BUSINESS ETHICS

Introduction

Ethical behavior contributes to personal flourishing and to human excellence in business. In addition, business ethics enhances corporate reputation and minimizes the risk of the souring of relations between society and the company. Society, which gives business license to operate, increasingly demands ethical and responsible conduct from firms. Employees expect fair treatment and consumers demand respect for their rights. Similarly, stakeholders are pushing for transparency, accountability, and responsibility. Individuals, social groups and governments are calling for ethical behaviors and responsible conduct from business organizations.

To a great extent, leading companies around the world have already accepted this challenge, and ethics has become a feature in managing business. In practice, however, ethical dilemmas and practical difficulties can arise in decision-making as companies try to harmonize profits with social and ethical responsibilities, and these require solid bases and careful discussion.

Objectives

This course discusses the role of ethics in business and the foundations of business ethics. Additionally, it inquires over how to integrate ethics into business practice and in management theory and the role of virtues in leading organizations.

The goal of this course is to provide a strong base for sound moral judgments in managerial decision-making and in evaluating one’s own values, arguing ethically in business environments and contributing to collective decisions; it helps us to understand and evaluate opinions of those from different cultural traditions or ideological backgrounds and to distinguish between what is right and what is only ‘politically correct’.

Learning Outcomes

• **Analyze** the relationship between economic activity and ethics.
• **Understand** the concept of sustainability and its implications and become familiar with the main approaches to business ethics and corporate social responsibility.
• **Specify** the ethical and social consequences of an alternative and understand why ethics is an essential dimension of decision-making
• **Learn** how to make ethical judgments and integrate them in the decision-making process.
• **Analyze** commonly-occurring ethical issues and dilemmas in managing businesses.
• Reflect on the role of virtues in leading organizations.
• Relate ethics with performance of organizations.
• Analyze arguments on the social responsibility of business.
• Determine how to improve responsibility of business on respecting human rights and the natural environment and in promoting human development and contributing to a better society.
• Communicate in terms of responsibility and accountability

Competences

General competencies:
CG1: Acquire knowledge, skills, abilities and attitudes required to conduct research on a global basis in the field of business management.
CG2: Identify and solve business problems, often with uncertain and incomplete information, and involving direction and management of people in organizational frameworks.
CG3: Conduct a critical analysis, evaluation and synthesis of new and complex ideas with the objective of producing general principles applicable to business situations.
CG4: Profound understanding and appreciation of the importance of the human factor and ethics within an organizational framework.
CG7: Know the main concepts and policies in the area of corporate social responsibility and sustainability.

Basic competencies:
CB6: Demonstrate knowledge and understanding that provide a basis or opportunity for originality in developing and/or application of ideas, often related to a research context.
CB7: Students must be capable of applying their knowledge and ability to solving problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to business ethics and corporate social responsibility.
CB8: Students should be able to integrate business ethics knowledge and handle complexity, and formulate judgments based on information that was incomplete or limited, including reflection on social and ethical responsibilities linked to the application of their knowledge and judgments.
CB9: Students should be able to communicate clearly and concisely their conclusions, underlying knowledge and reasons to a specialized and non-specialized audience.
CB 10: Students should possess the learning outcomes that enable them to continue studying in a way that will be largely self-directed or autonomous.
Specific competencies:
CE1: Understand the concepts of business ethics and integrate them to management theory and practice.
CE3: Organization, planning and implementation of a research project related to business ethics and corporate social responsibility.
CE5: Ability to understand state-of-the-art research in business ethics published in the top academic journals in the field (Business Ethics Quarterly, Journal of Business Ethics) and compare and contrast the arguments developed in the papers from a logical and empirical point of view.
CE6: Ability to take current management and organizational ethical problems and identify how different theories of organizations can help us understand them.
CE8: Analyze business phenomena formal analysis tools (logic) in order to develop consistent structural theories.
CE9: Knowledge of and ability to use the tools of business ethics theory in the analysis of organizations.

Content
The course is divided into five parts: (1) Foundations of Business Ethics (2) Ethics in Decision-Making, (3) The Corporation and its Purpose In Society, (4) Organizational Ethics, and (5) Societal and Ecological Business Ethics.

Methodology
Discussion of research papers and case studies on crucial issues related to business ethics and corporate social responsibility. Two books authored by Prof. Melé are suggested as basic textbooks (see bibliography) for this course plus specific readings which will be provided.

Evaluation
Evaluation will be based on the quality of the student participation in class discussions (30%), an original paper (20%) and a final exam (50%)

Paper
An essay relating ethics with one's own field of specialization.
Deadline to deliver the paper: January 15, 2018.
Please, email the paper to mele@iese.edu
Students will receive personal feedback on the paper.
### Course Outline

**PART 1. FOUNDATIONS OF BUSINESS ETHICS**

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| 2    | Oct 9 | Why Good Management Requires Ethics | Case study: "The rise and fall of Arthur Andersen" Questions:  
1. Analysis how Arthur Andersen evolved over time.  
2. Compare Mr. Andersen values of Arthur Andersen and the values of the company in late 1990s?  
3. What was the role of ethics (or lack of ethics) in the rise and demise of Arthur Andersen?  
Assignment questions:  
1. What are the most important facts of the situation of the company in Japan?  
2. What are the responsibilities of Manville executives regarding the sale of fiberglass? Do they perform them properly?  
3. Should Manville strictly follow legality or do something else? Why?  
4. What would you recommend to Manville's top executives?  
*Business Ethics in Action*, Chap. 3 |
*Business Ethics in Action*. Chap 3 (Appendix) and Chapter 4 (Appendix). |
*Management Ethics*. Chap. 2 |
### PART 3. ETHICS IN DECISION-MAKING

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### PART 4. THE CORPORATION AND ITS PURPOSE IN SOCIETY

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**PART 4. ORGANIZATIONAL ETHICS**

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PART 5. SOCIETAL AND ECOLOGICAL BUSINESS ETHICS

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Bibliography

Textbooks


General bibliography