

Syllabus
Fall, 2001
LEB 380-1, Unique Number 03549
Social and Ethical Responsibility of Business
Graduate School of Business
Monday/Wednesday, 8:00-9:15
CBA 4.332
University of Texas at Austin

Steve Salbu

Office: CBA 5.250

E-mail: Steve.Salbu@bus.utexas.edu

My Web Page: <http://www.bus.utexas.edu/faculty/steven.salbu>

Business Ethics Program Web Page: <http://www.bus.utexas.edu/dept/msis/ethics/>

1. Course Objectives. Students in this course will examine the following areas of inquiry: (a) the appropriate roles of business in society; (b) the roles of government and regulation in monitoring business, its legitimacy, and its behavior; and (c) the ethical responsibilities of managers. In the course of this examination, you will be expected to discuss the merits of various viewpoints and develop defensible perspectives of your own. The process includes oral discourse, formal and informal, as well as written assignments.
2. Teaching methods. The course will combine lecture and discussion, with a significant allocation of time to the latter. While some readings will be discussed in class in detail, others will be the topics of independent assignments. You will be expected to read and examine some of the materials without classroom discussion. (Some of this examination will occur in journal entries, discussed later in the syllabus.)
3. Assignments and grading. The following course requirements will count for the designated percentages of your final grade:

Journal	1/3 (each installment = 1/6)
Presentation	1/3
Paper	1/3

The presentation will be peer evaluated; I shall grade the journal and the paper. Each of the assignments, with instructions and due dates, is attached to this syllabus. Attendance in this course is required. You can miss two regularly scheduled classes, and you need not inform me of these two missed classes, either in advance or afterwards. Your grade will be lowered, however, if you miss more than two regularly scheduled classes. Your grade may also be lowered if you are periodically late to class.

4. Office Hours. Scheduled office hours are very informal, in the form of “student roundtables” held during different times throughout the semester, to be announced in advance. This is to ensure that no student has classes that conflict with all informal office hours. Students are also encouraged to drop by my office at any time, communicate via e-mail, or set up appointments if that’s most convenient for you. My office is CBA 5.250. I prefer to communicate by e-mail rather than telephone. My e-mail address is Steve.Salbu@bus.utexas.edu

5. Texts. There are three required texts:

Friedman, Milton. *Capitalism and Freedom*.

Lewis, Michael. *Liar's Poker*.

Beauchamp, Tom. *Case Studies in Business, Society and Ethics (4th ed.)*.

I have replaced a fourth book from earlier semesters with something I think will be far more useful to you-- a requirement that you regularly read business periodicals. The purpose of this reading is twofold: (i) It is to provide fodder for some journal entries apart from those that react to class discussions; and (ii) It should enhance your ability to integrate current events from the functional areas of business with your ongoing ethical analysis and development.

Schedule

MODULE I: THEORETICAL FOUNDATIONS

1. Wednesday, August 29

Introduction to the course. Start reading Friedman, *Capitalism and Freedom* (chapters III-V are optional), due Wednesday, September 5.

2. Wednesday, September 5

The classical liberal approach to understanding the roles of business and government in society. Discussion of Friedman book. Be prepared to critique the book, and to assess whether and to what degree you concur with Friedman's arguments.

READING DUE: Friedman, *Capitalism and Freedom*. Note that Chapters III, IV, and V are optional. The remainder of the book is required.

Note: The next book, *Liar's Poker*, is due on Monday, September 17.

Assignment of groups and presentation topics.

3. Monday, September 10

Friedman discussion, continued. Comparison with the stakeholder approach to understanding the roles of business and government in society.

4. Wednesday, September 12

Teleological versus deontological normative philosophies.

MODULE II: FINANCE AND PUBLIC POLICY

5. Friday, September 14

Insider Trading

Special Guest Lecture, Professor Doug Schuler, Rice University, 2:00 p.m.-
3:00 p.m., GSB 3.104. "The Ethics of Insider Trading."

6. Monday, September 17

Paper entrepreneurialism versus the creation of value: how
desirable are our current financial industries?

READING DUE: Lewis, *Liar's Poker*.

7. Wednesday, September 19

The Ethics of broker commissions

READING DUE: Beauchamp, pp. 86-89 (Commissions on Sales
at Brock Mason Brokerage).

