

# **ETHICS, VALUES AND SUSTAINABILITY**

Course Syllabus, Fall 2004

GEN BUS 765  
Room 2270

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A Joint Effort of the  
**SCHOOL OF BUSINESS**  
And the  
**WISCONSIN DEPARTMENT OF NATURAL RESOURCES**  
**UNIVERSITY OF WISCONSIN - MADISON**

# COURSE OVERVIEW

## Objectives:

This course will introduce students to the role that ethics plays in major business decisions. Opportunities to apply the principles that we will talk about occur throughout the day in an average business. I do not intend to cover even the majority of situations where ethical considerations arise. Rather, I will focus on one area and explore in some detail how ethical considerations might influence corporate decision-making. I have chosen the area of corporate social responsibility (this is a loaded term – it encompasses a wide range of issues, including environmental, transparency and stakeholder engagement issues) as a relatively new area of corporate decision-making; one where most businesses are still learning how to meaningfully anticipate and address stakeholder concerns.

Our starting point for understanding what ethics means to each of you is an examination of your underlying values. These values are usually acquired throughout life - starting with the teachings of your parents and significant caregivers and then developed and reinforced by your interactions with your peers, in your schooling and religious/spiritual education, and through your personal experiences.

In the business world, the recognition that integrity and trust are absolute necessities for long term, profitable business relationships is what tends to keep most professionals on course. These values tend to be the true north of the professional compass for our behaviors. It is these values that move most whistle-blowers to action. Our values guide the professional decisions most of us make, most of the time.

Trust is also important in understanding how the public perceives the business world. Over the last decade the trust that the public holds in institutions has been eroded. The decade has seen protests, exposés and unfolding accounting scandals. This erosion of trust has significant business costs. At the same time ethical behavior and a concern for people and the environment have been shown to have a positive correlation with corporate performance. The subject of corporate social responsibility is therefore a relevant one for business.

During the 8 weeks of class, we will hear from a number of senior business managers that are running companies that have successfully integrated ethical considerations into their business model. By taking this very pragmatic approach, I hope to avoid the need to delve into the more traditional study of ethics used in most ethics classes. Thus, if you have your heart set on learning about the theories of Hume, Nietzsche, Kant, Rousseau, John Stuart Mill and others, you'll be disappointed. On the other hand, if you are interested in the interplay between ethics and strategy, strategic planning and decision-making, then this class might be just the ticket.

# Keeping Up:

I have tried to match the reading load with the short time that we are together, but you will still find that you will need to do a fair amount of reading to prepare for each class. I have successfully used a class listserve to discuss the readings for each class, and I would again like to use this approach. For each class, by 10:00 pm of the day before we meet, please provide a **concise** reaction to the readings, any questions that you have, or other observations to the listserve. Please feel free to comment on each others' observations or reactions. Please do not provide a summary of the readings. I will use your comments and questions to help shape our discussion in class.

Class participation will be a key factor in the success of the course. *This is not a course geared toward "passive learning"*. Your purpose for being in this class should be to actively engage in your own inquiry and restructure your thoughts on the role of ethics and values. Class participation will count toward your final grade.

*This class will formally introduce the concept of personal integrity in your response to the readings each week. This university does not teach about the importance of integrity in any systematized way; however, I believe that any individual's future success in whatever they choose to do is attributable, to a large degree, to their personal integrity. I recently heard a chairman of the board pass along this advice regarding integrity, "In whatever organization you find yourself, remember that people talk. And it's not all idle gossip. Our cultures learn to protect themselves by getting the word around about people whose honor is doubtful. You'll never be more valuable than your word. Healthy organizations also spread the word about people of incorruptible honesty. So tell the truth, deliver what you promise, let your caring show, and you'll be noticed."*

*I will ask that you send by email before each class brief comments, reflections or questions from the readings you have done. Please don't send anything if you haven't really done **ALL** the readings--ala the integrity issue. To say it again, even with the best of intentions sometimes work just doesn't get done. If your actions are guided by your integrity, you will not submit anything to the listserve for that week. The address for the listserve is [sustain-exec@lists.students.wisc.edu](mailto:sustain-exec@lists.students.wisc.edu).*

A substantial amount of "out-of-class" time will be required as you develop or improve upon the ethics policy (Code of Conduct, or whatever it is called) for a company that you either currently work for, or one that you worked for in the past.

You will also be required to keep an "understanding myself" journal through the course of this class. By the end of the semester, you will need to have completed each of the exercises from Robert Benfari's book "Understanding and Changing Your Management Style". I will have each of the exercises available electronically, and you may either print them off and complete them, or complete them and submit them to me electronically. However, by the last class period, all 7 exercises are due. I will collect your journals to ensure that you have completed each of the tools, but will not be basing any part of your grade on the substance of the assessments.

