COURSE OUTLINE: BUSINESS ETHICS IN A GLOBAL CONTEXT

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<th>Course Title: Business Ethics in a Global Context</th>
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<td>Course Prefix &amp; No.: PHIL2114</td>
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<td>LEC:</td>
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<td>LAB:</td>
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<td>Credit Hours: 3.0</td>
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COURSE DESCRIPTION:

Considers the purpose of business, both in a businessperson’s career, and as it relates to the global economy and international human development. Evaluates classic theories of ethics and how these relate to contemporary theories of the ethical responsibilities of businesses, such as stockholder, stakeholder, and social contract theories. Assesses the implications of globalization for ethical practice in contemporary business. Analyzes several landmark cases of business wrongdoing; investigates what caused these incidents to occur, and what might have prevented them. Reasons through difficult ethical scenarios that are frequently encountered in business settings.

COURSE PREREQUISITE (S):

ENG1101

RATIONALE:

Students preparing to work in business need to acquire the skills and concepts necessary for competing in a global market, but also need to reflect on basic questions about the purpose of business and the contribution it can make to individual lives and global development. Business students also need to understand the ethical rules, legal regulations, and international conventions that govern contemporary business, both to appreciate the reasons for these rules and regulations but also to evaluate them when appropriate. Such reflection can help students make sense of their own lives and careers but can also help them become responsible social contributors.

Moreover, several trends make understanding of the international and global aspects of business ethics increasingly crucial for business people. First, as business becomes increasingly globalized, businesses increasingly must deal with foreign cultures with their own sets of ethical
rules and standards, and students need preparation for interacting with unfamiliar cultures, both for appreciating and thinking critically about them. Second, as consumers and others become increasingly aware of the global nature of business, international business dealings are increasingly subject to public scrutiny. Consequently, businesspersons do well to understand competing claims about businesses’ social and environmental responsibilities, both at home and abroad.

REQUIRED TEXTBOOK (S) and/or MATERIALS:

Title: Business in Ethical Focus: An Anthology.
Editors: Allhoff, Fritz and Vaidya, Anand
Publisher: Peterborough, Ont.: Broadview Press.

Recommended or alternative text:
Title: Honest work: A business ethics reader
Editors: Ciulla, Joanne B.; Martin, Clancy W.; Solomon, Robert C.
Publisher: New York: Oxford University Press.

Attached course outline written by: D. Robert MacDougall Date: 4/1/15
Reviewed/Revised by: Date:
Effective quarter of course outline: Date:

Academic Dean: Date:

Course Objectives, Topical Unit Outlines, and Unit Objectives must be attached to this form.

TITLE: Business Ethics PREFIX/NO: PHIL2114
COURSE OBJECTIVES:

By the end of this course, students will:
1. be able to thoughtfully discuss why they have chosen to study business, the role that work plays in the good life, and why business is globally valuable
2. understand the unique ethical challenges posed to business in an increasingly globalized context
3. critically evaluate several theories of philosophical ethics, and understand their broader significance for decision making in general, and how they might apply to business
4. critically evaluate several theories of business ethics, and be able to apply them to a variety of business practices
5. know several landmark cases of business wrongdoing, and be capable of discussing why these incidents occurred, and what might have prevented them
6. be able to recognize moral claims and arguments applied to business, and be able to analyze and evaluate these claims and arguments
7. be able to recognize ethically significant decisions and reason carefully through them to reach a well-considered decision

TOPICAL UNIT OUTLINE/UNIT OBJECTIVES:

*All readings taken from the required text Allhoff and Vaidya, unless otherwise noted.

**WEEK 1: Business and the good life**
What is philosophy?
What is the good life?
What is the role of ethics in the good life? What is the role of contemplation in the good life?
What is the purpose of work? Why participate in business?
What is the difference between a personal ethic and a professional or corporate ethic?
What do students hope to accomplish in their careers?
What costs are students willing to pay to achieve success in business, and how does one determine one’s own ethical boundaries?
What are the unspoken norms in the business world?
What is a good society? How does business add to the good society? How can it threaten the good society?

