

# **BUSINESS ETHICS FOR MSCBA: EBM043A05**

**2016-2017**

## ***Lecturers***

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## ***Overview***

Bonuses, board diversity, consumer rights, corporate social responsibility, deceptive marketing techniques, bribes to get international contracts – ethics is everywhere in business. But research in moral psychology shows that we often fail to see what is morally important about a situation. And if we do see it, we often don't know how to deal with it. And even if we know how to deal with it, we often don't act accordingly. For all sorts of reasons.

This course takes a practical approach to business ethics. Its main objectives are to foster sensitivity to moral aspects of decisions; to teach analytic skills that help you take a position in moral debates and to give a reasonable justification for your position; and to develop ways to successfully cope with moral dilemmas and issues.

We examine the main normative theories in business ethics, moral psychology, corporate social responsibility, customer relations, and the environment. We consider specific moral issues in accounting, finance, international business management, and marketing; and we approach these theories, arguments, and concepts in highly interactive ways, devoting significant part of the time to a number of important and well known cases from business ethics by means of collaborative in-class assignments.

## ***Organisation***

There will be seven two-hour lectures and seven two-hour tutorials. The lectures will complement the background reading (the course textbook) by elaborating on the main concepts and theories of business ethics. The tutorials will focus on developing your skills for applying these concepts and theories to business cases: you will actively familiarize yourself with recent research in business ethics; you will adopt a business ethics perspective on current affairs, based on your reading of articles from newspapers like the *Economist* and *Wall Street Journal*; and you will discuss the business ethics issues raised by relevant – and engaging – films and documentaries. Within each tutorial group, teams of around five students will be formed randomly to facilitate discussions and to work on the newspaper assignment.

## Literature



The required textbook is Kevin Gibson's *Ethics and Business: An Introduction* (Cambridge University Press, 2007: 1st edition, ISBN-13: 978-0521682459).

You are required to buy the book and read the first chapter before the course starts. **We will use the book in the first week!**

## Credits

5 EC, that is, 140 hours: 14 hours for the lectures, 14 hours for the tutorials, 4 hours for the films, 68 hours preparation of class (reading, preparation for tutorials, assignments), 40 hours for the final exam.

## Assessment

Four items count towards the final grade in the following way:

- |  |             |
|--|-------------|
| • Class attendance                     | conditional |
| • Assignment 1: 400-word op-ed         | 10%         |
| • Assignment 2: 1000-word film review  | 10%         |
| • Assignment 3: Newspaper presentation | 5%          |
| • Final exam                           | 75%         |

**Class attendance in tutorials is compulsory.** In the tutorials you learn to identify moral issues, analyze them and tackle them – in a group, a team, a board of directors, whatever, and sometimes as a sole individual blowing the whistle. You will learn to articulate your position, and justify it with tools from business ethics. You will learn to listen to others articulating their views. And you will learn to defend your own views against the objections of others – in respectful, open and honest ways. All this requires active collaboration. Hence attendance of tutorials and active respectful class participation are mandatory for this course.

Several tutorials include a group assignment which it is impossible to contribute to without preparation (you need to do the readings). You must prepare in advance to participate actively or you will not be counted as present.

You are allowed to miss two of the seven tutorials for reasons such as sickness, funerals, weddings, job interviews, etc. You don't need to contact us about this. If you miss more than two, you will get a 1 as a final grade for the course.

Attendance of lectures is not mandatory but highly recommended since assignments and final exam involve materials that figure at these events only. There is only a resit opportunity of the final exam. There will be no resit opportunities for class attendance and the other assignments.

# Schedule

## Week 36

### Lecture 1: Introduction to Business Ethics (1 September)

*Readings:* Gibson Ch. 1: *An overview of business Ethics*

This lecture will introduce the course and the subject of business ethics. What constitutes the moral perspective? Why bother about it? Does it change when you enter your job?

### Tutorial 1 (5 - 9 September)

*Readings:* Novartis article (The Guardian, 1 April 2013, available on Nestor).

