

Ethics & The 21st Century Business Leader

ADMINISTRATIVE INFORMATION

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COURSE MATERIALS

The primary textbook for the course is my book, *The Vision of the Firm*, 2nd edition (WestAcademic, 2017).

COURSE GOALS

The goals of the course are (1) to clarify values, (2) to create ethical awareness, (3) to develop a moral decision-making process, and (4) to learn the central steps in creating ethical business communities that tend to enhance peace and security. At the end of this course, you should have all these goals as skills to carry forward.

LAPTOPS

Historically, I have always allowed laptops to be used in class, but unfortunately, students have abused this policy. As a result, no laptops are allowed in class. I will also note – yes, I can really see you doing this – if you are checking your cell phone during class and **deduct** for this and other conduct (such as whispering) distracting from the class.

You will find that every one of the Kelley Undergraduate Program Learning Goals, with the exception of Goal # 5, are connected to the goals of this course.

ASSIGNMENTS AND GRADING

There are six graded assignments totaling 200 points.

- (1) The first paper is due on January 15th by midnight. I prefer that you simply write a text description rather than attaching a paper. A description of the paper appears at the end of the syllabus. It is worth 10 points.
- (2) A research paper, which can be done individually or in groups of up to three, is due on March 31st. It is worth 120 points.

- (3) Attendance and participation is worth 30 points. I expect participation in the class and you cannot participate if you aren't here. Do not refrain from participating if English is not your native language. In my experience, many of the best discussions come from cross-cultural comparisons of ethical perspectives. If the language is difficult, it is the responsibility of the class to listen more closely. If the class does not, it will answer to me.
- (4) There will be quizzes given pertaining to the readings throughout the class and there will also be a quiz on the film, *The Brothers Karamazov*. These quizzes will total 20 points. Expect that there will be a weekly quiz, though there could be a week in which we do not have one. There are no make-up quizzes. There will be enough quizzes so that if you miss one, it will not be difficult to make up the quiz. The only exception is if you bring a note to me in advance that you will be gone for an IU sponsored activity (such as an athletic or musical event). I do understand that at times, you are sick or have an interview. There are enough quizzes so that missing any one (or even two) will not seriously impact your overall quiz score.
- (5) You will have a short paper on music and ethics that will be worth 10 points. More details appear in the Assignments tab of Canvas. It is due February 18th. You may work in groups of up to three for this paper.
- (6) You will have a (fun) class presentation assignment. More details will be provided on this later in the term. It is due the last week of class and is worth 10 points.

It is not likely that I will attempt to embarrass an unprepared student talking in class, but I will note the conduct (as I will note other conduct not conducive to community dialogue) and consider it in calculating this grade.

The aim of the participation grade *is not* for you to show me what you know. There is always learning that can be had in a class, but after a quarter of a century of teaching this subject, I have a pretty good idea of what the various points are going to be. So I am not interested in your trying to impress me. What I am interested in is your helping others in the class to learn. Particularly with my being a generation (or two?) beyond yours, the insights you have may very well resonate more with your classmates than my explanations. Students frequently have a higher evaluation of the quality of their participation than the grade assigned. The reason for the difference typically relates to whether student comments helpful in moving the class discussion forward or not.

With respect to grades, my traditional lowest A has been a 94. The Canvas default is that the lowest A is a 93 and that gets reflected in the grades you will see on Canvas. My compromise is that I will go down to a 93 for an A, but I will not round up from a high grade in the 92 range. In other words, I do not round up from a 92.9 to a 93.0 for an A since I am already dropping my traditional A by one full point. I do not give an A+, though the Canvas site might show that grade.

In borderline situations, I retain the discretion to make an overall assessment of your performance in the class.

COURSE SCHEDULE

Please note that video lectures and film are an important part of this course. With one exception, the lectures for the course are online, via Canvas. I resorted to this as a matter of necessity a few years ago and was surprised that the reaction from students was quite a bit beyond what I had expected. (I think they liked to have the ability to turn me off whenever they felt like it!) So I will continue using them for this class.