Assigned readings:
WEEKS 2-6: THEORIES OF NORMATIVE AND BUSINESS ETHICS

WEEK 2: Theories of normative ethics: Kantianism, Utilitarianism

Kantian Ethics
- Deontological ethics: meaning and importance
- Kant’s deontology: Formula of Universal Law, Formula of Humanity, definition of rationality, explanation of the “good will”
- Rational nature as an “end in itself,” or “objective end”
- Criticisms of Kantian ethics
- Relevance to the business world

Utilitarian Ethics
- Principle of utility
- Pleasure as an intrinsic value
- Act and rule utilitarianism
- Persons and animals
- Criticisms of utilitarianism
- Relevance to business world

Assigned readings:
- Heather Salazar, “Kantian Business Ethics” 29-34
- David Meeler, “Utilitarianism” 53-60

WEEK 3: Theories of normative ethics: Virtue Ethics, Buddhist Ethics

Virtue Ethics
- Virtues and rules: Which comes first?
  - Areté- Virtue or excellence
  - Eudaimonia- Human flourishing as intrinsically valuable
  - Phronimos- The moral expert
- Role of the community in settling virtues
- What are the moral virtues? What virtues are specific to the prudent businessperson?

Buddhist Ethics
- Elimination of suffering as intrinsically valuable
- Principle of dependent origination
- Karma
  - External
  - Internal
- Four Noble Truths
- Four Cardinal Virtues
- Buddhist Economics
Assigned readings:

WEEK 4: Theories of business ethics: Stockholder theory, Stakeholder Theory, and Social Contract Theory
Difference between privately and publicly owned companies
Relationship between principals and agents
What are the responsibilities of agents/managers?

Stockholder Theory
  Stockholders as owners
  Fiduciary duties of managers
  Corporate ethics as the ethics of stockholders
  Classic exposition of the theory: Friedman on the social responsibilities of business
  Ethical foundations in Kantianism, utilitarianism

Stakeholder Theory
  Normative and empirical versions
  Principle of corporate legitimacy
  Stakeholder fiduciary principle
  Corporate ethics as the ethics of stakeholders
  Defining “stakeholders”
  Ethical foundations in Kantianism, Rawlsianism

Assigned readings:
  Milton Friedman, “The Social Responsibility of Business Is to Increase Its Profits” 65-69
  R. Edward Freeman, “A Stakeholder Theory of the Modern Corporation” 69-78

WEEK 5: Theories of business ethics, continued
Social Contract Theory
  Meaning of “social contract”
  Social privileges granted to business: legal protection of investors from bankruptcy, organization into publicly sanctioned securities exchanges, treatment of companies as legal individuals, etc.
  Social benefits expected in return: social welfare and social justice
  Corporate ethics as the ethics of the social contract
  Ethical foundations in modern political philosophy

Assigned readings:
WEEK 6: Review and exam

WEEKS 7-14: ISSUES AND PROBLEMS IN BUSINESS ETHICS

WEEK 7: Globalization and Business Ethics
Businesses and their “interests” (or lack thereof) in debating the ethics of sweatshop labor
What standards have been proposed for defining “fair” labor?
What are the main reasons for critiquing sweatshops?
What arguments have been given in defense of sweatshops?
Globalization and the problems created by cultural variances in standards of living and in business practices
Variation in cultural ideals relating to leadership

Assigned readings:

Case study suggestions*:
Foxconn Factories in China
Fair Trade Coffee in Uganda and Ethiopia
Hofstede’s framework for analyzing variations among cultures
Leader Effectiveness and Culture: The GLOBE Study

WEEK 8: Environmental responsibility

Duties to animals
Is there a duty to prevent animal suffering, or contribute to animal health or pleasure?
Theories on the importance of animal suffering
Kant: Duties are derivative from duties to other persons
Singer: Principle of Equal Consideration of Interests

Duties to the environment
Do we have duties to:
Protect endangered species?
Prevent pollution?
Maintain sites of historical and cultural significance?
If so, are these duties derivative from our duties to other people, or do they have some independent basis? What do the major ethical theories imply about the existence of such duties?

Corporate duties to the environment
Do managers of corporations have the duties outlined above in their role as managers? Or are these duties primarily incumbent on the company’s owners, the stockholders? Should international corporations consider themselves beholden to the environmental standards operative in their home nations or their host nations? Does it matter which standards are more stringent?

Assigned readings:

Case study suggestions*:
BP’s Deepwater Horizon oil spill
Haiti and the use of DDT on crops
Texaco and environmental destruction in Ecuador

WEEK 9: Bribery and International Business
What kinds of payments constitute “bribery”?
What (if any) moral principles suggest that bribery is morally wrong?
To what extent does culture determine what is morally right and wrong?
What ethical issues are raised by the Foreign Corrupt Practices Act? Does the Act make business people more ethical, or help in some other way?
Which ethical standards should prevail when doing business abroad: the standards of the traveler’s home culture, or those of the host culture?