We will discuss a short case based on a brief newspaper article on Novartis available on Nestor.

### Film

Before the second tutorial, some point this week, you should watch the film, *The Experiment* (2010, directed by Paul Scheuring, available on youtube). This film illustrates the true story of a psychological experiment carried out at Stanford University. The movie relates to next week's topic of moral psychology and will form the basis of next week's tutorial.

## Week 37

### Lecture 2: Moral Theory and Moral Psychology (8 September)

*Readings:* Gibson Ch. 2: *Insights from ethical theory*

An outline of different moral theories; how to judge the morality of our behavior?

### Tutorial (12 - 16 September)

*Readings:* Bazerman and Tenbrunsel article (available on Nestor). Inspired by the film, *The Experiment*, the tutorial will be devoted to an in-depth discussion of the psychological barriers to acting ethically. **It is a prerequisite for attending the tutorial that you have watched the film and read the assigned article.**

### Assignment Open

400-word op-ed. Instructions can be found elsewhere in the course manual. You have to submit the op-ed no later than **midnight Sunday 25 September**. Please upload your assignment to Nestor. Don't use email or hardcopies.

## Week 38

### Lecture 3: The Ethics of Capitalism(15 September)

*Readings:* Gibson, Ch. 3: *The capitalist system and its ethical implications*

### Tutorial 3. (19 - 23 September)

*Readings:* Milton Friedman, *The Social Responsibility of Business is to Increase its Profits*, The New York Times Magazine, September 13, 1970. Available on Nestor. Today's tutorial will focus on the assigned reading.

Deadline (25 September)

Assignment 1: 400 words op-ed.

Film

At some point this week you must watch the second film, *Blood Diamond* (2006, directed by Edward Zwick, available on youtube.) This movie is the basis for assignment 2: the film review.

**Week 39**

Lecture 4: Responsibility (22 September)

*Readings:* Gibson, Ch. 5: *Responsibility* Who is responsible for what?

Tutorial 4 (26 - 30 September)

*Readings:* Ingersoll, C., R.M. Locke, C. Reavis, *BP and the deepwater horizon disaster of 2010*, MITSloan management, 2010 (available on Nestor).

Assignment Open: Film review of *It's a free world*

1000-word film review. Instructions can be found elsewhere in the course manual. You have to submit the review no later than **midnight Sunday 16 October**. Please upload your assignment to Nestor. Don't use email or hardcopies.

**Week 40**

No events in week 40.

**Week 41**

Lecture 5: Rights (6 October)

*Readings:* Gibson, ch. 6: *Rights*, and 8: *Beneficence*

Can the market do the trick, or are there undeniable rights?

Tutorial 5 (10 - 14 October)

*Preparation:* watch the short documentary *The shipbreakers* in advance of this tutorial.

Read the article, *Implicit and Explicit CSR; a conceptual framework for understanding of Corporate Social Responsibility*, Dirk Matten and Jeremy Moon in *Academy of management review*, 2008. (available on Nestor).

Deadline (16 October)

Assignment 2: 1000 words film review.

**Week 42**

Lecture 6: Guest Lecture (To be confirmed) (13 October)

Watch out for announcements. The lecture may take place at a different time.

Tutorial 6 (17 - 21 October)

*Reading: Cult Girl; responsible management and self management of subjectivity at work, (available on Nestor).*

**Week 43**

Lecture 7: Autonomy

*Readings: Gibson, ch. 7: Autonomy; What does it mean to be free?*

Tutorial 7 (24 - 28 October)

This week we will listen to your newspaper article presentations. See assignment in the course manual for details.

Assignment Open

The final exam will be made available by the end of this week. For instructions, see elsewhere in the course manual. Please upload your exam to Nestor no later than **midnight Sunday 13 November**. Don't use email or hardcopies.