## **DEVELOPING OR IMPROVING AN ETHICS POLICY**

The major project for this class will be the development or improvement of the ethics policy for a business you are familiar with. You are to identify challenges that the company currently faces that support the development or improvement of an ethics policy. If a policy already exists, find out the story behind how that policy was developed (and describe why it was developed at the time it was). Then suggest improvements to that policy, based upon what you have found key competitors (or customers) have as far as an ethics policy. (It is important to base some of your suggestions on ethics policies of competitors or customers.)

This project should take the form of a memo from you to the CEO outlining your recommendations for change. You should also include recommendations for how to bring about the change and how to get employee buy-in to the importance of a new or improved ethics policy. Because this is a memo to the CEO, it should be persuasive, backed up with research that justifies the changes that you are recommending, contain specific recommendations, justifies those recommendations, and is concise. You know how likely it is that a CEO will read more than 5 pages, so you will need to be convincing in no more than 5 pages (single-spaced). This is not meant to be solely an academic exercise, so please draft this memo with the intent of really sharing it with the CEO or appropriate member of senior management.

Many students don't know where to start with a real life assignment such as this. I have provided some select final papers on the web site for this class for you to take a look at. The address is: <http://instruction.bus.wisc.edu/teggert/ethicsvalues.html>. Please look at the sample papers section from Spring 2004. Do not use the sample papers from Summer 2004, as that class does a different assignment!

If you still have questions after looking at the samples, please don't hesitate to ask.

# **GRADING**

25% of your final grade will be based upon Citizenship - includes attendance, classmate respect and support, attitude, interest, appreciation, enthusiasm, active and productive participation and attention in class, showing familiarity with readings and participation in the listserve.

10% will be based upon completing the self reflection assignments.

25% will be based upon your short paper due on the 20th of September.

40% of your final grade will be based upon the development of your final project.

**In fairness to others in the class, late submissions of the written material will be penalized at a rate of 20% of the submission's value per day (e.g., your final papers presented one day late will receive at most a weight of 32 out of the 40 points available).**

## **LIST OF MATERIALS**

### **Books:**

Ishmael, by Daniel Quinn (Island Press, 1996). \$13.95

Ethics for the New Millenium, by His Holiness the Dali Lama (New York, Riverhead Books, 1999). \$24.95

### **Required Readings:**

Reading Packet available from Underground Textbook Exchange

### **Recommended Books:**

Spiritual Capital, by Danah Zohar (Berrett Koehler, 2004) \$27.95

**FINALLY:** A quote about ethics that resonates with me:

"Cowardice asks the question, Is it safe?  
Expediency asks the question, Is it politic?  
Vanity asks the question, Is it popular?  
But conscience asks the question, Is it right?  
And there comes a time when one must take a position...  
because his conscience tells him it is right."  
-- Martin Luther, monk

## **September 8)** Introduction – Class Overview

The first class is designed to accomplish four things. First, the goals, purposes, structure and format of the class will be made clear through a review of the syllabus and other relevant materials. Second, students will fill out information about themselves and their expectations for the class. Following this, we will talk about the final projects and I will talk about my expectations regarding those projects. Finally, we will talk about ethics issues that are in the news in the last month. I expect this class to wrap up by 5:00.

## **September 13) No class. Class to be made up at 9:00 pm at Hilldale Movie Theater to see “The Corporation.”**

**Readings:** If you picked up *Spiritual Capital*, read through the book. We will talk about it later in class.

## **September 15)** The Way It Is: Drivers of Decisions that Business People Make

I have heard from previous classes that you have been taught that the “prime directive” of business is to maximize return for the shareholder. This is taught either overtly, or suggested, in many of your classes. In fact, many businesses are caught in the trap of thinking that short-term market perspectives drive decisions, but it was these short term market pressures (Mixed with a little greed) that caused such high profile flame-outs as Enron and Tyco. But, what’s really happening? What really is driving business behavior? Todd will talk about whether, and how, he sees greed portrayed in the business community.

**Guest Lecturer:** Todd Palmer, Esq., DeWitt, Ross and Stevens

**Readings:** *Mother Earth and Other Business Blather*, by Harold Geneen, from *The Synergy Myth, and other Ailments of Business Today*, ch. 13, (1997).

*The Corporation as Feudal Estate* by Marjorie Kelly, *Business Ethics*, Summer 2001.

*Ethics for the New Millennium*, p. Preface – p. 77.

