

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.

2nd Year MRM 2019
1st Term

- 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

2nd Year MRM 2019
1st Term

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 (30%) and a final exam (40%)

Paper

An essay relating ethics with one's own field of specialization.

Deadline to deliver the paper: January 5, 2019.

Please, send the paper through the platform

Students will receive personal feedback on the paper.

Course Outline

PART 1. FOUNDATIONS OF BUSINESS ETHICS		
1 Sep 18 DM	Introductory Cases to Business Ethics	<p>Case study: "The fall of Enron"</p> <p>Questions:</p> <ol style="list-style-type: none"> 1. Analysis how Enron evolved over time. 2. What do you find ethically questionable in Enron? 3. Who bear responsibility in the fact described in the case? <p>Case study: "The rise and fall of Arthur Andersen"</p> <p>Questions:</p> <ol style="list-style-type: none"> 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?
2 Sep 18 DM	The role of ethics in business	Melé, D.: (2019, forthcoming), <i>Business Ethics in Action</i> . Seeking Human Excellence in Organizations 2 nd ed. (Palgrave-MacMillan, London) (Hereafter: <i>Business Ethics in Action</i>), Chap. 1: 'The role of ethics in business'.
3 Sep 25 DM	Business Ethics Worldwide	<i>Business Ethics in Action</i> , Chap. 2. Cultural Diversity, Common Values, and International Standards for Business
4 Sep 25 JF	How to Integrate Ethics into Business?	<p>Melé, D.: 2009, 'Integrating Personalism into Virtue-Based Business Ethics: The Personalist and the Common Good Principles', <i>Journal of Business Ethics</i> 88(1), 227-244.</p> <p><i>Business Ethics in Action</i>. Chap 3. The theoretical foundations of business ethics.</p>

PART 2. THE INDIVIDUAL WITHIN THE ORGANIZATION		
5 Oct 2 DM	Personal Responsibility	Solomon, R. C.: 2003, 'Victims of Circumstances? A Defense of Virtue Ethics in Business', <i>Business Ethics Quarterly</i> 13(1), 43-62. <i>Business Ethics in Action</i> , Chap. 4. The moral responsibility of the individual within the organization
6 Oct 2 JF	Ethics in Decision-Making	Lehnert, K., Park, Y.-h. & Singh, N. 2015. 'Research Note and Review of the Empirical Ethical Decision-Making Literature: Boundary Conditions and Extensions.' <i>Journal of Business Ethics</i> , 129, 195–219. <i>Business Ethics in Action</i> , Chap 5. Moral judgment in decision-making
7 Oct 9 DM	Misbehaviors in Business	<i>Business Ethics in Action</i> , Chap 6. Frequent Misbehaviors in Business
PART 3. IDENTITY AND PURPOSE OF BUSINESS		
8 Oct 9 DM	The Corporation within Capitalism	John Paul II, <i>Encyclical-Letter 'Centesimus Annus'</i> , Chap. 4th <i>Business Ethics in Action</i> , Chap 7. Market, Regulations and the Purpose of Business. Section A. Market and Regulations
9 Oct 16 JF	Is the purpose of business maximizing shareholder value?	Friedman, M.: 1970, 'The Social Responsibility of Business is to Increase its Profits', <i>New York Times Magazine</i> (September 13). Jensen, M. C. (2001). Value Maximization, Stakeholder Theory, and the Corporate Objective Function. <i>European Financial Management</i> , 7(3), 297-317. Bower, J. L. & Paine, L. S. 2017. 'The Error at the Heart of Corporate Leadership.' <i>Harvard Business Review</i> , 95(3), 50-60.
10 Oct 16 DM	Discussing on the purpose of the business firm	Hollensbe, E., Wookey, C., Hickey, L., George, G. & Nichols, C. V., 2014, 'Organizations with purpose'. <i>Academy of Management Journal</i> , 57(5), 1227–1234. Porter, M. E. & Kramer, M. (2011). Creating Shared Value. How to reinvent capitalism and unleash a wave of

