

Class	Date	Topic and Readings	Assessment
1	Jan 11	Introduction-- No Reading	
2	Jan 18	Chapter 1: The Case For Business Ethics pp. 3-24	Academic Integrity Quiz (Online)
3	Jan 25	Chapter 2: Ethical Decision-Making pp. 39-55	
4	Feb 1	Chapter 3: Philosophical Ethics pp. 64-91	
5	Feb 8	Chapter 4: Corporate Culture pp. 109-136	Conceptual Essay
6	Feb 15	Chapter 5: Corporate Social Responsibility: pp. 176-188	MIDTERM
7	Mar 1	Chapter 6: Employers/Employees pp. 227-244;247-268	
8	Mar 8	Chapter 7: Technology & Privacy pp. 303-308; 315-325; 328-337	
9	Mar 15	Chapter 8: Ethics & Marketing pp. 378-403	Revised Essay
10	Mar 22	Chapter 9: Environmental Sustainability	Case Analysis due
11	Mar 29	Chapter 10: Governance & Finance pp. 496-505; 507-523	
12	Apr 5	Wrap Up and Exam Review	Engagement Essay
X	TBA	FINAL EXAM	Exam my dude

## Week 1: Ethics in Commerce

- When there isn't another choice for other people, **people cannot exert free will.**
  - The founder and former CEO of Turing Pharmaceuticals sells Daraprim, a medicine for patients with AIDS and certain cancers. **They increased Daraprim's market price by almost 1000%.**
  - Patients *must* pay this price now.
- Being **Ethical™** costs money. **Compare and contrast Costco and Walmart.**
  - Costco: higher minimum wage, less turnover, less cost to replace an employee.
  - Compare to Walmart's \$10/hour, turnover of 44%, and \$12,617 cost to replace an employee-- all industry standard.

- Yet, Costco's employees are more productive and the company saves almost \$368 million each year in employee turnover costs.
- The purpose of ethics: to be objectively conscious of subjective and cultural reasons that apply in every case.
  - Mention of a serial killer in Oslo, Norway with decision making.
- 3 Elements of Ethics:
  - Ethical Concepts
  - Ethics Cases2
  - Ethical Engagement

## Week 2: The Case For Business Ethics

### Importance of Ethics in a Business Environment:

- Ethics refers to an academic discipline and how human beings should properly live their lives, and **being ethical helps in avoiding major scandals**
  - Business Ethics: Doing the right thing when it's not best for *you*!
  - Reality Check: how does the law support ethical behaviour?
    - Illegal conduct can be extremely costly. In contrast, good governance financially pays off.
    - **Legal compliance is insufficient.**
      - The law cannot absolutely determine what is ethically good-- examples include Nazi Germany and South Africa's Apartheid
      - Individual freedom does not mix well with the legal requirement of going beyond the ethical minimum:
        - **Demanding personal integrity of a human would cost them a great deal of their freedom**
          - Example: legally requiring parents to love their children, or prohibiting lying
      - Relying on law calls for more legal regulation which will dictate each and every possible decision
      - **Laws are not clear cut.** Lawyers and courts would not be needed if the law was succinct

### Personal Integrity and Social Responsibility

***No snowflake in an avalanche ever feels responsible.***

- Ethics encourages examining and evaluating everyday decisions to remind a person about responsibility.
  - Remember that social circumstances will influence our ethical decision making.

- **Ethics is a normative discipline**-- such that it deals with norms, or standards of appropriate and proper behaviour. It addresses how should we live.
  - Note that non-ethical values do not equate unethical values like fame, power, beauty, or winning.
  - **Risk assessment**: assessing what has been allowed rather than what should be.
    - Consists of weighing different risks:
      - Likelihood of being challenged in court
      - Losing the case
      - Settling for financial damages
    - ... against the benefits of a decision:
      - The financial benefits of taking an action
      - The ethical implications of the options available

## ➤ Skepticism

- Normative skepticism
  - Normative refers to the ideal of something-- how things ought to be. Descriptive refers to the way things are.
  - The normatic skeptic holds that business does not need ethics.
- **The opinion of a normative skeptic: business is like poker.**
  - Aim of the game is to bankrupt your opponents.
  - Playing the game with these conditions included by design is not immoral.
  - The function of ethics is to suppress self-interested behaviour when it is harmful.
  - The market is an arrangement in which self-interested behaviour is never harmful.
  - Therefore, there is no need for ethics in the market.