## **September 20** Understanding Our Values and Why They Are Important

This class is grounded in an exercise that will try and help you identify those values that are most important to you. Understanding the values that each of us holds dear is critical as we start through this class. One of the basic beliefs that I enter this class with is that neither I, nor anyone else, can “teach” you different values. Rather, we need to understand our values and then question how other values fit with the values we have.

**Readings:** *Fixing the Ethics Crisis in Corporate America*, by R Edward Freeman, *The Forum*, Fall, 2002

*Ethics for the New Millennium*, 81 - 143.

**Exercise:** Identifying Values and Priorities (to be done in class)

Our values and priorities in life are among our most important attributes. Yet most of us experience some conflict between our articulated values (those values we tell ourselves and others are most important) and our lived values (the values we actually spend the greatest time and effort expressing in our lives). Some of this value dissonance may be influenced by our “should” (our perceptions about the expectations that

other important people in our lives – such as family members, bosses, friends – have on us). Listed below are several commonly identified value clusters. Please add additional ones to the list. Then, identify your top seven values in each category and list them in order of priority.

**COMMONLY HELD VALUE CLUSTERS**

- Achievement/Success
- Adventure/Exploration
- Authenticity/Integrity
- Beauty/Aesthetics
- Charitable/Giving
- Commitment/Trustworthiness
- Community/Support
- Competency/Expertise
- Competition/Rivalry
- Courageous/Bravery
- Creativity/Self-expression
- Earth/Nature
- Emotional Well-being/Self-esteem
- Empathy/Compassion
- Enjoyment/Pleasure
- Ethical/Values Driven
- Family/Extended family
- Financial Security/Money
- Gracious/Kind
- Harmony in Relationships/Cooperation
- Health/Wellness/Fitness
- Honesty/Truthfulness
- Hopefulness/Optimism
- Influence/Leadership

- Intimacy and Mutuality/Friendships
- Job/Career
- Justice/Fairness
- Lifelong Learning/Knowledge and wisdom
- Loyalty/Allegiance
- Purpose/Meaning in life roles
- Personal Autonomy/Independence
- Personal Growth/Self-awareness
- Prestige/Recognition
- Respectfulness/Appreciation
- Responsibility/Responsiveness
- Humility/modestness
- Tolerance/patience
- Service/Generosity
- Security/Life Stability
- Spirituality/Religious Values
- Thriftiness/Prudence
- Helpfulness/Thoughtfulness
- Freedom/Individuality
- Love/Intimacy
- Power/Influence
- Autonomy/Individuality
- Altruistic/Other Focused
- Other \_\_\_\_\_

**My Articulated Values**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_

**My Lived Values**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_

**My “shoulds”**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_

My high priority lived values most closely resemble: \_\_\_ my high priority articulated values  
 \_\_\_ my high priority “shoulds”

# PAPER DUE

Your short paper is meant to prepare you for your longer final project. You will answer the question “Is legislation needed to force companies to report on their social and environmental performance?” The idea is anathema to business organizations, but non-profit groups and trade unions are stepping up pressure for mandatory reporting.

In preparing for your paper, you might do some internet research on mandatory reporting, especially in Europe, where this is a key issue right now. There is no “right” answer, and your paper will be graded upon the strength and logic of your arguments in favor of your position, and on your ability to write. I would strongly recommend sharing your paper with a classmate or someone else to have them read and critique your paper before you hand it in.

In your first paragraph, please take a position (either “yes” or “no”) and provide the highlights from the balance of your paper, which should justify the position that you take. The paper is limited to 2 pages, single space with normal margins and a 12 point font.

## **September 22)** The Most Important Books that Everyone Else Will Never Read in Business School

Many of the stories that we read as children are classics because they tell us more than just a nice children’s story. Two examples of this are The Three Little Pigs and The Little Red Hen. What can these two simple stories, that we can probably retell without needing to re-read the stories, tell us about business success, acting ethically and sustainability? Bob O’Connor will tell us about why he feels these books, plus 1 or 2 others should be on every CEOs bookshelf.

**Guest Lecturer:** Bob O’Connor, CEO, O’Connor Petroleum Inc. Muskego, WI

**Readings:** The Three Little Pigs (entire book)

The Little Red Hen (entire book)

Ethics for the New Millennium, p. 145 – 178.

Again, if you purchased Spiritual Capital, spend some time reading it.

## **September 27)** Understanding Ourselves

We will work through the following exercise in class. This is another attempt to get you to examine how you would react in a variety of situations. I have tried to make this class as practical as possible and to try and create situations that mirror situations that you might encounter at some point in your life (or you may have already found yourself facing something similar). By thinking through how you would react before you actually are in the moment, I hope that you find it easier to make a decision that you are comfortable with when you look back on it.