		<p>innovation and growth. <i>Harvard Business Review</i>, 89(1/2), 62-77.</p> <p>de los Reyes Jr., G., Scholz, M. & Smith, N. C. (2017). Beyond the "Win-Win": Creating Shared Value Requires Ethical Frameworks. <i>California Management Review</i>, 50(2), 142-167.</p>
<p>11 Oct 23 JF</p>	<p>The Common Good of the Firm</p>	<p>Peter Koslowski: 2006, 'The Common Good of the Firm as the Fiduciary Duty of the Manager', in G. J. Rossow and Alejo José Sison (Ed.) <i>Global Perspectives on the Ethics of Corporate Governance</i>, Palgrave-MacMillan, New York, pp. 67-76.</p> <p>Melé, D. (2012). The Firm as a "Community of Persons": A Pillar of Humanistic Business Ethos. <i>Journal of Business Ethics</i>, 106(1), 89-101.</p> <p><i>Business Ethics in Action</i>, Chap. 7. Market, Regulations and the Purpose of Business. Section B. The Purpose and Identity of Business</p>
<p>PART 4. MANAGERIAL & ORGANIZATIONAL ETHICS</p>		
<p>12 Oct 23 JF</p>	<p>Responsible Management</p>	<p>Van de Ven, A. H. (2001). Medtronic's Chairman William George on how mission-driven companies create long-term shareholder value. <i>Academy of Management Executive</i>, 15(4), 39-47.</p> <p>Melé, D. 2003. 'The Challenge of Humanistic Management.' <i>Journal of Business Ethics</i>, 44(44), 77-88.</p> <p><i>Business Ethics in Action</i>, Chap. 8. Ethics in the Manager's Work and in Corporate Governance</p>
<p>13 Oct 30 JF</p>	<p>Virtuous Leadership</p>	<p>Hackett, R. D. & Wang, G. (2012). 'Virtues and leadership. An integrating conceptual framework founded in Aristotelian and Confucian perspectives on virtues'. <i>Management Decision</i>, 50(5), 868-899.</p> <p><i>Business Ethics in Action</i>, Chap. 9. Moral Character of the Leader</p>
<p>14 Oct 30 JF</p>	<p>Strategy, Organizational Structure & Culture</p>	<p>Wetlaufer, S. 1999. 'Organizing by Empowerment: An Interview with Roger Sant and Dennis Bakker.' <i>Harvard Business Review</i>: February, 110-23.</p> <p>Melé, D. (2003). Organizational Humanizing Cultures: Can They Create Social Capital? <i>Journal of Business Ethics</i>, 45(1), 3-14.</p> <p><i>Business Ethics in Action</i>, Chap 10. Corporate Mission, Culture and Structure</p>

15 Nov 2 DM	People and their work at the center of the organization	Melé, D. (2014). "Human Quality Treatment": Five Organizational Levels. <i>Journal of Business Ethics</i> , 120(4), 457-471. <i>Business Ethics in Action</i> , Chap 11. Labor Rights, Meaningful Work, and Development at the Workplace
16 Nov 2 JF	Institutionalizing Business Ethics.	Paine, L. S. (1994). Managing for Organizational Integrity. <i>Harvard Business Review</i> , 72(2), 106-117. Fontrodona, J., and Sanz, P. (2015). 'The Keys to a Positive Business Culture'. <i>IESE Insight 27</i> : 15-22
PART 6. SOCIETAL AND ECOLOGICAL BUSINESS ETHICS		
17 Nov 6 DM	Corporate Social Responsibility	Garriga, E. and D. Melé: 2004, 'Corporate Social Responsibility Theories: Mapping the Territory', <i>Journal of Business Ethics</i> 53 (1-2), 51-71. <i>Business Ethics in Action</i> , Chap 13. Social Responsibility of Business
18 Nov 6 DM	Environmental Business Ethics	Papa Francisco, Encyclical –Letter, 'Laudato si', Chap. 3 <i>Business Ethics in Action</i> , Chap. 14. The Ecological Responsibility of Business
19 Nov 13 JF	Developing Sustainable and Accountable Business	<i>TBD</i> <i>Business Ethics in Action</i> , Chap 15. The Sustainable and Responsible Company in a Global World. Part A Sustainability and Accountability
20 Nov 13 JF	Responsible Business in a Global World	<i>TBD</i> <i>Business Ethics in Action</i> , Chap 15. The Sustainable and Responsible Company in a Global World, Part B. Global Corporate Citizenship.
21-22 Nov 20	Exam	

2nd Year MRM 2019
1st Term

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Bibliography

Textbooks

- Melé, D. *Business Ethics in Action. Seeking Human Excellence in Organizations*, Palgrave-MacMillan, New York, 2009.
- Melé, D. *Management Ethics: Placing Ethics at the Core of Good Management*, Palgrave MacMillan, New York, 2012.

General bibliography

- Bowie, N. E.: 1999, 'A Kantian Approach to Business Ethics ', in R. E. Frederick (eds.) *A Companion to Business Ethics* (Blackwell, Oxford), 3-16.
- Brenkert, G. and T. L. Beauchamp (eds.): 2010, *The Oxford Handbook of Business Ethics* (Oxford University Press, New York).
- Crane, A. and D. Matten: 2010, *Business Ethics* 3rd ed. (Oxford University Press, Oxford).
- Crane, A., A. Williams, D. Matten, J. Moon and D. S. Siegel: 2008, 'The Oxford Handbook of Corporate Social Responsibility', in (eds.) (Oxford University Press, Oxford-New York),