



Department of Management
"Developing tomorrow's leaders today"

MANAGEMENT 5337

Business Ethics

"Be better than you have to be" – anonymous

Fall 2015	Saturdays and Mondays
Professor M. Ann McFadyen	UTSF 112
Office: COBA 227	8:30am and 6:00pm
e-mail: mcfadyen@uta.edu	Office Hours: By Appointment

I. MATERIALS

Required materials:

Textbook: Collins, Denis. 2012. Business Ethics: How to Design and Manage Ethical Organizations. Wiley Publishing

Readings and short cases – available through UTA Library Electronic Journals, electronic reserves and handouts provided in class

Wall Street Journal Ethics articles (reduced rate subscriptions are available)
<http://student.wsj.com/>

II. COURSE OBJECTIVES

The course is designed to introduce you to and provide tools for you to examine and apply classical and modern approaches to ethical decision making. Our objectives are:

- Understand fundamental perspectives for ethical decision making
- Explore your ethical values as they apply to business settings
- Enhance your insights and ability to recognize ethical issues when they arise in business settings.
- Enhance your ability to recognize and understand ethical decision styles of others in the work place
- Provide you the opportunity to support and defend your values in face of peer and organizational pressure
- Use a systematic ethical decision-making framework to arrive at moral conclusions.

III. COURSE DESCRIPTION:

This course explores and implements the critical thinking, communication, and managerial skills necessary for giving voice to one's values in a business environment and for developing ethical organizations. Each week we will engage in activities that increase (1) understanding of fundamental perspectives for ethical decision making; (2) application of concepts to personal dilemmas and the workplace (i.e. WSJ examples); and (3) ability to evaluate the ethical performance of our own companies and, ultimately, to develop ethical organizations.

IV. ACTIVITIES AND POINT ALLOCATIONS:

Participation.....	15
Ethical Dilemma Narrative (Group).....	15
Individual Case Analysis.....	40
Building Ethical Organizations.....	30
Total Points	100

ACTIVITY DESCRIPTIONS:

Participation. Your participation grade is a critical element of this class, comprising 15 percent of your overall grade. You owe yourself and your fellow students your *presence* in the classroom, your *preparation* of the required material, and your *participation* in a timely manner. It is your responsibility to have read in advance the materials that will be covered during lecture. Please come to class prepared. Ask yourself why each reading has been assigned and how it fits into the overall course. Preparation and participation is expected and monitored. Simply attending class does not garner participation points. You cannot pass this course unless you attend class on a regular basis and actively engage in class discussions.

Please turn off ALL electronic devices throughout class discussions. Electronic device use is strictly PROHIBITED during class discussions.

Participation is assessed on both the quantity and the quality of the contribution to the discussion. We'll begin each class by discussing recent events in the WSJ and apply an ethical lens to our discussions. Please read the assigned materials, consider the issues raised by the cases and assignments, and arrive at a thoughtful position concerning the ethical issues facing the firms and managers we discuss. Please develop a personal position on the issues that the readings raise. Thus, complete the assigned readings prior to each class and be fully prepared to discuss them.

An effective participant:

- is a good listener
- makes points relevant to the ongoing discussion
- makes comments that add to our understanding of the reading or case
- is willing to challenge ideas that are being expressed
- integrates material from past classes and other courses
- overall is actively engaged in all class room discussions
- does NOT use electronic devices during class discussions.

Ethical Dilemma Narrative. Please write up a one page real-life ethical dilemma you experienced. State the dilemma and how you handled it. We'll break out into groups of 3 - 4 people and I'll divide the dilemmas among the groups (your group will not receive any of your group member's dilemma). Each group will access 3 – 4 dilemmas and devise a solution based on the tools we develop in class. The person who turned in the dilemma will remain anonymous as will the companies and individuals involved. Each team will apply the concepts developed in class and present alternative solutions to the class as well as a written assessment to me. Please turn in a peer evaluation and assign your team members up to 100 points. Peer evaluations will be applied to each individual member's grade. The project is worth 15% of your grade.