FOUNDATIONAL MATERIAL

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| January 9 | Review of the Syllabus and the Virtue Election Reading: Chapter 1 |
| January 11 | Psychological/Behavioral Models of Moral Development Readings: Chapter 2: pages 13-33 |
| January 15 | Paper #1 Due by Midnight |
| January 16 | Biases and Aesthetics in Making Ethical Judgments. I will post a selection of short (5 minute) videos for you to watch in preparation of this class There will be a Discussion Board Assignment |
| January 18 | Ethics Simulation ₁ Reading: Chapter 2: pages 34-38 |
| January 23 | Ethics Simulation Discussion and Moral Development Reading: “Music Reflection Paper” Materials (posted on Canvas) |

ETHICAL FRAMEWORKS

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| January 25 | The Nature of Moral Problems and the Six Step Decision Process Reading: Chapter 4 |
| January 28 | IU Cinema Showing of “Gandhi” 5:30 p.m. (Extra Credit or Required Attendance Option #1) |
| January 30 | The Shareholder Theory of the Firm ₁ Reading: Chapter 3 Watch: Legal Compliance/Shareholder Theory Video |
| February 1 | Shareholder Theory ₂ Reading: Chapter 5: Pages 77-93 |
| February 4 | IU Cinema Showing of “As One” 2:00 p.m. (Extra Credit or Required Attendance Option #2) |
| February 6 | Shareholder Theory ₃ Reading: Chapter 5: Pages 94-112 |
| February 8: | Stakeholder Theory ₁ Reading: H.B. Fuller Mini-case posted on Canvas. |
| February 13 | Stakeholder Theory ₂ Watch video on Stakeholder Theory/Philosophers’ Formula Reading: Chapter 6 |
| February 15 | Moral Imagination In-Class Vignettes Reading: Chapter 7 |
| February 18 | Music Paper Due |
| February 18 | IU Cinema Showing of “Sweet Dreams” Extra Credit Opportunity |
| February 20 | Sexual Harassment, Privacy & Other Workplace Issues |

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| | Reading: Chapter 8 |
| | Additional In-Class Vignettes |
| February 22 | Business As Community |
| | Reading: Chapter 9 |
| February 27 | Total Integrity Management |
| | Reading: Chapter 10 |
| March 1 | Simulation ₂ |
| March 4 | Wells Library Showing of “Joyeux Noel” 5:30 p.m. Extra Credit Opportunity |
| March 6 | Ethical “Nudging” (Based on Film Series and Music Paper) |
| March 8 | Open Class |
| March 13 & 15 | Spring Break: No Classes |
| March 20 | Student Video Presentations |
| March 22 | Conclusion: Discussion and Quiz on <i>The Brothers Karamazov</i> |
| March 31 | Final Research Paper Due |

ASSIGNMENT FOR PAPER #1

Tell me about an action that someone you personally know did that you thought was ethical and then tell me why it was ethical. To complete the assignment, you must address three parts:

1) What happened? You need not describe the event in substantial detail. At the same time, you also need to include enough information so I can understand the nature of the action. Usually, this part will not exceed one-half of one single-spaced page, although it may extend further if necessary.

2) Why do you think the event or action was ethical? That begs three questions:

a) What is your definition of good? You should not simply assume that

everyone agrees with your idea of the good. So your idea can be evaluated, you must define your notion of the good and articulate it to another person (me). Feel free to draw upon your own experiences, religion or study of philosophy in defining the good.

- b) What is a strong objection to your vision of the good? Why would someone reject your theory. Do not set up a “straw man” here. Really think of a strong objection to your idea of the good. Moreover *be very careful to analyze the good you are defending and not the goodness of the particular action. They are different things.*

- c) Why is your theory still compelling?

- 3) What would make you:

- a) More likely to share a story like this at work with colleagues, some of whom you may know well and others that you may not know well at all?
- b) Less likely to share a story like this at work with colleagues, some of whom you may know well and others that you may not know well at all?

The paper need not be more than two, single-spaced pages, although, if necessary, it can be longer. It is due via e-mail by midnight on January 15th. You may submit this assignment via Canvas.