PRESENTATION: Payment of brokers by commission is highly
controversial. What are the arguments that the commission method of
compensation is unethical? What are the arguments that the commission

method of compensation is ethical? What method of compensation does your group recommend for brokers, and why?

MODULE III: HUMAN RESOURCES MANAGEMENT

8. Monday, September 24

Balancing concerns: worker safety versus worker equity

READING DUE: Beauchamp, pp. 19-25 (DuPont Case).

9. Wednesday, September 26

Sexual Harassment

PRESENTATION: How is sexual harassment currently defined under the law? Is the law right on target, or too over-inclusive, or too under-inclusive. I.e., what should and should not be prohibited by law as sexual harassment?

10. Friday, September 28

Gender Issues in the Modern Corporation

Special Guest Lecture, Professor Evelyn Kirkley, University of San Diego, 2:00 p.m.-3:00 p.m., GSB 3.104, "Gender and Leadership in Business Organizations."

11. Monday, October 1

Equal Employment Opportunity

PRESENTATION: Is affirmative action an effective diversity/opportunity policy? A fair one? If yes, explain why. If no, what alternatives, if any, do you believe should be adopted to provide equal employment opportunity?

12. Wednesday, October 3

Employee Drug Testing

READING DUE: Beauchamp, pp. 260-64 (Employee Drug Testing).

PRESENTATION: When are corporations justified in engaging in employee drug testing?

MODULE IV: ORGANIZATIONAL BEHAVIOR

13. Monday, October 8

Providing meaningful work:
Theories of motivation and human dignity.

14. Wednesday, October 10

Organizations and Conformity:
Are workplace bureaucracies killing our souls?

15. Monday, October 15

Executive Compensation

PRESENTATION: The presenting group can choose either of these topics:

(A) Are golden parachutes for high-level executives beneficial to business and to society? Or, (B) Is the compensation of CEOs at leading corporations unconscionably high, or is it desirable/justifiable?

16. Wednesday, October 17

No class today. This is a comp day for one of the three special Friday classes you will be attending.

MODULE V: MARKETING

17. Monday, October 22

Marketing Products in Developing Nations

ASSIGNMENT DUE: First journal installment, due in class.

READING DUE: Beauchamp pp. 172-184 (Marketing Infant Formula).

PRESENTATION: Product and Promotion—What guidelines should companies adopt for the ethical marketing of infant formula in developing nations?

18. Wednesday, October 24

Cigarette Advertising

READING DUE: Beauchamp, pp. 160-71 (Cigarette Advertising).

PRESENTATION: Promotion—What are the provisions of the recent settlement between Phillip Morris and the U.S. government in regard to marketing cigarettes? Evaluate the provisions. Is it ethical for cigarette

advertisers to adopt these provisions in the U.S., but not in other nations—especially developing nations where market growth potential is great? Explain why or why not. (Presenting group—you can choose your focus from among the questions above.)

19. Friday, October 26

The Ethics of Pricing

READING DUE: Beauchamp, pp. 235-42 (AIDS and AZT).

Special Guest Lecture, Professor Willis Emmons, Georgetown University, time and location to be announced, “AIDS and Drug Pricing.”

20. Monday, October 29

Corporate advertising and images of women: film and discussion.

MODULE VI: THE ENVIRONMENT

21. Wednesday, October 31

Animal Testing of Cosmetics

READING DUE: Beauchamp, pp. 117-26 (Animal Testing of Cosmetics).

PRESENTATION: What are the appropriate limitations for the commercial use of animals in research, development, and manufacture of products?

22. Monday, November 5

No class today. This is a comp day for one of the three special Friday classes you will be attending.

23. Wednesday, November 7

Ethics and the Environment—Hooker Chemical

READING DUE: Beauchamp, pp. 106-16 (Hooker Chemical)

MODULE VII: INTERNATIONAL BUSINESS

24. Monday, November 12

When in Rome, do as the Romans?

READING DUE: Beauchamp, pp. 272-74 (Italian Tax Mores).

During this class, you will work in teams of three on “collaborative journal entries,” which will be explained to you more fully in class.

25. Wednesday, November 14

Transnational Bribery and Corruption

PRESENTATION: Should the U.S. criminalize the payment of bribes by U.S. executives to foreign officials? Or does this overstep into the dominion of other nations?