Email a copy of your individual narrative to me before **Saturday, September 5th**. Group presentations will begin on **Saturday, September 26th**.

Individual Case Analyses. Each student is required to submit an approximate 15 page analysis of a current ethical dilemma written up in the WSJ (taking place since January 2015). Analyzing a case study in approximately 15, *single-spaced* pages is a particularly difficult task. Be concise in your writing and be effective in responding to case the case questions provided. Please go beyond repeating in summary form the factual information from the case/situation (I have read it). Rather, focus and organize your analysis on addressing the issues by applying the concepts developed in class. Please use headings and subheadings to aid the reader. A proposed outline is provided at the end of the syllabus.

Please remember: All reference material must be cited. Papers are to be *single-spaced* and will have one inch margins. Style and format of papers are your decision. Please provide at least 5 references for your research. This is an individual project. Please remember that working with others on an individual project is a violation of academic integrity.

Each topic will be selected by no more than 1 student. Please discuss your paper topic with me and obtain my approval before pursuing it. **Topic due date: September 5th**. **Paper due date: Oct 3rd**. The project is worth 40% of your grade.

Building Ethical Organizations. We are challenged to create organizations of high integrity on behalf of our customers, owners, employees, suppliers, and ourselves. The purpose of this exercise is to apply the knowledge you are learning in class for the benefit of an organization. It will also provide you a “to do” list that you can work on for many years to enhance organizational ethics. Focus on applying the concepts developed in class.

This assignment requires that you benchmark an organization to the best practices in business ethics using a Building Ethical Organizations Form provided. Please complete the form to identify and list strengths and weaknesses for each area of an ethical organization. Then select at least 2 areas with major weaknesses and, up to 10 single-spaced pages, describe for that area: (1) the best practices being used and philosophical theory, if any (2) major strengths, (3) major weaknesses, and (4) provide a thoughtful and specific recommendation for improving the weaknesses, including an action plan for change and philosophical theory of recommendation (i.e., a clearly stated problem, goal, strategy and measure of success).

Please conduct your analysis on your current place of employment. If not currently employed, please analyze your last employer or a nonprofit or community organization. This is worth 30% of your grade. This is an individual project. Please remember that working with others on an individual project is a violation of academic integrity. Due Oct 3rd.

IV. Other Information

Academic Integrity Violations

Academic dishonesty is a completely unacceptable mode of conduct and will not be tolerated in any form at The University of Texas at Arlington. All persons involved in academic dishonesty will be disciplined in accordance with University regulations and procedures. Discipline may include suspension or expulsion from the University. “Academic dishonesty includes, but is not limited to, cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.” (Regents’ Rules and Regulations, Part One, Chapter VI, Section 3, Subsection 3.2., Subdivision 3.22).

Late Penalty

Late assignments will not be accepted for credit.

Americans with Disabilities Act

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact Disability Services for Students at 817-272-3364 or visit the website: <http://www.uta.edu/disability/links.php>. No accommodations will be provided to students unless they are registered with the Disability Services for Students.