**Readings:** Managers Look for the Moral Dimension by Thomas Stewart, published in the Financial Times, Aug 27, 2004.

Barry’s Method of Ethical Decision Making

Ethics: Good for Goodness’ Sake by Jeffrey Seglin, CFO Magazine, October, 2002 (published on-line at

<http://www.cfo.com/printarticle/0,5317,7767IM,00.html>.

Ethics for the New Millennium, pp. 179 - end.

Ismael, pp. 1 - 63

### Discussion Questions:

Why the name Ishmael? In other words, what is the significance of the choice of this name? You'll need to find someone that remembers their bible stories to answer.

Why "Mother" Culture? What is the significance of making culture feminine?

### EXERCISE

*This questionnaire is designed to encourage discussion of ethical issues and to lay out definitions of ethical and unethical practices.*

#### **A Do you think that the following constitute unethical practices?**

Yes  
No  
Depends  
Don't Know

- |  |   |
|--|---|
| 1 Covering up for colleagues.  | 9. Give out personal or organizational information to others.             |
| 2. Acting in favour of a client out of friendship.                               | 10 Criticizing your organization to others.                               |
| 3 Acting in favour of a client for a bribe.                                      | 11 Condoning false or misleading advertising by our organization.         |
| 4 Recruiting/promoting staff on the basis of family ties or friendship.          | 12 Abusing expense accounts.  |
| 5 Accepting corporate hospitality.   | 13 Blaming subordinates for mistakes.                                     |
| 6 Discriminating against staff on the basis of age, color, religion, gender etc. | 14 Using office equipment for personal use                                |
| 7 Presenting misleading information.   | 15 Minimizing the achievements of colleagues.                             |
| 8. Manipulating performance indicators to reach targets.                         | 16 Telling 'white lies' to the client such as "the check is in the mail". |
|  | 17 Rewarding people differently.  |

#### **B Would you encourage staff to :**

Never  
Sometimes  
Often

- |  |                                       |
|--|---------------------------------------|
| 1 Bend the rules to help the organization.           | 4 Carryout something against the law. |
| 2 Ask staff to carry out a task they disagreed with. | 5 Accept corporate hospitality.       |
| 3 Cover-up for colleagues.                           |                                       |

6 *'Massage' statistics.*

7 *Take unnecessary short-cuts.*

8 *Treat equal clients unequally.*

9 *Misrepresent performance.*

10 *Treat colleagues unfairly.*

11 *Get involved in the running of the organization.*

12 *Look beyond the 'bottom line'.*

13 *Put their private lives first.*

14 *Meet targets at all costs.*

## **September 29)** Spiritual Capital and Ways of Rethinking the Role of Business in Society

Earlier in class, we talked about Capitalism rewarding shareholders rather than employees. In this class, I want to expand this discussion to focus on one author's attempt to redefine the role of business – from that of profit generator to that of community builder. This is not to say that businesses should start losing money, for that clearly is not in anyone's best interest. But it is to say that perhaps business needs to start thinking more broadly about the role that it plays in society.

### **Readings:** Spiritual Capital

Profits from Principles: Five Forces Redefining Business by Bennett Daviss, *The Futurist*, March, 1999, pp. 28 – 33.

Let's Not Fool Each Other with the Business Case by Sir Geoffrey Chandler, Vol 4, Issue 1 *Ethical Performance*, May 2002.

The Moral Malaise in Personnel Today, Aug 6, 2002 (published on-line at [http://www.personneltoday.com/pt\\_print/pt\\_print.asp?liArticleID=14159](http://www.personneltoday.com/pt_print/pt_print.asp?liArticleID=14159)).

Ishmael, pp. 67 – 148

### **Discussion Questions:**

Consider Ishmael's airman and aircraft metaphors of civilization. What has blinded the airman?

What evidence suggests that the civilization built by Takers is not working? What evidence do Takers point to that suggests it is working?

From what laws does Ishmael suggest that Takers exempt themselves and why?

## **October 4)** Public Trust and Corporate Decision Making

The public's trust in business has sunk to very low levels. Even before Enron, Global Crossing, Arthur Anderson and now WorldCom, the public's trust in business was lower than their trust in government. Even so, over the last several decades, we have seen a massive transfer of power and wealth from the government to the private sector. Corresponding accountabilities however, have not been transferred, creating the paradox where the infrastructure demands a trust that the public can not give. This does limit the ability of the private sector to provide leadership. New governance models are needed at the corporate level to promote business ethics, values and transparency.