## ➤ Impossibilism

*It doesn't matter if business ethics is best or not. Business ethics is simply not possible!*

- **Psychological Egoism**
  - People are constitutionally incapable of acting from any motive other than self-interest. **People are selfish, and therefore incapable of acting ethically.**
    - Rebuttal: Bishop Joseph Butler.
    - The experience of pleasure upon attaining something presupposes a desire for the thing attained, not the pleasure itself.
    - When people desire things other than self-interest, they'll experience pleasure when they do so. Therefore psychological egoism is false.

- **Corporate Psychopathy Rebuttal**
  - Fiduciary Duty: North American Law™ requires agents to maximize profits for principles. Anyone foregoing profits on behalf of the corporation violates their legal duties. Business ethics means occasionally passing up profits.
- Watch out for:
  - Fatalists (*we're doomed!*)
  - Hostile skeptics (*possible, but we don't need it!*)

## ➤ Ethical Questions for the Zika Virus and Olympic Sponsors Case

- Is it the **sponsor's role** even to have an opinion on moving or postponing the Rio Olympics?
- Would it be wrong for a major multinational to **“bully” the IOC** into changing its mind?
- What attitude corporations should adopt when **experts do not have a conclusive call to action?**
- **Obligations in the face of risk and uncertainty**
  - It is not certain that proceeding with the Olympics would spread the Zika virus.
    - Experts who called on the IOX did not claim that the danger was a certainty, merely that it was a risk
    - Do we err on the side of safety? To err on the side of safety can lead to paralysis, where we may suffer from expenses that prevent us from doing other, ethically important things.
      - Eg: moving the Olympics would have had a significant impact on employment opportunities for the citizens in Rio de Janeiro

## Week 3: Ethical Decision Making

### ➤ Case: You find an Ipod in an empty classroom

- What would be the consequential difference between discovering a lost item and keeping it versus stealing? Should you enact the rule of “finders keepers”, as the previous owner proved to be too careless?

### ➤ When does a business decision becomes an ethical decision?

- Ethical decision making can apply to anything, and will certainly apply to the business realm

## ➤ Steps for Decision Making

- (1) Determine the facts
- (2) What ethical issues does this situation raise?
- (3) Who is affected and what is their point of view?
- (4) Moral Imagination: what are your options?
- (5) Compare and weigh your alternatives based on
  - Consequences (for all stakeholders)
  - Duties, rights, principles
  - Implications for personal integrity and character
- (6) Make a decision
- (7) Monitor and learn from the results of the decision

## ➤ Example, Child Labour:

- Employing children in the workplace within a foreign country.
- Business/Economic decisions and ethical decisions **are not mutually exclusive**
- Adidas factories back in Germany-- less jobs, higher pay, more robots.
  - As a result, there is a net increase of jobs in Germany and no jobs in Indonesia
    - Indonesia argues that they need jobs more than Germans as their quality of life is lower
    - Therefore, this business decision does indeed have an ethical dimension

## ➤ Losing sight of ethical aspects in the midst of technicalities

### ➤ Applies to step (1): determining facts

- **Normative myopia:** a lack of ability to recognize ethical issues in decision making
- **Inattentional blindness:** if we happen to focus on a particular element of a decision or event, we are likely to miss all of the surrounding details, no matter how obvious (ie the passing ball scene, gorilla, wall changing colour)
- **Ethics to writing papers**
- Plagiarism:
  - **Some students cannot distinguish the difference between plagiarism and research.**
  - People often make bad ethical decisions because they fail to understand that there is an ethical issue involved.
- **Change blindness:** a decision making omission that occurs when decision makers fail to notice gradual changes over time. See-- a frog in a boiling pot
- Note the first chapter's Zika Virus Case
  - To **whom** does the company owe obligations in the face of a global epidemic?