Course outline	
08/29/15	<p>Introduction Kanter, R.M. 2011. How Great Companies Think Differently. HBR. 89(11):66 – 78 Cynicism Quotient Review of ethical philosophies</p>
08/31/15	<p>WSJ Maximizing Ethical Behavior in Organizations Human Nature [Chapter 1] Unethical Behaviors at Work [Chapter 1] Capitalism [Chapter 2] Federal Sentencing Guidelines [Chapter 2] Optimal Ethics Systems Model [Chapter 2] Job Candidates Hiring Ethical People [Chapter 3]</p>
09/05/15	<p>WSJ Ethics Orientation Codes of Ethics and Conduct [Chapter 4] Ethical Decision-Making Framework [Chapter 5] Gentile, M.C. 2010 Keeping Your Colleagues Honest. HBR 88(3):114 – 117 Drucker – Managing Oneself (Handout)</p>
09/12/15	<p>WSJ Ethics Training Ethics Training [Chapter 6] Respecting Employee Diversity [Chapter 7]</p>
09/14/15	<p>WSJ Diversity Training and Ethics Reporting Systems Ethics Reporting Systems [Chapter 8] Bazerman, MH Tenbrunsel, AE 2011 Ethical Breakdowns HBR 89(4):58–65 Case: The Warning</p>
09/19/15	<p>WSJ Ethical Leadership, Work Goals, and Performance Appraisals Ethical Leadership [Chapter 9] Work Goals and Performance Appraisals [Chapter 9] Pralhad, C.K. 2010. The Responsible Manager. HBR, 88(1/2):36</p>
09/21/15	<p>WSJ Employee Empowerment and Environmental Management Teams, Problem-Solving, and Sharing Financial Improvements [Chapter 10] Environmental Management [Chapter 11] Case: Big Short http://www.hulu.com/watch/135592 53min http://www.pbs.org/wgbh/pages/frontline/to-catch-a-trader/</p>
09/26/15	<p>WSJ Community Outreach and Assessment Community Involvement [Chapter 12] Gardner, H. 2007. The ethical mind. Harvard Business Review,85(3):51 - 56 Ethical Dilemma Presentations</p>
09/28/15	<p>WSJ Khurana, R, Nohria, N. 2008. It’s Time to Make Management a True Profession. HBR 86(10):70-77 Ethical Dilemma Presentations</p>
10/03/15	<p>WSJ Ethical Dilemma Presentations</p>

Potential Project Readings

- Anderson, Max, and Peter Escher. 2010. *MBA Oath: Setting a Higher Standard for Business Leaders*. Penguin Group (USA) (<http://mbaoath.org/>)
- Burger, Edward B. and Michael Starbird. 2012. *The 5 Elements of Effective Thinking*. Princeton University Press.
- Duhigg, Charles. 2012. *The Power of Habit: Why We Do What We Do in Life and Business*. Random House Press.
- Evans, Richard Paul. 2009. *The Christmas List*. Simon and Schuster Publishers.
- Hartmann, Thom. 2010. *Unequal Protection: How Corporations Became “People”---And How You Can Fight Back*. Berrett-Koehler Publishers.
- Hoyk, Robert, and Paul Hersey. 2008. *The Ethical Executive. Becoming Aware of the Root Causes of Unethical Behavior: 45 Psychological Traps That Every One of Us Falls Prey To*. Stanford Business School Books.
- Levitt, Steven & Dubner, Stephen. 2009. *SuperFreakonomics: Global Cooling, Patriotic Prostitutes, and Why Suicide Bombers Should Buy Life Insurance*. William Morrow an Imprint of Harper Collins Publishers.
- Lewis, Michael. 2010. *The Big Short: Inside the Doomsday Machine*. Norton & Company Publishers.
- Roberts, Russ. 2014. *How Adam Smith Can Change Your Life: An Unexpected Guide to Human Nature and Happiness*. Portfolio/Penguin
- Schwartz, Peter. 1996. *The Art of the Long View: Planning for the Future in an Uncertain World*. Currency/Doubleday Press.
- Sorkin, Andrew Ross. 2009. *Too Big To Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System---and Themselves*. Viking Penguin Press Publishers.
- Sowell, Thomas. 2009. *The Housing Boom and Bust, Revised Edition*. Basic Books.

Individual Case Analysis

Each student is required to submit an approximate 15 page analysis of a current ethical dilemma written up in the WSJ (occurred after January 2015). Analyzing a case study in approximately 15, **single-spaced** pages is a particularly difficult task. Be concise in your writing and be effective in responding to case the case questions provided. Please go beyond repeating in summary form the factual information from the case/situation. Rather, focus and organize your analysis on addressing the issues by applying the concepts developed in class. Please use headings and subheadings to aid the reader.

Example Table of Contents:

I. Background

Provide information regarding the situation. In one paragraph state the more salient facts surrounding the issue. Discuss the ethical dilemma.