Assigned readings:

Case study suggestions*:
Walmart and bribery in India
Guanxi and business management in China

WEEK 10: Gender, race, and the diverse workplace
Gender and discrimination
Justice and discrimination
Sex discrimination in the US and abroad
The ethical implications of Title VII of the Civil Rights Acts of 1964 and 1991 for the foreign hiring practices of US companies
Proposed ethical principles for conduct abroad: Ethnocentrism, relativism, and social contract
Diversity and the relationship between diverse workplaces and the good society
Identity politics and business ethics
Competing conceptions of “equality of opportunity”
Arguments given in favor of affirmative action
Major criticisms of affirmative action

Assigned readings:

Case study suggestions:
  McDonald’s, Starbucks, and Hilton: Discriminatory hiring practices in Saudi Arabia
  The Grameen Bank of Bangladesh and microcredit for women

WEEK 11: Intellectual property in a global digital age
Theories of property
  Locke
  Marx
Discussion of different types of intellectual property, and their unique features
  Copyright
  Patents
  Trade secrets
In what ways are intellectual property rights similar to, and different from, the kinds of property rights treated by traditional authors?
  Natural rights and socially constructed rights
Utilitarian justifications for intellectual property rights

Assigned readings:

Case study suggestions*:
  Apple, Google, and government requests for customer data
  Monsanto Canada Inc v Schmeiser (2004)
  Reimportation and parallel trade in pharmaceuticals— See Graham (2008).
  Pfizer and the Hoodia Cactus
WEEK 12: Advertising
Do advertisers have any social obligations, other than to maximize profits? Do they have obligations, for example:
- to include a mix of genders, races, or ages in advertising materials?
- to advertise in ways that are culturally sensitive, or to avoid advertising in ways that may undermine or heavily influence local customs or norms?
- to reflect normal or healthy body types in advertising, rather than only what society considers “ideal?”
- to avoid undermining the autonomy of consumers by suggesting their products can increase sexual attractiveness, contribute to personal and professional success, satisfy hopes, make life more adventurous?
- to avoid representing activities or food items as more healthful than they really are?
Should businesses embrace social causes to build brand awareness and trust?

Assigned readings:
  Roger Crisp, “Persuasive Advertising, Autonomy, and the Creation of Desire” 599-605
  Robert L. Arrington, “Advertising and Behavior Control” 605-614
  American Marketing Association Code of Ethics

Case study suggestions*:
  Cosmetic firms marketing Western ideals of beauty in Japan
  Dove's 'Real Beauty Sketches' Video

WEEKS 13 AND 14: Case presentations
*See appendix for suggested case presentation assignment

WEEK 15: Review and exam

*Suggested case studies: Students often learn abstract concepts best when they are presented in the form of concrete cases. For each class, several well-known cases are suggested for class discussion. Because these cases are well-known, in most cases resources for class discussion can be easily found in news articles abundantly available on the internet. Instructors may also wish to use cases studies presented in their chosen textbook.
COURSE INTENDED LEARNING OUTCOMES/ASSESSMENT METHODS: To develop understanding of the ethical issues in business, and several theories and methods for analyzing and evaluating these.

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<td>1. Students should have understanding of the major theories of philosophical ethics, several theories about the obligations of businesses and corporations, and be able to apply these theories to moral issues and dilemmas.</td>
<td>1. The midterm and final exams, as well as quizzes and homework, will assess students’ understanding of the key theories and their application to business issues. Class discussions help students learn how to apply the theories, and their ability to apply the theories is assessed during the case presentation as well as on tests and quizzes.</td>
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<td>2. Students should be able to analyze business ethics cases, and to give ethical evaluation of the options for resolving these issues.</td>
<td>2. Class discussions of business ethics cases will prepare students for doing their own case analysis in a group. The group case analysis is presented in class before peers and the teacher, allowing the class to interact critically with the decisions of the group, and allowing the instructor to evaluate understanding of the case and analytical skills.</td>
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<td>3. Students should gain understanding of several ethical issues that are commonly encountered in business, to understand the controversial and value-laden aspects of these issues, and to reflect on how these issues may be resolved.</td>
<td>3. Units on specific issues in business ethics help students apply their knowledge of theories and concepts to real issues. They learn about issues surrounding whistleblowing or intellectual property, for example, and are encouraged to think about why these are ethical issues and how they can be resolved. Understanding of these issues is evaluated during quizzes and the final exam.</td>
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4. Students should gain awareness of their own values as they pertain to business, and develop an ability to critically reflect on these.

4. Classroom discussion can facilitate such self-awareness, especially during the unit on “Business and the good life,” which is designed helping students think through their own values and outlook, and exposes them to new ways of thinking about the social value of business and the role of work in the good life. Moreover, short reflection papers throughout the course of the semester can help students incorporate skills, concepts, and other content learned into their own understanding of their future role.