- Consider the athletes who will participate in the Olympics: what do the Olympic sponsors **owe** to this group?
    - **Must** we advocate moving or postponing the Olympics?
    - It is important to recognize who your stakeholders are but to also **engage them in discussion**
  - **Moral imagination:** the ability to envision various alternative choices, consequences, resolutions, benefits, and harms to an ethical decision
    - Considering the available alternatives
- Consider the ethical implications of both personal and professional decision making
- What is the role you play?
  - Is it social? Institutional? Professional?
  - Ethical Oil: Choose Your Poison
  - Purchasing gas between
    - (1) a country where oil extraction does vast environmental damage or
    - (2) buying gas from a country where the profits from that oil help support a dictatorship with a history of human rights abuses
      - Now changing the stakeholders, what if you're concerned with securing a business contract? Does that change your decision based on company policy?
- Reality Check:
  - **Men of integrity, by their existence, rekindle the belief that as a people we can live above the level of moral squalor. We need that belief; a cynical community is a corrupt community.**  
- John W. Gardner
- Decision Point: applying the steps of decision making
  - (1) Determining the facts/posing the question: Should a burger chain voluntarily decide to pay its workers the **\$15/hour** as the new, legal minimum wage?
  - (2) What **ethical issues** does this case raise?
    - **Fairness:**
      - What counts as **fair compensation** for a day's work?
      - Does this entail a **fair distribution** of benefits among employees, customers, and shareholders?
  - (3) **Who** are the stakeholders?
    - Workers and their families
    - Senior frontline workers
    - Shareholders (if company dispenses public shares)
  - (4) What are some **alternatives**?
    - Doing nothing
    - Raising the pay
    - Smaller raise

- Reduce the significance of the issue: hire less workers and install self serve kiosks
- (5) Weigh the **consequences** of these options:
  - Doing nothing may aggravate the workers, but you won't need to pay a higher wage
  - Raising the pay will result in cutting your profits or letting workers go
  - Somewhat satisfy workers while taking only a bit out of your profit
  - Self serve kiosks hold a hefty upfront cost, but may make up for it in the long run
- (6) **Make a decision.**
- (7) As humans, we owe a responsibility to **see the implications** of our decisions to its end:
  - to monitor and learn from the outcomes
  - to modify our actions accordingly when faced with similar challenges in the future

### ➤ Why do Good People Engage in Bad Acts?

- Good people can come across cognitive and intellectual stumbling blocks
  - Their **ignorance** can account for bad ethical choices
    - From time to time, people's ignorance can be almost willful and intentional
    - Or, lack of oversight. They see their mistakes, but only hindsight is 20/20
  - Or, good people may consider only **limited alternatives**, by introducing a false dichotomy or simplified decision rules
    - "Last in, first out"
    - "Finders keepers, losers weepers"
    - Humans are compelled to complete the bare minimum decision criteria, satisficing instead of going further
  - Or, sometimes it is simply **easier to do the wrong thing** where one may lack the courage to do otherwise
    - Tyranny of the majority: where falling under the status quo culture results in silencing what is right, takes your power of autonomy away

### ➤ Case: Retail Overcharge

#### ➤ Apply the decision making model:

- 1. You find out that a coworker is overcharging customers and pocketing the difference. The coworker promises you a cut of the profits if you keep quiet.
- 2. Collusion, Conspiracy, Integrity, Theft
- 3. Coworker doing it, You, Coworkers, Customers, Company, Government...?
- 4. Pocket money, threaten, ultimatum, collude

- 5. Risk of being fired under the premise of collusion, may be isolated out of organizational culture, see previous, see first
- 6, 7: .....

## Week 4: Philosophy Ethics and Business

### ➤ Case: Dan Price's decision to **equalize his own salary** with his employees. What ethical elements are we looking for?

- **Consequences**: providing incentives for producing good work and beneficial future consequences
- **Principles**: appealing to certain principles: no one's work is worth 14 times what someone else's work is worth
- **Character**: accepting millions in compensation while others can barely pay the rent is greedy

### ➤ Ethical Frameworks-- Consequences, Principles, Character

- *Justification of philosophical ethical decisions usually appeal to an underlying account of human well-being.*

### ➤ Why?

- Advice on a decision without reasons is merely an opinion, which is not useful.
- Superficial agreement on a decision can **mask underlying disagreement**.
  - Decision: **We should fire Tahmina**. Why?
    - Person A: She has **not performed well** as an employee.
    - Person B: She's performed well, but we need to **cut costs**.
    - Person C: She's performed well and we don't need to cut costs, but we should fire her because **she's gay**.
    - Superficially all three people agree on firing Tahmina, but the reasons are different.

### ➤ Ethical Relativism

- Ethical values are relative to particular people, cultures, or times. These values are often not considered to be a credible point of view.