One of the purposes of this paper is to show you that there are a great number of ethical things occurring in life, including business, so that a person interested in being ethical is “not alone.” Occasionally, I have had students who indicate never having seen an ethical act in business. If you have that reaction, I encourage you to think through the matter again because I think you will be able to come up with something. If you simply cannot, let me know and we will talk. Another purpose of the paper is to really try to identify what the good is. That’s rarely done by most people and it is difficult for any constructive discussion of business ethics to occur without this.

Your papers are confidential. I do not share your stories without your permission and I do not make copies. If your topic is sensitive, however, feel free to disguise the identity of parties involved.

As an example, let me tell you the story I presented during my freshman year of college when I received a variation of the assignment. *Please note that when I was assigned this paper, it was not for a business ethics class. Instead it was for a theological ethics class. Thus, while there is a business reference point, it is not an exact example of a story about a business situation. You will need to adapt from my example to tell your story within the context of business. If you do not have a business experience to draw upon, you may write about another example that demonstrates an action that occurred outside of your family (though the main character can be a member of your family).*

My father was an attorney in a very small town (population 800) in western Illinois from 1949 until his death in 1998. When I was in high school, his secretary looked out onto the street on a bitterly cold (wind-chill more than forty degrees below zero) at the end of the workday to see a late, middle-aged man wandering the streets without a coat. The man's parents, with whom he lived, had very recently passed away and he was now living alone. The man had done very little business with my father's law firm. Dad's secretary brought him over to the office and my father, after calling my mother, brought him out to the house for dinner.

The man was simply very depressed and frightened. He stayed overnight with us, never even looking at my mother or me. He was afraid to return to his house because he thought that someone had moved in and would kill him if he went back.

The next day, my father took him out to the house with an unloaded (unknown to our guest) pistol. Together they searched every room of the house and its outlying buildings (the house was located on a farm). Finally, convinced that it was safe, the man agreed to stay at the house.

My father knew that the man had no one to talk to, so he decided to make sure the man knew that someone was interested in him. Therefore, he called the man each morning to make sure he was OK and to chat. That went on for five years. Gradually, the man reintegrated himself into the community and had a quite happy life.

This story is only an example. Of course, this is just the "story part." In fact, when I received the assignment back, the professor had scrawled "what the hell is so good about that!" across the bottom of the last page of my paper. You should anticipate the same question. In addition to telling the story, tell me what is good about your story.

Let me be clear as to how you will be evaluated. I will not "pass judgment" on whether your values are "good." I do expect you to provide me with a principle which justifies the good manifested by your story and then to provide a reasoned, logical justification of that principle in the face of logical, important objections that can be raised against that principle. Thus, in my story, the principle might be "one should act to protect the vulnerable in society provided that in doing so, one does not make others similarly vulnerable" and make objections to and defenses of that principle. The argument would not be that my father helped someone in trouble and people could object to whether or not he should have helped him. A principle is the reason you know an action is good, so it is a concept that can be applied in other similar cases.

RESEARCH PAPER

You should work in groups of up to three for the research paper. You may also work on this individually. While I maintain the same standards for content no matter the size of your group, you should know that, if you choose to work in a group, especially a group of three, I expect your paper to be grammatically perfect and written exceptionally well. I will grade on that criterion as well as content.

You should identify a complex moral problem in business today *that you believe was appropriately handled or a dilemma, whether handled well or not, that a company is currently facing or a dilemma that was not handled well*. In other words, you have a longer time frame from which to select if you are writing about a case that you believe was appropriately handled. You can go back 25 years for such a case. *This means that you cannot write about the 1982 Tylenol recall!*

The goal is to conduct enough factual research so you fully understand the issue. Then apply the moral reasoning process we used in class so that you can describe what was good about the decision in normative terms. You will use the six-step Hosmer moral reasoning process and apply three ethical frameworks: shareholder, stakeholder, and virtue. You will also apply the pro-active part of shareholder, stakeholder and virtue (Hard Trust, Real Trust, and Good Trust) to propose how to build ethical cultures. Thus, you will apply the Total Integrity Management model to address how a company can create an ethical corporate culture with a specific eye toward how they would take the decision you advocate and make it one that is habitually made.

