

ETHICS, VALUES AND SUSTAINABILITY

Course Syllabus, Summer 2004

GEN BUS 711
Room 1175

Tom Eggert, Esq.

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 broad 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 your personal experiences.

In the business world, integrity and trust are absolute necessities for long term, profitable business, and this knowledge is what tends to keep most professionals on course. 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. The values of trust and integrity guide the professional decisions most of us make, most of the time.

Over the last decade the question of trust in our institutions has been subject to much debate, often of a critical nature. The decade has seen protests, exposés and unfolding accounting scandals. 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 4 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 listserv to discuss the readings for each class, and I would again like to try this approach. For each class, by 10:00 pm of the day before we meet, please provide a concise reaction to the readings: this reaction may take the form of raising questions that you have, or reacting to what others' have written. Please do not provide a summary of the readings. I will then 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, not only in strategy development but in your life.

This class will formally introduce the concept of personal integrity through your responses 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 saw 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 each week 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 listserv for that week.*

As described above, each week you will be asked to send an email to ethics-summer@lists.students.wisc.edu, that contains brief comments, reflections or questions about the week's readings, due by 10:00 pm of the day before we meet (Sunday or Wednesday). For example, this email might contain your reaction to the readings or your take on the themes of the readings or what you think about the relationship of the readings to one (or more) earlier classes.

A substantial amount of "out-of-class" time will be required as you develop a Business Case for Sustainability for the company that you currently work for.

You will also be required to keep an "understanding myself" journal through the course of this class. For each class, I will provide you an assessment tool for you to complete. (These assessment tools are each found in the book "Understanding and Changing Your Management Style" by Robert Benfari.) At the end of the class, 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.

THE BUSINESS CASE FOR SUSTAINABLE DEVELOPMENT

The major project for this class will be the development of a business case for sustainable development for your current employer. You are to identify product and process innovations that deliver environmental and/or social performance AND create financial growth and competitive advantage. This project should take the form of a memo from you to your CEO outlining no more than 5 areas where your employer can achieve financial improvement and market success based upon tools and strategies of sustainable businesses. Because this is a memo to your CEO, it should be persuasive, backed up with research that justifies the changes that you are recommending, contain specific recommendations, and be concise. You know how likely it is that your 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 your CEO or appropriate member of senior management.

<http://www.sustainability.com/business-case/contents.asp>. In order to help get you started in developing a business case for sustainability for your company, click on the above link to pull up the matrix for the report: "Buried Treasure: Uncovering the Business Case for Corporate Sustainability". The report finds a strategic focus on sustainable development by large corporations is both significantly and positively aligned with mainstream business success. This January 2001 report and on-line matrix of business case studies are based on international research by the US-British strategic management consultant SustainAbility.

The website will be continuously updated to reflect new data and thinking around the business case. It shows how each of 10 dimensions of sustainable development performance affects each of 10 conventional measures of business success. Color-coding in a table format shows the strength of existing evidence for how performance affects success. Clicking on each of the 100 squares of the table produces (in most cases) a case study and references supporting the assessment. Also try clicking to the far right in the all column, and you will get a summary across all of the sustainability dimensions.

Your assignment is to identify no more than 5 cells in the table that represent opportunities for your company to better embrace the concept of sustainability. You will need to lay out (and cite) the research and examples contained in the table - plus you will be required to do additional research to justify your recommendation (this may include looking at what competitors are doing). You will need to develop a plan for how to encourage your company to take the steps that you identify as necessary to move toward a more sustainable future.

I will have examples from last year's class that help illustrate what a good paper would look like. Please ask for a copy of these examples if you would like.

You will also be asked to write a short position paper on Corporate Environmental Reporting. There is quite a lot of information on this topic out there now, so a google search should turn up some useful information. You may also want to check out a new research report on the status of Corporate Environmental Reports. It can be found on-line at

<http://www.iiee.lu.se/information/library/publications/reports/2002/CER.pdf>. This paper will be due on June 24th. For more information on this paper, see the syllabus on that date.

