

LINCOLN UNIVERSITY
BUSINESS ADMINISTRATION 109: BUSINESS ETHICS

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What's wrong with giving bribes? What's wrong with asking for bribes? What's wrong with paying money to a lower official if it will circumvent bureaucratic regulations? What's wrong with large executive bonuses after company losses? What's wrong with exchanging a promotion for sexual favors? What's wrong with giving expensive gifts to get a contract? Why should you refuse expensive gifts from a company which wants your company's business? What's wrong with hiring your relatives even if they are not as well qualified as another job candidate? What's wrong with using insider knowledge to buy or sell a stock in a company? What's wrong with outsourcing jobs if it will increase your company's profits? What's wrong with allowing foreign contractors to hire children to produce your product if it will both increase your company's profit and provide employment to benefit the unemployed parents of the children? Should you report on the management of your own company if you know they are hiding or covering up hazardous chemicals and if it may result in your losing your own job?? What's wrong with using your own company's economic power to lower prices in order to drive a competitor out of business? What's wrong with deregulation with minimum governmental oversight? What's wrong with setting up a secret overseas bank account?

Required Readings:

Ferrell, Fraedrich and Ferrell: "Business Ethics: Ethical Decision Making and Cases"(7th edition Houghton Mifflin 2008, ISBN-10: 0-618-74934-9)

Numerous articles and cases on domestic and international business ethics which will be held in the library available for copying.

Purpose of Course

This course will consider ethical behavior in American and international businesses. Topics will include awareness of ethical issues in organizations, stakeholder interests in organizations, the cultural background of business ethics, bribery and corruption, corporate dishonesty, corporate social responsibility, global ethics, codes of conduct, managing ethics globally, responsibility for foreign contractors, business ethics in America, Europe, China, Japan, and Islamic countries, the problems and possibilities of developing a global code of ethics, and whether multinational corporation can act in a socially responsible manner.

Course Objectives

“Far Ranging Support for Google’s China Move, *New York Times* (Jan.15, 2010)

TAKING SIDES: Issue 3, pp. 54-76: “Is Increasing Profits the Only Social Responsibility of Business” (YES: Milton Friedman, from “The Social Responsibility of Business is to Increase Its Profits. NO: Joe DesJardins, “Business and Environmental Sustainability.”)

TAKING SIDES: Issue 6, pp. 122-148: Should Price Gouging be Regulated?” (YES: Jeremy Snyder, “What’s the Matter with Price Gouging?” NO: Matt Zwolinsky, “Price Gouging, Non-Worseness, and Distributive Justice”.

TAKING SIDES: Issue 11, pp. 236-249: “Is CEO Compensation Justified by Performance?”. (YES: Ira T. Kay, “Don’t Mess with CEO Pay” NO: “CEOs are Being Paid too Much.

Feb. 2: Introduction to Business Ethics and Stakeholder Relationships

The Importance of Business Ethics: Chapter 1 (Ferrell)

Stakeholder Relationships: Chapter 2 (Ferrell)

Feb. 9: American Ethical Issues

Emerging Business Ethics Issues: Chapter 3 (Ferrell)

Case 1 (Ferrell): “Wal-Mart: The Challenge of Managing Relationships with Stakeholders”

Case 2: (Ferrell) The Coca Cola Company Struggles with Ethical Crises”

Feb. 16: American Ethical Issues

John R. Boatright, *Ethics and the Conduct of Business:*

“Ethics in Finance” (pp. 312-346)

“ Corporate Social Responsibility” (pp. 347-377)

“Corporate Governance and Accountability” (pp. 378-417)

Feb. 23: American Ethical Issues

The Institutionalization of Business Ethics : Chapter 4 (Ferrell)

John R. Boatright, *Ethics and the Conduct of Business*:

“Whistle-Blowing” (pp. 87-108)

TAKING SIDES: Issue 8, pp. 182-199: “Does Blowing the Whistle Violate Company Loyalty” (YES: Sisela Bok, “Whistleblowing and Professional Responsibility”. NO: Robert A. Larmer, “Whistleblowing and Employee Loyalty.”)