II. Decision Making Framework

- a. Who are all the people affected by the action?
- b. To whom is the action beneficial? Social group?
- c. Is the action supported by national laws?
- d. Is the action for the greatest good for the greatest number of people affected by it?
- e. Does the action treat every stakeholder with respect, dignity, and is the act something that everyone should do?
- f. Is this how a virtuous person would act?
- g. Unintended Consequences

III. Explain the unintended consequences of the decision that was made.

IV. Analysis of Alternative Options and Theories

Explain the conflict through the lens of at least 5 Ethical philosophies

V. My Values, Code of Conduct and Recommendations

Explain how you would have handled the dilemma. Support your arguments with your personal values, code of ethics and ethical philosophy.

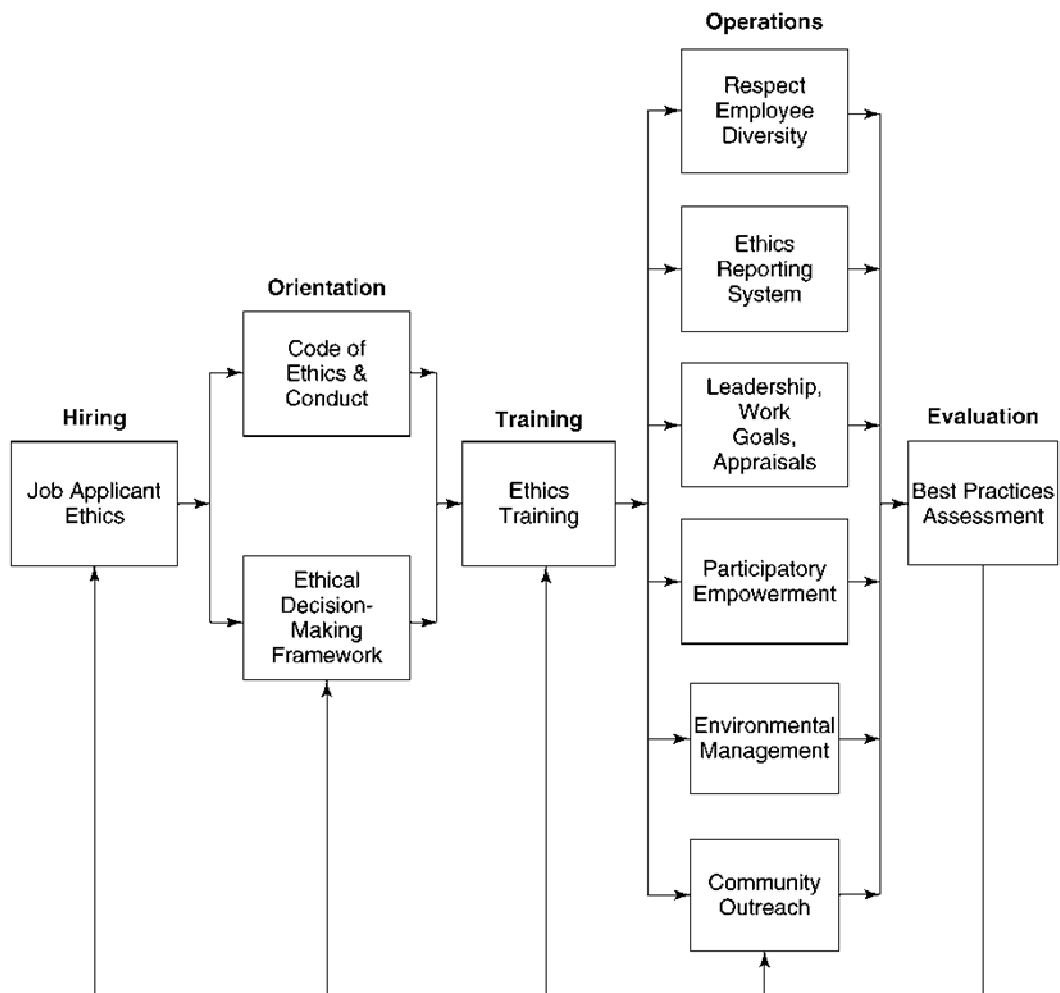
BUILDING ETHICAL ORGANIZATIONS

We are challenged to create organizations of high integrity on behalf of our customers, owners, employees, suppliers, and ourselves. The purpose of this exercise is to demonstrate your ability to apply the knowledge you gain from class for the benefit of an organization. It will also provide you a “to do” list that you can work on for many years to enhance organizational ethics.