GRADING

20% of your final grade will be based upon Citizenship - includes attendance, teamwork on project, classmate respect and support, attitude, interest, appreciation, enthusiasm, active and productive participation and attention in class, showing familiarity with readings and participation in the listserv.

10% will be based upon completing your journals.

25% will be based upon your short paper due on the 24th.

45% of your final grade will be based upon the development of your business case for sustainability.

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 36 out of the 45 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). \$14.00

Understanding and Changing Your Management Style by Robert Benfari (Jossey-Bass, 1999). \$25.00

Required Readings:

Reading Packet

Recommended Books:

Cradle to Cradle, by William McDonough (North Point Press, 2002) \$25.00

June 14) Introduction – The Role of Ethics in the Business World

The first class is designed to accomplish five 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. Third, we will do the exercise found at the bottom of this page. Following this, we will talk about the final projects and I will talk about my expectations regarding those projects. A great resource for that project can be found at <http://www.sustainability.co.uk/business-case/contents.asp>. Finally, if we have time, (I do plan to have time) we will talk about the readings for the week.

Readings: Excerpts from "Caring for the Earth", published on-line at <http://www.ens.gu.edu.au/ciree/LSE/mod6.htm>.

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

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	Health/Wellness/Fitness
Adventure/Exploration	Honesty/Truthfulness
Authenticity/Integrity	Hopefulness/Optimism
Beauty/Aesthetics	Influence/Leadership
Charitable/Giving	Intimacy and Mutuality/Friendships
Commitment/Trustworthiness	Job/Career
Community/Support	Justice/Fairness
Competency/Expertise	Lifelong Learning/Knowledge and wisdom
Competition/Rivalry	Loyalty/Allegiance
Courageous/Bravery	Mastery/Excellence
Creativity/Self-expression	Orderliness/Accuracy
Earth/Nature	Purpose/Meaning in life
Emotional Well-being/Self-esteem	Personal Autonomy/Independence
Empathy/Compassion	Personal Growth/Self-awareness
Enjoyment/Pleasure	Prestige/Recognition
Ethical/Values Driven	Privacy/Solitude
Family/Extended family	Recognition/Acknowledgment
Financial Security/Money	Respectfulness/Appreciation
Freedom/Independence	Responsibility/Responsiveness
Fun/Play	Risk Taking/Stretching One's self
Gracious/Kind	Romance/Magic
Happiness/Joy	Humility/Modestness
Harmony in Relationships/Cooperation	Tolerance/Patience

Service/Contribution
Security/Life Stability
Spirituality/Religious Values
Thriftiness/Prudence
Helpfulness/Thoughtfulness

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”

Record any observations, reflections, or other thoughts about this exercise in your journals.

June 17) The Way It Is: Drivers of Decisions that Business People Make

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

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.

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. 81 - 131

June 21) 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. Bill Blackburn will talk about the perspective on one multi-national on this question.

Guest Lecturer: William Blackburn, formerly General Counsel and Vice President for Corporate Environment Health & Safety, Baxter International, Deerfield, IL

Readings: The New Rules: Ethics, Social Responsibility and Strategy by Ian Wilson, Strategy & Leadership, March 28, 2000 pp. 12-16.

Hitting the Wall: Nike and International Labor Practices Case Study by Jennifer Burns, Harvard Business School, January, 2000

Nike and Global Labour Practices Case Study by David Murphy and David Mathew, January, 2001.

Ethics for the New Millennium, p. 133-178.

June 24) Business: Warriors or mercenaries

One of the items in the news recently is the Iraqi war and the atrocities in Abu Ghraib. Is there anything that we can distill out of these headlines that is relevant to an Ethics discussion for business? Dave Boyer will talk about how the world views our soldiers today (are they viewed as merely doing a job?), versus the view of soldiers are warriors (an honorable cause to give one's life for). Can we view businesses through the same lens? In other words, are there businesses out there that act like mercenaries, with no commitment to anything bigger than themselves and the money that they generate for their shareholders? How do these businesses stack up against those that do have a higher ideal?