**Week 46**

Deadline (13 November)

Final exam

## ***Assignments***

### **Assignment 1: 400-word op-ed.**

Deadline for submission via Nestor: Midnight on Sunday 25 September

Research the financial and/or business media from the last few weeks (you may want to use LexisNexis database, accessible via the RuG portal) and find a recent article in which an ethical view is present, or should be present. Write a 400-word **op-ed** piece about the topic, elaborating on your moral judgement on the topic. Use one (and only one) normative ethical theory discussed in Gibson (ch. 2) or the lectures, to advance your claim.

Note that this assignment requires you to write in a particular style. An op-ed is a short essay in a newspaper or magazine that gives the private opinion of the writer, who is not employed by that newspaper or magazine. It is written for the general public. It is meant to persuade the reader to see things your way. If you are unfamiliar with this genre, take some time to read some examples from newspapers like the New York Times or Wall Street Journal.

### **Frequently Asked Questions 400-word op-ed**

*Can I choose any topic I like as long as it fits within finance and ethics broadly conceived?*

Yes, and you don't need to email me to ask permission or my opinion about the topic. The point of the assignment is to practice ethics, not to become a superstar in selecting topics. So focus on your ethical arguments. But it has to be a topic which was discussed in the news media recently.

*For which newspaper am I writing the op-ed?*

Aim high and imagine you're writing for the *New York Times*.

*Can I use other sources than LexisNexis?*

Sure. Actually, if you are a regular reader of business media it won't take you more than a couple of minutes to find a suitable topic. If not, then go to the FEB library, scan a couple of issues of *Financial Times*, *Wall Street Journal*, the *Economist*, *BusinessWeek*, etc. and after again half an hour you've got your case. We don't care how you got your case. LexisNexis is only one suggestion.

*Do I need to focus on only one normative theory?*

Yes. 400 words doesn't allow you to do more.

*Isn't 400 words very hard?*

Yes. But that's part of the assignment. You'll have to write and rewrite the piece a couple of times. Don't assume that if your first draft is anywhere near final. You'll need to revise and revise your text. The ability to write a 400-word piece will be useful to you way beyond ethics.

*What are the evaluation criteria?*

You have to show that you can clearly and succinctly apply a normative ethical theory to the case you chose. Style and linguistic accuracy are part of the assessment.

*Do I need to explain the moral theory?*

No. But of course you need to show the reader that you understand the theory. So implicitly, you will 'explain' the theory. But don't start with a crash course on Kant, because you'd be wasting your words. Start with the case, and then apply Kant in a way that shows you understand Kant.

*How strict is the word limit?*

A limit is strict by its nature. Humans work with an interval of plus/minus 10 per cent.

*What should I do if my question is not on this list?*

Please think first and try to answer it or try to make a reasonable prediction of what we would say. If this doesn't help, ask your peers in the course and/or use the tutorial. If you then feel that you still have an urgent question without which you can't do the assignment, you can send us an email. But realize that you learn most when you make decisions for your own.

## ***Assignments***

### **Assignment 2: 1000-word film review**

Deadline for submission via Nestor: Midnight on Sunday 16 October

You are asked to write a review of the movie *Blood diamond*.

Do not write a summary or discuss its techniques of persuasion, nor the esthetic aspects of the film. Focus on your arguments.

In order to make this a valuable exercise in business ethics, you must anchor your review in an application of some of the theoretical concepts and critical perspectives about the ethics of capitalism covered in the course (i.e. Gibson ch 3, lecture 3, the article of Milton Friedman). You may use them to rethink the ideas expressed in the film; or you may use them in another creative and original way.

### **Frequently Asked Questions 1000-word film review**

*Can I choose any concept or perspective from the course, I like?*

Yes, as long as they are relevant and you use them consistently and correctly. The idea is that you use these resources to engage in a sophisticated way with the line of story in the film, but which one you use depends on your approach. It is unimportant which ones you use. As long as you use them consistently and adequately. Choosing too many views, however, risks making your review rather superficial. So in general it would be a good idea to try to focus on only two or three of them.

*Can I use materials from other chapters in Gibson?*

We'd advise you not to. The assignment is really meant to help you work with the concepts relating to the ethics of capitalism.