MODULE VIII: ETHICAL ISSUES IN CYBERSPACE

26. Monday, November 19

Addressing the Digital Divide

PRESENTATION: Is the digital divide really a serious problem? Is it any different from other age-old divides, such as the divide in access to quality health care, or quality education, or quality automobiles? How should the challenges of the domestic and transnational digital divides be addressed? Government programs? Private initiative? Some mix? Other?

27. Wednesday, November 21

No class today. This is a comp day for one of the three special Friday classes you will be attending.

28. Monday, November 26

Workplace Privacy and the Internet: E-Mail Monitoring

PRESENTATION: Under what conditions, if any, are employers justified in reading employee e-mail communications that are made on company-owned computers?

29. Wednesday, November 28

Consumer Privacy and the Internet: Profiling

PRESENTATION: Explain what profiling is. What profiling techniques are acceptable? What profiling techniques are unacceptable? What regulations,

if any, should be promulgated to restrict or control profiling? Or should regulation be rejected in favor of industry self-monitoring?

30. Monday, December 3

Offering offensive materials over the Internet versus free speech.

PRESENTATION: To what extent, if any, should federal and/or state law limit obscenity over the Internet?

31. Wednesday, December 5

Second Journal Installment Due today. Research paper is due Tuesday, December 11, by 4:00 p.m., in the MSIS Department Office, CBA 5.202.

Assignments

Journal. DUE MONDAY, OCTOBER 22, 20001(first installment) and WEDNESDAY, DECEMBER 5 (second installment). NO LATE JOURNALS WILL BE ACCEPTED. One third of your grade will be based on an informal journal that you will keep throughout the semester. The journals will be evaluated in two installments, as noted in the due dates above. You are encouraged to record your reflections on each class and reading assignment. Important: separate journal entries must also respond to the current events readings that you will be doing throughout the course, as described in Section 5 above. The journal should be typed (word processed) rather than hand-written. [Save documents regularly and make hard copies regularly to avoid technology glitches.] Journal entries need not be rewritten, edited, or formal. They are your observations upon reflection, and will not be evaluated as formal papers. They should, however, be thoughtful and well-reasoned. It's impossible to tell you how long they should be, or how many entries should be made, etc. They will be graded relative to other journals received in terms of quality of analysis and thoroughness. In other words, both quality and quantity obviously count. Except for the two “collaborative journal entries,” the journal is an individual assignment that you and only you are allowed to write.

Paper. DUE TUESDAY, DECEMBER 11, BY 4:00 P.M., IN THE MSIS OFFICE, CBA 5.202. PLEASE NOTE THAT, BECAUSE OF OBLIGATIONS I HAVE IMMEDIATELY FOLLOWING CLASSES, I WILL NOT BE ABLE TO GRANT EXTENSIONS ON THESE PAPERS OR ACCEPT ANY LATE PAPERS. YOU HAVE THREE+ MONTHS NOTICE—PLENTY OF TIME TO PLAN AHEAD. SINCE PAPERS ARE DUE SHORTLY AFTER THE SECOND INSTALLMENT OF THE JOURNAL, I STRONGLY URGE YOU AGAINST PROCRASTINATION.

This is a research paper, and you are to choose from the topics below. The paper is an individual assignment that you and only you are allowed to research and write. You should examine both/all sides of the issue, and explain the reasoning behind your position. While there is no set page restriction, papers should be between approximately 8 and 15 pages, double-spaced, including references. Remember that, unlike the journal, this is a research paper and accordingly should cite outside

sources, and the quality of your sources affects the quality of your research paper (e.g., Internet sources can be good, but they do vary a lot in credibility).

References: Please make reference to the resources you are using as follows:

1. Whenever you use another person's materials, a parenthetical annotation is needed for academic honesty. You must attribute all ideas that come from your readings and research.
2. Immediately after the text that requires annotation, place a parenthetical with the author's name and the page or pages referred to.
Example—Some libraries use filtering devices to protect children from materials deemed unsuitable or obscene (Smith, pp. 21-22).
3. Create a bibliography at the end of the paper that lists, alphabetically by author, each source contained in a parenthetical. Each entry should include as much information as you can give me, typically author, title, journal title, volume, dates, page numbers, etc.
4. For Internet sources, give me any of the above information that is available, plus the address and the date visited. If the Internet source lacks an author, incorporate it in the alphabetized bibliography by title, address, or whatever seems to make the most sense to you.

In choosing from below, your only restriction is that you cannot write about the topic on which you made your presentation:

1. What strategies should countries around the world adopt to fight international bribery?
2. What policies should tobacco companies adopt in regard to marketing their products ethically?
3. Is insider trading unethical? Or should it be legalized because it isn't unethical?
4. Are golden parachutes unethical?