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**GENERAL EDUCATION LEARNING OUTCOMES/ASSESSMENT METHODS**

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<td><strong>1. KNOWLEDGE:</strong> Students will learn key theories from philosophical ethics and professional business ethics, and gain an appreciation for how philosophy can shed light on issues in business.</td>
<td>1. Class discussions, case presentations, quizzes, written assignments, and exams that test understanding of key concepts and theories and that require students to express themselves in writing and discussion.</td>
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<td><strong>2. SKILLS:</strong> Students will acquire skills in philosophical reasoning, including constructing and analyzing arguments, recognizing ethical issues, and gaining an ability think critically about their own values and assumptions.</td>
<td>2. Class discussion introduces students to methods of philosophical argumentation and emphasizes analysis of arguments in readings. Students are assessed in written assignments, homework, quizzes, tests, the reflection paper, and the case presentation.</td>
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<td><strong>3. INTEGRATION:</strong> Students should be able to integrate skills and knowledge gained in this class to problems they may encounter outside the classroom</td>
<td>3. Case discussions in class and the case presentation project require students to apply acquired skills and knowledge to hypothetical scenarios.</td>
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4. VALUES, ETHICS, AND RELATIONSHIPS: Students should be able to reflect critically on their own values and assumptions, work together with other students to find mutually agreeable resolutions to ethical issues, and understand the basic foundations of business ethics.

4. The case presentation requires students to work in groups to reach a resolution to hypothetical cases. Successful presentations require students to discuss issues and reach a consensus about the resolution to be presented in class. Students are required to explain disagreements within the group, as well as to anticipate potential objections from the class or instructor.

**Suggested Course Grade Scale:**
- Participation 15%
- Quizzes and homework 15%
- Reflection papers 15%
- Midterm 20%
- Case presentation 15%
- Final 20%

**ASSIGNMENTS:**

**Quizzes and Homework**
Quizzes and homework usually consist of one ‘big picture’ question about the reading. Students are required to demonstrate comprehension of the main point(s) of articles read in preparation for class. There will typically be about 6 quizzes distributed throughout the course of the semester.

**Reflection Papers**
Reflection papers will typically ask students to write a short (1 page) paper reflecting on the relevance of some item discussed in class or readings to their own lives, either as consumers or (in anticipation of) their work as business persons. There will be 3 reflection papers.

**Case Presentation Component**
Because the major objective of the course is to train students to think clearly through ethics cases, some work with case studies is essential. Although applied ethics courses should frequently address cases during regular class discussion, students often benefit immensely from an in-depth case study and presentation made before their classmates. Attached, in Appendix A, is a sample group presentation assignment. Appendices B and C contain a suggested method for analyzing ethics cases and justifying decisions.

The case presentation assignment requires instructors to choose and assign a case to each group. Many textbooks contain ethics cases. Additionally, major repositories of business ethics cases exist on the internet. See, for example:

Markulla Center for Applied Ethics at Santa Clara University


APPENDIX A: CASE PRESENTATION ASSIGNMENT

The case presentation is a collaborative project requiring students to work in groups. Students will be divided up into small groups, and each group will be assigned a case. With some coaching, each group will be required to present a succinct analysis of the case using the SFNO approach (see Appendix B), summary recommendations for action in the particular case, a justification of their recommendation (see Appendix C), and to answer objections to the proposed course of action. Although the group may choose whether to use powerpoint slides or some other means of presentation, the materials that are used during the presentation (whether they are notes or a powerpoint presentation) must be handed in on the same date as the presentation (after the presentation is fine).

The presentation should last 15-20 minutes, and there will be a question and answer period of about 10 minutes following the case. Groups may apportion the time however you see fit, and may leave the most time for the most complex or difficult components of the case (i.e., you need not spend an equal amount of time on each of the components).

Individual components should include:
1. Overview of the case. This should be in narrative form but need not include all of the detail present in the original case. Do NOT simply read the case. You will want to explain enough of the case that the class gets the gist of it, but leave time for the subsequent sections.
2. Analysis of the case using the SFNO approach (see Appendix B)
3. Pick one of the options as your recommended course of action. It is likely that this option will infringe on some values or norms (since the cases have been selected because they involve apparent moral dilemmas). Justify your recommended course of action by using the method outlined in Appendix C
4. Mention of any disagreements the group encountered, and how they were resolved. Also, discuss possible reasonable objections to your conclusions, and respond to these.

Because your time is limited, you will want to highlight those components of the case that you think are most relevant to the final decision. It is particularly important that you consider not only the factors that support your conclusion, but also show a thorough understanding of how and why a reasonable person might disagree with your conclusion.