*What are the criteria you'll use to grade the assignment?*

The style should be more academic than for the op-ed assignment. We need a clear, well-organized and developed text, one that has benefitted from multiple drafts!

We have to see from your work that you understand the concepts you apply. So you have to represent them correctly and to apply them as they should be applied. Of course, you have to write an understandable text, both by structuring the text and by using correct English. Check spelling, grammar, idiom, and again, assume that you will have to revise your piece several times before you upload it to Nestor.

*How strict is the word limit?*

Use an interval of plus/minus 10 per cent.



## ***Assignments***

### **Assignment 3: Newspaper presentation**

Each tutorial group will be divided into teams of 4 students to apply theories from the textbook and lectures to a specific newspaper article available on Nestor.

Your team meets to discuss the articles before the tutorial and prepares a one-page summary which they bring to the tutorial (copies for all the team members plus one for the instructor). During the tutorial, the teams will briefly present their analysis and views, and answers questions from other members of the class.

The tutorial will be set up in the following way. Each team gets 10 minutes for presentation and discussion. One (or at most two) group member gives a 5 minutes presentation, followed by a 5 minutes class discussion with the rest of the team. **We will be very strict with the time limit, so please rehearse and time your presentation.**

### **Frequently Asked Questions newspaper presentation**

*What do I need to do in the presentation?*

You give a brief outline of the news item so people who didn't read it, know what it's about. Then you present the 'ethics view' that you have developed with your team, and you make clear which theories you have used. In the discussion, the audience will respond to your view, challenge it, ask questions for clarification, etc.

*How should I proceed preparing the presentation?*

All team members read the article. They meet to discuss the article and together you formulate an ethical question which needs an answer. You use this question as a mainframe for your presentation. Use theories and concepts from the course to develop a justifiable answer to your question.

*What should the summary look like?*

The team makes a one-page (at most!) bullet point summary of their views.

*How will this assignment be graded?*

We are looking for a clear understanding and presentation of ethical perspectives relevant to the case in the article. We will consider all three elements: the presentation, the discussion, and the one-page summary. Because this is a collaborative effort, the whole team will receive the same grade.

*What if I'm sick that day?*

Attendance is required. No resits are possible. If you cannot attend, you will get an 0 for this assignment unless you can provide evidence justifying your absence that would satisfy the faculty examinations committee. If your absence is justified, you will get the same grade as the rest minus half a point.

## Final exam

Deadline for submission via Nestor: Midnight on Sunday 13 November

The final exam is a take-home open book essay style exam. It consists of several questions you have to answer with help of the textbook and additional research. A sample exam (from last year) will be posted on Nestor to give an indication what to expect.

## Literature

### Books and articles

- Bazerman M.H. and A.E. Tenbrunsel, *Ethical Breakdowns; Good people often let bad things happen. Why?*, Harvard Business Review, April 2011.
- Boseley, S., *Novartis denied cancer drug patent in landmark Indian case*, The Guardian, 1 April 2013.
- Friedman, M., *The Social Responsibility of Business is to Increase its Profits*, The New York Times Magazine, September 13, 1970.
- Gibson, K., *Ethics and Business: An Introduction*, Cambridge University Press, Cambridge, 2007.
- Johnsen R.K., and N. Baharlooie, *Cult Girl; responsible management and self-management of subjectivity at work*, Copenhagen Business school, Copenhagen, 2013.
- Ingersoll, C., R.M. Locke, C. Reavis, *BP and the deepwater horizon disaster of 2010*, MIT Sloan management, 2010.
- Moon, J. & D. Matten, , *Implicit and Explicit CSR; a conceptual framework for understanding of Corporate Social Responsibility*, Dirk Matten and Jeremy Moon in Academy of management review, April 1, 2008 vol. 33 no. 2 404-424..

### Movies

- *The Experiment* (2010, directed by Paul Scheuring).
- *Blood Diamond* (2006, directed by Edward Zwick)
- *The shipbreakers* (short documentary), International Labour organization,