5. When are companies justified in engaging in employee drug testing?
6. Identify an ethical question arising from Cyberspace technology, and answer the question.
7. Do companies have an ethical obligation to provide benefits for same-sex partners of employees?
8. Is affirmative action an effective diversity/opportunity policy? A fair one? If yes, explain why; if no, what alternatives, if any, do you believe should be adopted to provide equal employment opportunity?

Presentations. Team Presentations will be made according to the following guidelines: (1) Topics are outlined in the schedule. On the second day, topics and teams will be assigned/chosen. Given obvious limitations, I hope to give you as much choice as possible regarding both group affiliation and presentation subject. (2) Your presentation should include the following: (a) A statement of the nature of the problem. (I.e., if you are discussing greenmail, you should tell the class precisely what greenmail is, how it works, and what its effects are.) (b) A presentation of the best arguments to be made on both sides of the question you are addressing. (c) A clear and unequivocal statement of your position regarding the question, supported by logical reasoning and/or illustrative examples. This does not mean that you must be extremist, taking either one radical side or the other. Rather, it means that your listeners should have a clear understanding of the nature and extent of your viewpoint. (3) **This formal part of your presentation should be timed to take approximately 25 minutes. In the past, groups that have exceeded this amount of time for the formal part of their presentations have tended to receive lower evaluations. I strongly recommend that only 2 members of your group do the presentation itself (although all members can and should be involved in the question and answer period), in order to stay within this time suggestion. Group members who don't present can be given other parts of the project, such as initial research, preparation of PowerPoint slides, etc.** Following your formal presentation, the remainder of class time will be devoted to informal questions from the rest of the class, which your group will answer. Part of your job here is to anticipate the kinds of questions that are likely

to arise so that you can respond informatively and intelligently. (4) While part of the purpose of the presentations is to enhance presentations skills, you are permitted to divide labor within the group any way you like, so as to make the most effective presentation possible. This means that all actual speaking can be done by any or all of the members of the group. (5) **THIS PART IS REALLY IMPORTANT: FOR THE BENEFIT OF US ALL, YOU SHOULD SPEND A LOT OF TIME ENSURING THAT YOUR PRESENTATION IS ENJOYABLE AND ENGAGING!¹ THIS WILL BE ONE OF THE GRADING CRITERIA. SURE-FIRE SNOOZE-INDUCERS TO AVOID LIKE THE PLAGUE: PRE-WRITTEN SPEECHES THAT ARE READ TO THE GROUP, AND UNDER-PREPARED PRESENTATIONS THAT ARE BADLY ORGANIZED OR OVERLY DRY.**

EVALUATION: In fairness to the presenting group, audience students who arrive after the presentation has begun will not be given evaluation forms. This is a firm rule, even if you arrive seconds after the start of the presentation.

Ordinarily, your grade for the presentation will be based on of the attached "Audience Evaluation Form," to be filled out by your peers at the end of your presentation. You will not get to see these until all teams have presented. For more immediate feedback, you will get to look at the forms entitled "Immediate Qualitative Group Feedback," also filled out by your peers, at the end of your presentation.

You should try to resolve any disputes that may arise in work groups early. If you believe a member of the group is not carrying his/her weight, tell the member as soon as you can. Groups should try to resolve any disputes on their own if at all possible. I will intervene if you come to me and tell me that you have reached an irresolvable impasse, and I reserve the right to lower the individual presentation

¹ Enjoyable and engaging are not necessarily synonymous with entertaining. There are many ways to do it, and I don't care how you do it, but you are expected to keep our attention. The goal-- we should be riveted to our seats, fascinated by your observations, sad to see the session end, etc. Feel free to be creative, but both presenters and evaluators should remember that there are many ways to make a presentation enjoyable and engaging.

grade of any group member who has not contributed a reasonable share to the group project. I have witnessed very few problems in the past five years with group projects in this course, partly because this course attracts responsible people.

TOPIC _____

PRESENTER(S) _____

LEB PRESENTATIONS
AUDIENCE EVALUATION FORM

Directions: Grade the presentation you are observing by placing a numerical grade ranging from 1 (low) to 10 (high) in the Space provided. Group members will have access to these numbers only after all groups have completed their presentations.