APPENDIX B: METHOD FOR CASE ANALYSIS

So Far No Objections (SFNO) Method

Sometimes cases can be resolved purely by careful analysis of the case. The following is a simple method for analyzing a case, i.e. for breaking the case down into manageable parts that
can be examined more carefully.¹ ‘SFNO’ is an acrostic for the main elements of the method (Stakeholders, Facts, Norms, and Options), as well as “So Far No Objections,” a description of the relatively objective task of analyzing ethics cases. In a true ethical dilemma, analysis will merely reveal (but not resolve) a substantive conflict between norms. Resolving such a conflict requires further reflection and some method for justifying decisions when norms conflict (addressed below).

**Stakeholders**
Who are the stakeholders involved in the case? What interests of theirs are at stake? Are any of these interests necessarily in conflict? Be specific.

**Facts**
What are the facts of the case? Three kinds of facts deserve special attention. First, are there any controversial facts? In other words, has anything been presented in the case as a fact whose truth is debatable? Disagreement about the facts of the case sometimes drives disagreement about what to do. Second, are there any missing facts—facts that would be extremely helpful to resolving the case, or that would alter our perception of the case—but that we don’t have? Is it possible to obtain these facts before resolving the case? Third, what key facts in the case are likely to be helpful in resolving the case? What makes these facts important?

**Norms**
What prima facie norms are at stake in the decision? In particular, are there any laws relevant to the decision that may be violated? What general ethical principles are relevant? What are the standards of the business community for the particular decision at stake? Are there any other communities whose standards are relevant? What are those standards? Many different norms—understood broadly as standards, principles, and laws—are relevant to business practice. See, for example, the ten principles of the UN Global Compact.

**Options**
What reasonable options are available? Sometimes creativity in developing options can help to eliminate conflict between stakeholders or can make it possible to satisfy all the norms at stake, although not always.

**APPENDIX C: METHOD FOR JUSTIFYING DECISIONS IN MORAL DILEMMAS²**

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¹ This method is based on a method for analyzing cases in chapter 3 of James M. DuBois, Ethics in Mental Health Research: Principles, Guidance, and Cases (New York: Oxford University Press, 2008).

² This method is based on the method presented in J. F. Childress et al., "Public Health Ethics: Mapping the Terrain," The Journal of Law, Medicine & Ethics: A Journal of the American Society of Law, Medicine & Ethics 30, no. 2 (2002). This method is also summarized in DuBois, Ethics in Mental Health Research: Principles, Guidance, and Cases.
In cases where analysis fails to resolve the ethical issue, the issue may be a moral dilemma, meaning that all available options violate some prima facie binding norm. Under these circumstances, it will be necessary to pick the most justifiable option, and then explain why it is justified.

In order to complete the following exercise in justifying a particular decision, it is necessary to have chosen a particular option (see above) as a course of action and to have an understanding of the norms that support choosing that option, as well as the norms that are infringed by the proposed option (see above under “norms”). Then, use the following criteria to determine whether the proposed option/course of action can be justified, despite its infringement on some prima facie binding norm. The following criteria are all considered necessary, meaning that if the proposed option does not pass all of these, the present decision is not justified.

Two further points deserve mention. First, as explained in the original article by Childress et al, meeting these criteria is no guarantee that the decision is ultimately morally justifiable. These criteria are meant to separate better decisions from worse ones, not to conclusively justify any option. Second, if a proposed option fails to pass these criteria, then another course of action should be explored and justified instead.

**Necessity**
Is the infringement on the infringed norm necessary in order to achieve the major purpose of the proposed course of action?

**Effectiveness**
Will the proposed course of action be effective in achieving its intended purpose? What degree of certainty do we have that it will succeed?

**Least Infringement**
Is the proposed course of action designed so as to infringe on applicable norms as little as possible?

**Proportionality**
Is the importance of the goal to be achieved by the proposed course of action proportional to the importance of the norm that is being infringed? For example, an extremely important goal that necessarily infringes on some prima facie norm in a very minor way may be justifiable. However, a decision that infringes in a serious way on some prima facie norm will only in rare cases be proportionate to the seriousness of the infringement on the norm.

**Proper Process**
Does the proposed course of action include a plan to follow the proper process? For example, have key stakeholders been consulted or informed? Is there a plan to consult with relevant legal

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3 Childress et al., "Public Health Ethics: Mapping the Terrain."
authorities or consultants? Have supervisors or other relevant workplace offices been consulted with? Is the plan in conformity with company principles and processes?
Bibliography
