you should:

- Have a clearer understanding of different ethical concepts, your own ethical philosophy, and how each relates to the corporation
- Be able to identify ethical issues in the context of business decision making
- Recognize and give weight to ethical considerations in light of business operations
- Appreciate some of the ethical implications of contemporary business issues
- Hone your critical thinking skills

**Overview**

Pickup the paper today and odds are that you will find something mentioned about business ethics. Over the last few years, each of us have become increasingly sensitized to the presence of business ethic issues in contemporary society because of the crises of Enron and Arthur Andersen, Global Crossing, WorldCom, Adelphia, and HealthSouth to name a few companies. In addition, Wall Street has confronted issues of stockholder credibility and confidence, or lack thereof, as it grapples with illicit trading, and institutional governance issues.

The ethical issues may be quite clear in some of the previous examples. In other instances, ethical issues may be fuzzy and confusing. Clarity of what's ethical or unethical may, arguably, depend on an individual's perspective, knowledgebase, or sensitivity to the social context. In other words, an ethical understanding and action for you might not elicit the same response from someone else in the corporation. However, it is clear that frameworks exist which provide an individual with decision points based on rules, laws, and ethical perspectives that allow one to discern what is ethical and unethical. Likewise, the culture of the corporation and its core values, whether stated explicitly or not, indicate that certain operative standards exist for business conduct. At times, the challenge for employees and corporations is to identify the values of the organization, and understand how those values square with their own personal values.

The main questions considered by this class during the term are as follows: To which mental model of business do you subscribe? How does your mental model of business drive your ethical thinking? What moral philosophy theory(ies) describe your ethical behavior and business practices? Do you apply moral theory and standards proactively in decision making, and not after-the-fact as a rationalization of your actions? Is there an ethical framework for the culture of the organization and team where you work? How does it square with your ethical standards? Is there a difference between being ethical and being legal?

Finally, this course is about critical thinking. Through reading, discussing and writing about business ethics issues, we develop a clearer understanding and framework for our own individual ethical systems as well as the ethical systems of the organizations in which we work. We will probe an assortment of ethical theories and recognize the practical applications of those theories through case studies and presentations. Over the next five weeks, we will exercise our ethical muscles by observation and analysis.

### **Course Format**

This is a participative class in which discussion is vital to understanding the subject. The course will consist of lectures by the instructor, case analysis for discussion, presentations by guest speakers, and viewing a few videos so as to provide material for discussion. The underlying notion of the class is interaction, not passivity. Consequently, class participation will be considered significantly in grading.

### **Required Readings**

Thomas Donaldson, Patricia H. Werhane & Margaret Cording, Ethical Issues in Business, A Philosophical Approach, Seventh Edition (Prentice-Hall, Inc., 2002).

Supplemental readings will be distributed during the term.

### **Requirements and Grading**

This class will be graded on a point system that is cumulative. Each component of the point system is worth a specific number of points as indicated below. Total points at the end of the term determine your grade. The notion behind this grading system is that every class day and assignment is important and that no single element makes or breaks your grade. It is important to note that **final papers are due at the beginning of class. Only hard copies are accepted.**

1. *Personal introduction.* The first assignment is simple: send me an email that introduces yourself. Describe your background and motives for attending business school. What experiences with ethical issues in business have you faced? What do you consider important business ethics issues? Have you read any book(s) or article(s) that have been important in developing your understanding of business ethics? What do you want to accomplish in this class? **Due date: November 14**
2. *Class participation. (40 percent)* As stated, class participation is a critical component of this course. Participating in class means you will have read the material for day and will be prepared to lead a discussion about it. If you participate, you learn a lot more as you mentally work through the issues together with your classmates.

One hundred points are allocated for class participation and final paper presentation. Ten points per class is allowed for relevant participation. Participation will be evaluated on quality of discussion, not just quantity. Keep in mind that in order to obtain all the points, relevant and germane participation is important. Participation includes, but is not limited to, the following:

- Contributing to class by providing examples and relevance of contemporary business ethics issues from the *The New York Times*, *Financial Times*, *Wall Street Journal*, or the *Atlanta Journal and Constitution*.
- Volunteering to initiate class discussion for each class
- Contributing to discussions on class materials and assignments

Remember, the notion behind class participation is not to monopolize the conversation, but to add thoughts and provide insights that contribute to the learning experience for everyone in class.

Rules of etiquette for discussion, which will be reviewed the first day of class, will be followed throughout the term so as to encourage everyone's participation. If you miss class you cannot participate and therefore will miss points for participating. Being late to class is disruptive and will be counted as missing a class, so don't be late.

3. *Final Paper. (60 percent)* Select one of the paper topics listed below and analyze the ethical, prudent, and legal aspects of the issue. Each topic will be selected by no more than ten students. Should you wish to write about something different, the topic, and the objectives of the analysis must be approved by the instructor. The paper will be a minimum of eight pages in length. **Topic due date: November 14. Paper due date: December 7.**
  - Analyze Sarbanes Oxley from both conceptual and implementation perspectives. Evaluate and critique its effectiveness in terms of improving corporate governance.
  - Evaluate the quality of screening of socially responsible mutual funds with respect to the business practices of portfolio companies. Consider one family of mutual funds, e.g. Calvert. Are all portfolio companies, in fact, socially responsible? Why or why not? Articulate decision making criteria.
  - Examine the correlation between corporate transparency and business performance? Is there a relationship between good governance and on-going business performance? What criteria are considered.
  - Consider a code of ethics for MBAs. Look at other professions, e.g. the Hippocratic Oath for physicians or codes of conduct for CPAs and attorneys. Why or why not should a code of ethics exist for business professionals? If a code of ethics were to exist, what should it consist of and how should it be implemented?
  - Is the market moral? Does the market take into account ethical and unethical business practices? If so, how or how not?
  - Explore the effectiveness of the Triple Bottom Line as a business model. Are there impediments to it being embraced by the marketplace? If so, identify the issues and propose solutions.
  - Corporations exist in perpetuity per state law and charter. Is this reasonable? Should corporate charters be evaluated and renewed periodically so as to ensure social benefit and effective corporate governance?
  - Read Adam Smith's *A Theory of Moral Sentiments*. Consider Smith's notion of civil society based on capitalism. What points does he consider? Are they relevant today?