This assignment requires that you benchmark an organization to the best practices in business ethics using a Building Ethical Organizations Form provided. Please complete the form to identify and list strengths and weaknesses for each area of an ethical organization. Then discuss (up to 8 *single-spaced* pages in addition to the checklist): (1) the best practices being used, if any (2) major strengths, (3) major weaknesses, (4) ethical philosophy most followed by the organization and (5) provide a thoughtful and specific recommendation for improving the weaknesses, including an action plan for change (i.e., a clearly stated problem, goal, strategy, ethical philosophy and measure of success). Please make sure you demonstrate your understanding of the concepts and materials presented and developed in class this semester.

Please analyze your current place of employment. If not currently employed, please analyze your last employer or for a nonprofit or community organization.

Exhibit 2.7 Optimal Ethics Systems Model



**OPTIMAL ETHICS SYSTEM CHECK-UP:
A Risk Management and Performance Quality Benchmarking Tool**

From: Denis Collins (2012) *Business Ethics: How to Design and Manage Ethical Organizations* (John Wiley & Sons); dcollins@edgewood.edu, <http://business-ethics.edgewood.edu>

Benchmark the health of your organization’s ethics systems. Rate your organization against the following XX best practices in ethics management. Mark either “Yes, Sometimes, or No,” according to your current situation. **At the end, count your total “Yes” answers.**

HIRING ETHICAL JOB CANDIDATES	YES	SOMETIMES	NO
1. The importance of ethics is highlighted in our job listings.			
2. Information is gathered and used in a way that does not discriminate based on a person’s race, color, religion, gender, national origin, age, or disability.			
3. Reference checks are conducted with a potential employee’s former employer or supervisor.			
4. Background checks, integrity tests, and personality tests are conducted with potential employees.			
5. Job finalists are asked to respond orally to potential ethical dilemmas.			
6. Managers take into consideration a potential employee’s ethics when making a final hiring decision.			
7. When appropriate, alcohol, drug and polygraph tests are conducted.			
Subtotal for Hiring Ethical Job Candidates, items 1 through 7			

CODES OF ETHICS AND CONDUCT	YES	SOMETIMES	NO
8. We have a short Code of Ethics, or Values Statement, that articulates ethical expectations at work.			
9. We have an extensive Code of Conduct that provides specific examples of acceptable and unacceptable behaviors.			
10. The Code of Ethics is mentioned in our organization’s strategic plan.			
11. The Codes of Ethics and Conduct are publicly displayed and available.			
12. Managers vocally support our Codes of Ethics and Conduct.			
13. All employees are trained to implement our Codes of Ethics and Conduct.			
14. All employees participate in an annual ethics code survey to determine how well our organization is living up to the code.			
Subtotal for Codes of Ethics and Conduct, items 8 through 14			

ETHICAL DECISION-MAKING	YES	SOMETIMES	NO
15. Ethics is an important consideration in our decision-making process.			
16. Employees are trained to use an ethical decision-making framework to help them derive moral answers when issues arise.			

17. Employees are comfortable engaging each other in an ethics discussion when contentious issues arise.			
Subtotal for Ethical Decision-Making, items 15 through 17			

ETHICS TRAINING	YES	SOMETIMES	NO
18. All employees receive ethics training annually as part of an ongoing continuous improvement effort.			
19. The ethics workshops are facilitated by someone our employees trust.			
20. The workshops examine real-life work-related situations that are linked back to the Code of Ethics or Code of Conduct.			
21. Employees share their real feelings with each other during our ethics workshop.			
22. Employees are comfortable engaging each other in an ethics discussion when contentious issues arise during our workshops.			
23. Employees understand the competitive advantages of being ethical and how being ethical impacts organizational performance.			
24. Training sessions are assessed at their conclusion to ensure that workshop goals and objectives have been accomplished.			
Subtotal for Ethics Training, items 18 through 24			