Dave will also talk about how this dichotomy plays out in each of our lives. What responsibility do each of us have to not only act ethically, but act in a restorative way. What role do each of us play in restoring the public's trust in business? If we have too many "mercenary" businesses that continue to undermine public's trust in business, how does that affect businesses like yours? Who is responsible for creating "warriors" as opposed to killers/soldiers?

Guest Lecturer: Dave Boyer, CEO, Madison Cutting Die, Inc

Readings: The Maverick CEO by Sharon Shinn, Biz Ed, Jan/Feb 2004 pp. 16-21.

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 <http://www.ethicalcorp.com/content.asp?ContentID=68>)

Ethics for the New Millennium, p. 179-237.

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.

June 28) The Role of “Heart” in Business

Business can exist for many reasons. Obviously, the Business School teaches you that business exists to make money for its shareholders. But, business can also exist as a nurturing, learning environment for its employees. Companies that try to do this are often surprisingly successful.

Guest Lecturer: Jim Armstrong, Madison, WI.

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

Business Ethics and Social Issues Cases: On-the-Job Fetal Injuries

Ishmael, pp 1-63

Discussion Questions:

Do you agree or disagree with John Browne's position that multinationals should get out of the business of making financial contributions to politicians? What is the possible argument in favor of big business making contributions to politicians?

Do you agree or disagree with John Browne's belief that globalization is the best way to lift the poor out of poverty? What are the arguments against globalization?

Why the name Ishmael?

According to our cultural mythology, God lost interest in all other creatures on this planet when humans came along. According to Genesis, this is exactly what happened to Ishmael when Isaac came along: his father Abraham lost interest in him. In other words, what Genesis says happened to Ishmael is exactly what our mythology says happened to the nonhuman community on this planet.

Why “Mother” Culture?

Culture is a mother everywhere and at every time, because culture is inherently a nurturer—the nurturer of human societies and life-styles. Among Leaver peoples, Mother Culture explains and preserves a life-style that is healthy and self-sustaining. Among Taker peoples she explains and preserves a life-style that has proven to be unhealthy and self-destructive.

July 1) 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.

Video Trade Secrets, PBS Documentary by Bill Moyers

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

The Transparency Paradox, speech by Robert Dilenschneider, Dec. 3, 2003 (reported in Vital Speeches of the Day, Vol. LXX, No. 9, Feb. 15, 2004.

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

Ishmael, pp 67-148.

Discussion Questions: Consider the 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? Does Ishmael suggest the only way Takers can escape the "crash" is by abandoning "civilization" and returning to nomadic, hunting-gathering lifestyles? Explain
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?

Why did Shell make such a costly blunder?

Shell had science on its side, but it did not understand that Greenpeace was focusing on values. You don't throw your old car in the lake when you get rid of it, so why throw an oil platform in the ocean? The lesson was for corporations, especially multi-nationals, to understand NGOs, and to work with them. But, many managers then argue, what right do the unelected and unaccountable organizations have to tell companies what to do. What is the fallacy in this?

July 6) Acting on Your Personal Values

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: Beyond Selfishness by Henry Mintzberg, Robert Simons and Kunal Basu, available on-line at www.henrymintzberg.com

Judy Wicks, Case Study by David Bollier, published by the Business Enterprise Trust, 1996.

Ishmael, pp 151 – end.

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.*
2. *Acting in favour of a client out of friendship.*
3. *Acting in favour of a client for a bribe.*
4. *Recruiting/promoting staff on the basis of family ties or friendship.*
5. *Accepting corporate hospitality.*
6. *Discriminating against staff on the basis of age, color, religion, gender etc.*
7. *Presenting misleading information.*
8. *Manipulating performance indicators to reach targets.*
9. *Give out personal or organizational information to others.*
10. *Criticizing your organization to others.*
11. *Condoning false or misleading advertising by our organization.*
12. *Abusing expense accounts.*
13. *Blaming subordinates for mistakes.*
14. *Using office equipment for personal use*
15. *Minimizing the achievements of colleagues*
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.*
2. *Ask staff to carry out a task they disagreed with.*
3. *Cover-up for colleagues.*
4. *Carryout something against the law.*
5. *Accept corporate hospitality.*
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 cost*

July 8) Projects due by 5:30 pm.