Remember: All reference material must be cited. Papers are to be double-spaced and will have one-inch margins. Style and format of papers are your decision.

**Honor Code** This is a course that is an ethical study of business. Therefore, being ethical should go without saying. However, this course, like all Georgia Tech courses, falls under the purview of the Georgia Tech Honor Code. I urge you to read the Honor Code ([www.honor.gatech.edu](http://www.honor.gatech.edu)) if you have not. Be advised that if it is discovered that you have violated the honor code, you will be reported immediately to the Associate Dean.

**Schedule** This schedule covers the assignments associated with each class. Normally, every class will have reading assignments for purposes of discussion and consideration. The readings listed are due for

each class. Completion of the assignments is vital to effective class participation and understanding the lectures, presentations, and debates.

11/7 (M)	<p><b>Introduction and Overview</b>  <i>Now With Bill Moyers</i>, September 27, 2002</p>
11/9 (W)	<p><b>Mental Models of Business</b>  Readings:  “The Social Responsibility of Business Is to Increase Its Profits,” by Milton Friedman, pp. 33-38  “Stakeholder Theory of the Modern Corporation,” by R. Edward Freeman, pp. 38-48  Triple Bottom Line</p> <p>Question: What is the role of business in society?</p>
11/14 (M)	<p><b>Personal introduction email due</b>  <b>Paper topic due</b>  <b>Basic Ethical Concepts</b>  Readings:  “Introduction to Ethical Reasoning,” pp. 1-11  “A Kantian Approach to Business Ethics,” pp. 61- 71  “Corporate Roles, Personal Virtues: An Aristotelean Approach to Business Ethics,” pp. 71-83  Case Study: “H.B. Fuller in Honduras: Street Children and Substance Abuse,” pp. 20-32</p> <p>Questions:  How do mental models affect our thinking?  How do each of us operationalize mental models?</p>
11/16 (W)	<p><b>Negotiation and Truth Telling</b>  Readings:  “Is Business Bluffing Ethical?” pp. 106-112  “The Business of Ethics,” pp. 112-118</p> <p><i>Frontline</i> video: “Tax Me If you Can”</p> <p>Questions:  Do ethics drive strategy or does strategy drive ethics?  Is there a distinction between ethical and legal?  How do you distinguish between deception and misrepresentation, and aggressive marketing and selling?</p>
11/21 (M)	<p><b>Property and Profit</b>  Readings:  “The Justification of Private Property.” pp. 150-155  “Benefits of the Profit Motive,” pp. 155-159</p>

11/23 (W)	<p>“Alienated Labor,” pp. 159-163  “Wealth,” pp. 164-168  Case Study: “Plasma International,” pp. 140-141</p> <p>Questions:  When are moral considerations applicable to property?  Do moral considerations apply to markets?</p> <p><b>Organizational Values and the Virtuous Manager</b>  Readings:  “Does Business Ethics Make Economic Sense?” pp. 244-251  “The Parable of the Sadhu,” pp. 262-268  “Moral Mazes: Bureaucracy and Managerial Work,” pp. 284-301  Case Study: “Merck &amp; Co., Inc.,” pp. 238-243  “RUN, Inc.,” pp. 269-284</p> <p>Questions:  Do economic—not to mention moral—consequences and benefits accrue for “doing the right thing?”  What impediments exist for ethical business practices?</p>
11/28 (M)	<p><b>Globalization &amp; Ethical Relativism</b>  Readings:  “The United Nations Declaration of Human Rights,” pp. 424-428  “The Economics of Child Labor,” <i>Scientific American</i>, October 2003. (handout)</p> <p>Case Study: “What Price Safety?” pp. 396-399  “The Challenge of Cultural Relativism,” pp. 410-419  “Just When Is a “TIP” ONLY “To Insure Promptness?” pp. 429-431  “Levi Strauss &amp; Co.: Global Sourcing (A),” pp. 432-457</p> <p>Questions:  Is ethical relativism simplistic or realistic?  Are moral considerations for business relevant in an international context?</p>
11/30 (W)	<p><b>Sustainability</b>  Readings:  “The Natural Step,” pp. 550-558  “Cost-Benefit Analysis: An Ethical Critique,” pp. 559-564  “Beyond Greening: Strategies for a Sustainable World,” <i>Harvard Business Review</i>, January-February 1997.  Case Study: “Maxxam/Pacific Lumber” (handout)</p> <p>Question:  Does business behavior for the long-term require a new paradigm?</p>
12/5 (M)	<p><b>Leadership</b>  Guest speaker: Jim Copeland, former chairman, Deloitte &amp; Touche</p>

12/7 (W)	<p>Readings: “Management Research and Practice: Citigroup’s John Reed,” pp. 583-586 “Managing for Organizational Integrity,” pp. 586-598 “The Leader’s New Work: Building Learning Organizations,” pp. 599-613 Case Study: To be determined</p> <p>Question: How does leadership relate to me, a professional and individual?</p> <p><b>Final Paper Due</b> Discuss Leadership readings. Wrap-up and debrief</p>
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