EMPLOYEE DIVERSITY	YES	SOMETIMES	NO
25. A specific person, such as a diversity officer, is accountable for diversity issues.			
26. Our employees reflect the gender, ethnic, racial, and religious diversity of qualified job applicants in the community.			
27. Managers support our diversity initiatives.			
28. Flexible work schedules and cafeteria-style benefit plans meet the needs of our diverse workforce.			
29. Our promotion, performance appraisal, and downsizing criteria do not discriminate against diverse employee groups.			
30. Diversity training workshops address self-awareness, employee differences, and employee commonalities.			
31. Achieving diversity goals are part of a manager's performance evaluation.			
Subtotal for Employee Diversity, items 25 through 31			

ETHICS REPORTING SYSTEMS	YES	SOMETIMES	NO
32. Managers welcome employee discussions about ethical issues.			
33. Managers welcome input from employees about ethical misconduct.			
34. A specific person, such as an Ethics & Compliance Officer (ECO) or an Ombudsman, is accountable for managing our organization's ethics program.			
35. Our organization's ethical reporting policy is clearly communicated to employees.			
36. An internal reporting system exists for our employees to <i>confidentially</i> raise ethical issues and receive ethical clarification.			
37. An internal system exists for our employees to <i>anonymously</i> report potential ethical wrongdoing.			

38. Employee requests for confidentiality are honored.			
39. Employees who purposely submit a false accusation are disciplined.			
40. There is zero tolerance for retaliation against whistleblowers.			
Subtotal for Ethics Reporting Systems, items 32 through 40			

ETHICAL LEADERSHIP, WORK GOALS, AND PERFORMANCE APPRAISALS	YES	SOMETIMES	NO
41. Our organization's commitment to ethics is reflected in specific managerial actions, and not just rhetoric.			
42. Our managers exhibit ethical traits in their private lives outside work.			
43. At work, our managers are honest, credible, respectful, and fair.			
44. Our managers encourage others at work to behave ethically.			
45. Managers take appropriate actions after employees share their ethical concerns.			
46. Employees are surveyed about the extent to which they believe managers behave ethically at work.			
47. Our work goals are jointly determined by managers and their subordinates, and linked to organizational objectives (i.e., Management-By-Objectives).			
48. Our work goals are specific, measurable, challenging, and attainable.			
49. We use 360-degree performance evaluations to obtain a holistic perspective of an employee.			
50. Performance appraisals measure ethical behaviors and attitudes.			
51. Employees engaged in unethical behaviors are warned and disciplined.			
52. Punishments for unethical behavior reflect the magnitude of the violation.			
53. Ethical integrity is a critical factor when considering promotions.			
Subtotal for Ethical Leadership, Work Goals, and Performance Appraisal, items 41 through 53			

ENGAGING AND EMPOWERING EMPLOYEES	YES	SOMETIMES	NO
54. Employee satisfaction surveys are conducted and results used to inform continuous improvement efforts.			
55. Employees are passionate about their work and the organization.			
56. Our managers request employee input on decisions that directly impact their work and work-life.			
57. Our go-getters are provided autonomy and leadership opportunities.			
58. Our managers continually increase work expectations for fence-sitters.			
59. Our adversarial employees are confronted by managers and plans are developed for changing behaviors.			
60. Team members are trained in group dynamics and collective problem-solving techniques.			