### ➤ Utilitarianism, based on **consequences** (Consequentialist)

- *The right decision is one that produces the best financial returns. Whatever decision produces the best result is right.*
- Consequentialism and hedonism: happiness is **good**, pain is **bad**
  - Greatest good for the greatest number
- Addresses **three basics**: people, actions, states of affairs

- 
- **Child Labour** can be **justified** under utilitarianism
  - Compare and contrast the benefits and detriments where there will be an **influx** of financial growth at the mere **cost of childhoods**.
- **Maximizing shareholder wealth**
  - *Is seeking to maximize profits truly the best?*
  - Take a look at the case Regulation Making Cars Too Safe:
    - We would be able to maximize profits for people if we **lowered redundant safety standards**.
    - However, people who can't afford cars will opt for motorcycles--the far more **dangerous alternative**.
- **ISSUES WITH CONSEQUENTIALISM / UTILITARIANISM:**
  - What empirical system should we be using? **How can we accurately quantify people's happiness?** How do you calculate the consequences of using nonrenewable energy sources and form a succinct final report?
  - The ends do not justify the means. **It matters how we achieve those means**. We have certain duties we ought to obey even when doing so does not produce a net increase in overall happiness. Therefore, child labour is wrong because **it violates the rights of young children**.
  - What do we **consider** as happiness or better consequences? Is it those that promote human wellbeing?
    - Can we quantify the breadth and depth of such wellbeing? Compare the **number** of people affected versus the **volume** of wellbeing presented.
  - Remember the tyranny of the majority may result in a lesser, but more concentrated amount of suffering

### ➤ Principle-based Framework/Deontology: acknowledging human rights

- A principle-based framework acknowledges a human's right to dignity.
  - All persons have not just value, but **dignity**. Therefore they cannot be treated as mere means to an end without **forsaking** human dignity.
    - As humans, we generally believe there are some things we **must** and **must not** do, regardless of consequences.
    - To have a duty is to be ethically required to do something categorically or not
      - **Hypothetical** duty: if you are in a certain role
      - **Categorical** duty: without exception
    - To have a right is to be entitled to have others treat you in a certain way
  - Example? Prohibiting slave labour, even though it would provide a great financial benefit for society.
- **Legal rules** also embody some principles surrounding taxes, gossip, and responsibilities.

- Under law, businesses must ensure:
    - Fiduciary duty
    - Professional work within business
- **Note that the most important rights are entrenched in law and tradition**, widely discussed, or ones that project what is most central to a good life
  - See the United Nations universal declaration of human rights, which cuts across all cultures.
- **Immanuel Kant**: we all have a fundamental duty to treat each person as an end in themselves and never only as means to our own ends.
  - Dictates:
    - To ensure **individual freedom**, or self rule
    - To be **free from government intrusion** so long as they are not harming others
    - A **laissez faire** free market economic system-- libertarian
- **HOWEVER**, is following the egalitarian way a good way to ensure equality?
  - Difficulty distinguishing what rights truly are **basic human rights**; is the right to water equivalent to the right of education? Such rights are not all **equally weighty**.
  - Practicality is difficult: right to health care vs physician's right to just work remuneration
  - Note that preceding laws have inherent bias: western ideals, male standards, and brotherhood

### ➤ **Virtue Ethics: moral character of individuals**

- What would a **good person** do?
  - A solution to that question would be motivated by ideals and images of what we think **should we be persons of virtuous character**
- Aristotle says virtues are means between two extremes and blends **integrity, actions, and outcomes** which can result in **imprecision**.
- **Goodness** of the action varies on the individual rather than the outcome
- **Difficult** for people who **don't** already hold a disposition of virtue
  - Why should a person filled with avarice **donate away their money**?
  - Why should an executive **turn down a multi-million dollar bonus**?
  - But what would a person with integrity, honesty, and courage **do**?
- Can **virtue** be taught?
  - Each individual has the natural potential to become virtuous
    - Learning from one's surroundings is a part of this process
  - Character formation is **difficult and unavoidable** in the pursuit of virtue
- A virtue ethics approach would identify the type of individuals who are able to disassociate themselves and their own values **from their work**
  - What kind of organization encourages people **to treat children in ways that they willingly admit are indecent**?
  - As such, there is a reciprocal relationship between character and action:

- the more a person does something courageous, the more courageous the person becomes-- and vice versa