Please bear in mind that good papers directly address, in full, the above paragraph. Great papers do this and also bring in examples from class (discussions), readings from the book **not covered in class**, and lectures to render a fuller assessment of the research paper; in other words, to put the class fully together.

I do not want to assign a specific length, but eight to twelve single-spaced pages is a rough average for previously well-written papers. Of course, the ability to write concisely is a major factor in determining whether eight pages are sufficient. Your paper is due on March 31st.

Extra Credit/Required Attendance Options at 2018 Film Series

In conjunction with the IU Cinema and the Wells Library, I am hosting a four-part film series on the “Cultural Foundations for Peace.” As part of your participation grade you need to attend one of the first two films (*Gandhi* on January 28th or *As One* on February 4th) and provide a short write-up of the film. I will provide more instructions on the write-up requirements as part of the assignment portal on Canvas.

Having attended one, you may also attend the second and obtain extra credit for doing so (with the accompanying write-up). Two additional films, *Sweet Dreams* on February 18th and *Joyeux Noel* on March 4th, are also options for extra credit.

Here is a brief description of the film series:

We are featuring four films that portray what various kinds of cultural forces can do to support peace. The BLE Department is sponsoring this program and five BLE faculty are participating in it: Abbey Stemler, Jamie Prenkert, Karen Woody, Todd Haugh and myself. The IU Cinema will screen the film as part of its semester series and then our faculty, with some help from the Institute for Korean Studies on one film, will have a post-film Q&A.

The overarching theme of the film series is to see how different aspects of culture – sports, music, film itself, religion, law, business, gender – provide avenues into peacebuilding apart from governmental negotiation of peace processes. That is not to say governments are not involved; in every film in the series, there is a role government is playing. But the aim of the series is to show how these other features of culture are entry ways to peace. These entry ways not only provide macro notions impacts on peace, but also ways in which any person has a way to build peace in the work they do.

Sunday, January 28th. 5:30 *Gandhi*. The iconic 1982 story of the life and work of Gandhi in his efforts to promote rights in South Africa, independence for India, and peace between Muslims and Hindus. Film features strong notions of law and the court system, religion, some degree of trade, and the overarching philosophy of non-violence as a tool and spiritual orientation toward social change.

Sunday, February 4. 2:00 *As One*. Early 1990s story of South and North Korea coming together to form a joint table tennis team to compete in an Asian championship. The players from the two countries initially find it very difficult to view themselves as being one team, but in the pressure of sports competition, they do unify. Film features interesting notions of sports and peacebuilder and, given current global interest in North and South Korea (obviously current tensions with NK and this will be just a few days before the opening of the Winter Olympics in South Korea.

Sunday, February 18. 2:00 *Sweet Dreams*. In post-genocide Rwanda, a group of women drawn from both Hutus and Tutsi groups form a drumming group, becoming the first women to publicly drum in the country. The musical endeavor provides a common ground for women and is so successful that the women decide to form an ice cream shop. This film features gender issues as well as music and business.

Sunday, March 4. 5:30 *Joyeux Noel*. Officially, this is not part of the IU Cinema Series, but in conjunction with the Wells Library, this film will allow for a fourth film related to the theme of the series. This film portrays the famous “Christmas Truce” of World War I, where armies of Germany, France and Scotland spontaneously came together with song, sports, trade, and religion to rise up from their trenches and celebrate Christmas together. Thus, this film features music, sports, trade, and religion.

Important Policies and Notices Applicable to the Class

- (1) **Video Proctoring:** Video cameras may be used to monitor the room during student assessment activities, including but not limited to, exams, tests, and quizzes. Video recordings may be used to investigate or support disciplinary action. All access to and use of video equipment and recordings will follow applicable IU policies.
- (2) **Academic Integrity:** This class will follow IU and Kelley School policies concerning academic integrity. As a business ethics professor for decades, I can tell you that the issues of academic integrity parallel that arise in business life after you graduate. Cheat now and you'll probably cheat later. Do your own work honestly now and you will likely continue doing so later. Practicing integrity is a habit. Plan on getting into that habit now. By all means, do not use an ethics course to mess up. A violation of the IU and Kelley codes of conduct will result, at a minimum, of a failure for that assignment. I can only recall something of this nature happening twice and the punishment was much worse. Being ethical now and in life is an act of courage. Cheating happens because people are tired, lazy, greedy, or sloppy and want to get by on less than a full effort. It's exactly at such times when people of courage push through the temptations of fatigue, laziness, greediness and sloppiness to excel. It's true with athletics. It's true of music. It's true of business or anything else. Take the opportunity in this course to make moral courage a habit – a skill that you hone – that you know is there when a temptation arises.