61. Our employees are provided with key data, including financial information, relevant to improving work unit performance (i.e., Open Book Management).			
62. Appreciative Inquiry techniques are used to address organizational issues.			
63. At the end of the day, our employees reflect on their daily performance and develop plans for the following day.			
64. Our employees elicit and review suggestions for improved work unit performance, and have the authority, within reason, to make changes as needed (Scanlon-type gainsharing plan ¹).			
65. Our employees share in the profits they help to generate (i.e. profit sharing, stock options, ESOPs, or worker cooperatives).			
Subtotal for Empowering Ethical Employees, items 54 through 65			

ENVIRONMENTAL MANAGEMENT	YES	SOMETIMES	NO
66. A specific person, such as an Environment Health & Safety Director, is accountable for environmental management.			
67. We have a cross-functional “green team” that addresses environmental issues.			
68. Our organization has an Environmental Management System (EMS) plan. ²			
69. Our managers consider the impact organizational operations have on the natural environment (environmental risk assessment).			
70. Environmental goals and objectives are established, monitored, measured, and assessed annually.			
71. Product, or service, packaging is minimal.			
72. We operate in a “green” building.			
73. We share our environmental expectations with our suppliers and consider their environmental record when making purchasing decisions.			
Subtotal for Environmental Management, items 66 through 73			

COMMUNITY OUTREACH	YES	SOMETIMES	NO
74. A specific person, or employee team, is responsible for developing and monitoring our organization’s community outreach activities.			
75. Upper management encourages input from, and dialogue with, stakeholder groups for issues that affect community members.			
76. Our organization donates money to community organizations.			

¹ The **Scanlon plan** has been successfully used by a variety of [public](#) and [private](#) companies for many decades. These plans combine [leadership](#), total workforce education, and widespread employee participation with a [reward system](#) linked to group and/or organization performance. The Scanlon plan is a [gain sharing](#) program in which employees share in pre-established cost savings, based upon employee effort. Formal employee participation is necessary with the Scanlon Plan, as well as periodic progress reporting and an [incentive](#) formula (Wiki)

² An Environmental Management System (EMS) is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency. (EPA)

77. Our organization donates products or services to community organizations.			
78. Our employees volunteer their time, on company time, with community organizations.			
79. Our organization uses community service as an opportunity for employees to develop project management, leadership, and team building skills.			
80. Our organization provides job opportunities for nontraditional employees, such as people with disabilities or ex-convicts.			
81. Our organization has developed a strategic partnership with a community organization.			
82. Our managers participate in local business associations such as a rotary or the chamber of commerce.			
83. Our organization measures and assesses its community impacts and shares the information with the community.			
Subtotal for Community Outreach Items, 74 through 83			

ORGANIZATIONAL ASSESSMENT	YES	SOMETIMES	NO
84. Our organization systematically examines its ethical performance on an annual basis.			
85. Our organization benchmarks itself to the industry's best ethical practices.			
86. Our organization benchmarks itself to the Optimal Ethics Systems Model. ³			

³ The Optimal Ethics System Model offers best practices in five categories:

1. **Hiring practices**
 1. Procedures for recruiting individuals who demonstrate and sustain ethical behavior over time
2. **Orientation practices**
 1. Procedures for orienting new employees to a code of ethics and conduct
 2. Procedures for orienting new employees to an ethical decision-making framework
3. **Training practices**
 1. Procedures for teaching ethics
4. **Operating practices**
 1. Procedures for nurturing respect for employee and customer diversity
 2. Systems for reporting ethical misbehavior
 3. Procedures for ethical leadership and management (rewarding ethical behavior)
 4. Procedures for engaging and empowering employees to achieve superior performance
 5. Procedures for managing interaction with the natural environment
 6. Procedures for conducting meaningful community outreach
5. **Evaluation practices**
 1. Procedures for continually improving best practices

87. Our organization collects information from suppliers and customers about our ethical performance.			
88. Unethical behaviors are tracked to their systematic cause (hiring problem, ethics training problem, role model problem, work goal problem, performance appraisal problem, etc.).			
89. Corrective actions are taken when unethical behaviors occur, and managers are held accountable for implementing appropriate changes and achieving improved results.			
90. Relevant information about the organization's ethical performance is shared with the CEO.			
Subtotal for Organizational Assessment, items 84 through 90			

Count your total "Yes" answers. If you scored:

60 to 90: Well done! The health of your organization's ethics systems is better than that of most companies. Remember, there is always room for continuous improvement!

30 to 59: Pretty good! However, your organization can be a lot healthier when it comes to managing business ethics.

0 to 29: Time to get to work on improving your organization's ethical health.