1. Evaluate the quality of organization of the presentation. _____

2. Evaluate how well-informed the presenters were. _____

3. Evaluate the degree of persuasiveness of the presenters. _____

4. Evaluate how engaging the presentation was. (Please be demanding here. It is very important to the quality of this part of the course that the presenters be lively, interesting, and engaging) _____

5. Evaluate the quality of responses to questions. _____

6. Give the group an overall grade. (The grade should be related to the above grades. If the grade is not, explain what other factors went into your overall assessment.)

Overall grade: _____

TOPIC _____

PRESENTER(S) _____

LEB Immediate Qualitative Group Feedback

Please use this page to provide detailed assessment of the strengths and weaknesses of the presentation. Please be honest and straightforward, but tactful. Remember that this is meant to be a learning experience, and that useful, constructive criticism may help improve someone's work. Group members will have access to this form immediately following the presentation.

Grading Sheet for the Journals:

Name _____

Journal Evaluation Sheet—Entry One

1. *Quality of Content*

- A. Depth of analysis—did you examine issues probingly and closely, as opposed to superficially?

Excellent—issues examined in great depth and detail

Very good—issues examined in substantial depth and detail

Fair—issues examined in moderate depth and detail

Adequate—issues examined in passable depth and detail

Oops—issues examined in very little depth and detail

- B. Explication of logic and reasoning—did you explain your conclusions, or simply state them?

Excellent—elaborate explication of logic and reasoning

Very good—substantial explication of logic and reasoning

Fair—moderate explication of logic and reasoning

Adequate—passable explication of logic and reasoning

Oops—very little explication of logic and reasoning

2. *Quantity of Content*

- A. Thoroughness of coverage of class topics

Excellent—very substantial entries for each class

Very good—entries frequent and substantial

Fair—entries moderately regular and substantial

Adequate—entries passably frequent and substantial

Oops—inadequate number; insubstantial entries

- B. Thoroughness of coverage of outside readings

Excellent—very substantial entries of many outside readings

Very good—substantial entries of numerous outside readings

Fair—moderately substantial entries of several outside readings

Adequate—passably substantial entries of few outside readings

Oops—no entries devoted to outside readings

Business Ethics Links

Note—On the electronic version of this syllabus, these are live, click-on links.

- [Association for Practical and Professional Ethics](#)
- [The Beard Center for Leadership in Ethics](#)
- [The Business Ethics and Stakeholder Relations Program](#)
- [Business Ethics Balance](#)
- [Business Ethics Resources on the World Wide Web](#)
- [Business for Social Responsibility](#)
- [Caux Roundtable](#)
- [Center for Business Ethics at Bentley College](#)
- [Canadian Center for Ethics and Corporate Policy](#)
- [Center for Ethics in the Professions at the Illinois Institute of Technology](#)
- [Consortium Ethics Program, Univ. of Pittsburgh Center for Medical Ethics](#)
- [Council for Ethics in Economics](#)
- [DePaul University Institute for Business and Professional Ethics](#)
- [Ethics Center For Engineering & Science at MIT](#)
- [The Ethics Information Center](#)
- [Ethics Officer Association](#)
- [Ethics Resource Center](#)
- [European Business Ethics Network](#)
- [Global Business Responsibility Resource Center](#)

- [Harvard University Program in Ethics and the Professions](#)
- [Institute for Applied & Professional Ethics at Ohio University](#)
- [Institute for Global Ethics](#)
- [Institute for Study of Applied and Professional Ethics at Dartmouth College](#)
- [International Association for Business and Society \(IABS\)](#)
- [International Business Ethics Institute](#)
- [International Society of Business, Economics and Ethics](#)
- [Knowledge @ Wharton](#)
- [KPMG Peat Marwick](#)
- [Loyola University Chicago - Graduate Certificate in Business Ethics](#)
- [Markkula Center for Applied Ethics](#)
- [Minnesota Center for Corporate Responsibility](#)
- [Olsson Center for Applied Ethics at the Darden Graduate School of Business at UVA](#)
- [Poynter Center for the Study of Ethics and American Institutions at Indiana University](#)
- [The Society for Business Ethics and Business Ethics Quarterly](#)
- [The University of British Columbia, Centre for Applied Ethics](#)
- [The University of Pennsylvania Center for Bioethics](#)
- [Wharton Ethics Program](#)
- [Zicklin Center for Business Ethics Research at Wharton](#)