APPENDIX

Bloomington Undergraduate Program Learning Goals and Student Learning Outcomes (SLOs)

1. An Integrative Point of View

Evaluate and make business decisions taking into account the interdependent relationships among competitive and environmental conditions, organizational resources, and the major functional areas of business.

- **SLO 1.1:** Identify the relationships between two or more business functions; explain how actions in one functional area affect other functional areas.
- **SLO 1.2:** Describe how the relationships among the functional areas relate to the goals of the organization.
- **SLO 1.3:** Use integrative techniques, structures, or frameworks to make business decisions.

2. Ethical Reasoning

Recognize ethical issues, describe various frameworks for ethical reasoning, and discern the tradeoffs and implications of applying various ethical frameworks when making business decisions.

- **SLO 2.1:** Identify the ethical dimension(s) of a business decision.
- **SLO 2.2:** Recognize the tradeoffs created by application of competing ethical theories and perspectives.
- **SLO 2.3:** Formulate and defend a well-supported recommendation for the resolution of an ethical issue.

3. Critical Thinking and Decision Making in Business

Identify and critically evaluate implications of business decisions for organizational stakeholders and the natural environment.

- **SLO 3.1:** Recognize the implications of a proposed decision from a variety of diverse stakeholder perspectives.
- **SLO 3.2:** Evaluate the integrity of the supporting evidence and data for a given decision.
- **SLO 3.3:** Analyze a given decision using critical techniques, structures, or frameworks.

Goal 4: Communication and Leadership

Communicate effectively in a wide variety of business settings employing multiple media of communications.

- **SLO 4.1:** Deliver clear, concise, and audience-centered individual and team presentations.
- **SLO 4.2:** Write clear, concise, and audience-centered business documents.
- **SLO 4.3:** Effectively participate in informational and employment interviews.
- **SLO 4.4:** Articulate one's unique value proposition to a given audience.

Goal 5: Quantitative Analysis and Modeling

Systematically apply tools of quantitative analysis and modeling to make recommendations and business decisions.

- **SLO 5.1:** Use appropriate technology to solve a given business problem.
- **SLO 5.2:** Analyze business problems using appropriate mathematical theories and techniques.
- **SLO 5.3:** Explain the role of technologies in business decision making analysis, or modeling.
- **SLO 5.4:** Structure logic and frame quantitative analysis to solve business problems.

Goal 6: Team Membership & Inclusiveness

Collaborate productively with others, functioning effectively as both members and leaders of teams.

- **SLO 6.1:** Facilitate team meetings and collaborate effectively in both face-to-face and virtual interactions.
- **SLO 6.2:** Identify and employ best team practices.
- **SLO 6.3:** Assess and offer feedback on one's own effectiveness as well as one's team members' effectiveness with respect to productivity and relationship-building in both oral and written formats.
- **SLO 6.4:** Articulate and analyze the value of inclusivity in a variety of business settings.

Goal 7: Cultural awareness and global effectiveness

Become conversant with major economic, social, political, and technological trends and conditions that influence the development of the global economy and demonstrate competence in the cultural, interpersonal and analytical dimensions of international business.

- **SLO 7.1:** Identify the risks and opportunities associated with determining and implementing optimal global business strategies.
- **SLO 7.2:** Integrate international, regional, and local non-market forces into strategic decisions of multinational corporations.
- **SLO 7.3:** Analyze obstacles resulting from cultural differences and recommend leadership approaches that leverage diversity to enhance business performance.
- **SLO 7.4:** Identify the personal and contrasting attitudes, values, and beliefs that shape business relationships.