**Video** Excerpts from Trade Secrets, PBS Documentary by Bill Moyers

**Readings:** FT [Financial Times] Summer School Day 20: The Future of Management: Time to Promote Trust, Inside the Company and Out by Geoffrey Owen, Financial Times, Aug 30, 2002.

It Always Pays to Listen – Especially Now by Pete Blackshaw, published by PlanetFeedback, Fall, 2002.

Trouble in the Pipeline: The Corporate Promises Being Made at the Earth Summit are Likely to Prove Hollow by George Monbiot, The Guardian, Sept. 3, 2002.

Ishmael, pp. 149 – 207.

### **October 6)** Social Responsibility as a Business Imperative

Is corporate social responsibility a business imperative? Or is it some nice fluff that is good for public relations but little else. Jenni Cawein will talk about the perspective on one multi-national on this question.

**Guest Lecturer:** Jenni Cawein, Manager, EHS Engineering, Baxter International, Deerfield, IL

**Readings:** The Next Step for CSR: Economic Democracy, Business Ethics, Vol. 16, Nos. 3-4 (May/June & July/August, 2002)

Chain Reaction: How Baxter's Green Supply Chain Efforts Promote Healthy Savings, published in the Green Business Letter, Sept 2003.

The Role of Multinational Corporations in Economics & Social Development of Poor Countries, speech by John Browne, CEO of BP/Amoco, delivered at Harvard University, April, 2002 (reprinted in Ethical Corporation Magazine and published on-line at [www.ethicalcorp.com/printtemplate.asp?idnum=206](http://www.ethicalcorp.com/printtemplate.asp?idnum=206).)

Ishmael, pp, 211 – end

### **October 11)** The Importance of Understanding the Values that Stakeholders Hold.

To achieve long-term sustainability, business needs to shift from a narrow focus on shareholder value to a broader set of corporate values relevant to a wider range of shareholders. These values include not only the environment, but things like human rights, business ethics, governance and accountability and community involvement.

**Readings:** The Brent Spar Incident: "A Shell of a Mess" by Norman Klein and Stephen Greyser, Harvard Business School, January, 1997.

Beyond Selfishness by Henry Mintzberg, <http://www.henrymintzberg.com> (2002).

AES Global Values, by Lynn Sharp Paine, Harvard Business School, Nov., 2000.

### **Discussion Questions:**

Why did Shell make such a costly blunder?

### **October 13)** The Classic Ethical Example: Nike and Overseas Contract Labor

You can't really take an ethics class without talking about the Nike situation. We will discuss the two case studies, written from two different perspectives.

**Readings:** Hitting the Wall: Nike and International Labor Practices, Harvard Business School Case Study No. 9-700-047 (Sept 15., 2000)

Nike and Global Labour Practices, New Academy of Business Case Study by David Murphy and David Mathew (January, 2001)

## **October 18) Acting on Your Personal Values**

Personal decisions on consumption, lifestyle and career direction, reflect your values, just as surely as making a decision in the areas we talked about in class last week. In this class, I would like you to think about developing a practical strategy for achieving your own vision of your life, one that balances cultural expectations against your values. I would also like each of you to reflect on the process that was used to get you to think about the values that you hold. Each of your values is set by this time in your life. Set in such a way that few things ever cause us to look at those values. It is my belief that taking those values out of the closet and comparing them to values held by other people we respect may lead to a small change. Did it work?

**Readings:** Greed is the Word by Madeleine Bunting, published in The Guardian, March 3, 2003.

Money and Happiness by Polly Toynbee, published in The Guardian, March 7, 2003

**Video:** The Man Who Planted Trees.

## **Discussion Questions:**

Can we as a culture identify the bars of our prison, or are we too happy in our captivity to care? Is our society really a cultural prison?

## **October 20) The Return on Responsibility: What Value In Treating People Right?**

Trek Bicycle is a local company that has developed an international reputation not only for the quality of their bikes but also for the culture that they have created. John will talk about the benefits that have accrued to Trek as a result of focusing on people instead of just quarterly performance. In short, this will be a class about values at work in a company.

**Guest Lecturer:** John Burke, CEO, Trek Bicycle, Waterloo, WI

**Readings:.** Twelve Principles of Spiritual Leadership from Timeline, March/April 2002 – No. 62, Foundation for Global Change, published online at <http://www.globalcommunity.org>

Just Values: Beyond the Business Case for Sustainable Development, by Jonathon Porritt and Chris Tuppen, published by Forum for the Future, 2003.