March 2: American Ethical Issues

Ethical Decision Making and Ethical Leadership: Chapter 5 (Ferrell)

Organizational Factors: The Role of Ethical Culture and Relationships: Chapter 7 (Ferrell)

March 9: Mid-Term

March 23: Global Ethical Issues

Business Ethics in a Global Economy: Chapter 10 (Ferrell)

David Vogel, “The Globalization of Business Ethics: Why American Remains Distinctive,” *California Management Review*, 35 (Fall 1991)

Thomas Donaldson: “Values in Tension,” *Harvard Business Review*, September-October 1996, 48-62

“Case Studies: Personal Decisions,”

March 30: Doing Business in Less Developed Countries

Jeffrey A. Fadiman: “A Traveller’s Guide to Gifts and Bribery,” *Harvard Business Review*, 64(4) 1986 (in library)

“Hitting the Wall: Nike and International Labor Practices,” *Harvard Business School*, MI-700-047

Case 12: (Ferrell) “Nike: From Sweatshops to Leadership in Employment Practices”

“IKEA’s Global Sourcing Challenge: Indian Rugs and Child Labor,” *Harvard Business Review*: 9-906-414

Case Study: Ikea Family: Old Enough to Work?

TAKING SIDES: Issue 16, pp. 324-347: “Are Sweatshops and Inhumane Business Practice” (YES: Arnold & Bowie, “Respect for Workers in Global Supply Chains”. NO: Sollars & Englander, “Sweatshops: Kant and Consequences”.)

April 13: Bribery, Corruption, and Codes of Conduct

Phil Bodrock, “The Shakedown,” *Harvard Business Review* Reprint R0503X

Louis Wells, “Caselets: Bribery and Extortion in International Business,” *Harvard Business School*, 9-707-052

Bryan W. Husted, “Honor Among Thieves: A Transaction-Cost Interpretation of Corruption in Third World Countries,” *Business Ethics Quarterly*,” 4 (1994), 17-27

“Transparency International Corruption Perceptions Index 2007”

OECD, “Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions”

Charles Mitchell, “*International Business Ethics*:

“Codifying Business Ethics” (pp. 42-50)

“Building an Effective Corporate Ethics Code” (pp. 88-109)

“Managing an International Corporate Ethics Program” (pp. 110-149)

Caux Round Table, Principles for Business

Global Sullivan Principles of Social Responsibility

ICCR, Principles for Global Corporate Responsibility

April 20 and April 27: Corporate Social Responsibility and Socially Responsible Investing

Case 16 (Ferrell) : Starbuck’s Mission: Responsibility and Growth

“Do More, Feel Better, Live Longer, but only if You can Afford it: MSF and

Oxfam vs. GlaxoSmithKline,” Chapter 17 in Rob van Tulder with Alex van derZwart, *International Business-Society Management*, 304-317

“GlaxoSmithKline and AIDS Drug Policy,” Stanford Graduate School of Business, Case P-39

“Big Pharma and AIDS: Act II” *Multinational Monitor*,” March/April 2007

“A Changing Climate for a Sleeping Tiger: Stop Exxon Coalition vs. Exxon Mobil,” Chapter 18 in Rob van Tulder with Alex van derZwart, *International Business-Society Manager*, 318-333

“The Ocean as Rubbish Dump: Greenpeace vs. Shell,” Chapter 15 in Rob van Tulder with Alex van derZwart, *International Business-Society Manager*, 289-297

“Provocative Bras from Burma: Clean Clothes Campaign, FNV Global and BCN vs. Triumph International,” in Rob van Tulder with Alex van derZwart, *International Business-Society Manager*, 298-303

Case Study: Cheaper Through Exploitation?: Clean Clothes Campaign vs. C & S

Case Study: The Choice of a New Genocide?: Free Burma Coalition vs. PepsiCo

Case Study: Burmese Dictator Beer: XminusY and Burma Centrum Netherlands vs. Heineken

Case Study: Where’s the Beef? It’s in your Fries

May 3: Class Presentations