

ETHICS, VALUES AND SUSTAINABILITY

Course Syllabus, Spring 2005

GEN BUS 711
Room 2165

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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 seminar 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. 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 responsibility, 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 also 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 the seminar, I will bring in senior executives 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 seminar 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 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.

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 seminar 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.

Each of you will be responsible for leading one day's discussions during the seminar. As the discussion leader, you should be prepared with material that allows the class to delve into the meaty stuff in the readings. You can supplement the readings with experiences from your life, or with additional material that you find. However, you can not assign any additional reading material. You may find videos, web material, or other resources to share with the class.

This seminar 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.*

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 seminar 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:

Profits with Principles: Seven Strategies for Delivering Value with Values, by Ira Jackson and Jane Nelson (Currency/Doubleday, 2004) \$27.50

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

January 19) 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.

January 24) 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, preface - 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	Harmony in Relationships/Cooperation
Adventure/Exploration	Health/Wellness/Fitness
Authenticity/Integrity	Honesty/Truthfulness
Beauty/Aesthetics	Hopefulness/Optimism
Charitable/Giving	Influence/Leadership
Commitment/Trustworthiness	Intimacy and Mutuality/Friendships
Community/Support	Job/Career
Competency/Expertise	Justice/Fairness
Competition/Rivalry	Lifelong Learning/Knowledge and wisdom
Courageous/Bravery	Loyalty/Allegiance
Creativity/Self-expression	Purpose/Meaning in life roles
Earth/Nature	Personal Autonomy/Independence
Emotional Well-being/Self-esteem	Personal Growth/Self-awareness
Empathy/Compassion	Prestige/Recognition
Enjoyment/Pleasure	Respectfulness/Appreciation
Ethical/Values Driven	Responsibility/Responsiveness
Family/Extended family	Humility/modestness
Financial Security/Money	Tolerance/patience
Gracious/Kind	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”

January 26) 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.

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

January 31 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)

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.

February 2) 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: The Synergy Myth, ch. 13 “Mother Earth and Other business Blather”, by Harold Geneen (1997)

Ethics for the New Millennium, pp. 145 - end.

February 7) 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.

Guest Lecturer: John Carter, Esq., Milwaukee County Ethics Board

Readings: Ethics: Good for Goodness' Sake by Jeffrey Seglin, CFO Magazine, October, 2002 (published

on-line at <http://www.cfo.com/printarticle/0,5317,7767|M,00.html>.

The Analyst's Dilemma (A) & (B), Harvard Business School 9-394-056, Oct 8, 1993.

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. | 8 Treat equal clients unequally. |
| 2 Ask staff to carry out a task they disagreed with. | 9 Misrepresent performance. |
| 3 Cover-up for colleagues. | 10 Treat colleagues unfairly. |
| 4 Carryout something against the law. | 11 Get involved in the running of the organization. |
| 5 Accept corporate hospitality. | 12 Look beyond the 'bottom line'. |
| 6 'Massage' statistics. | 13 Put their private lives first. |
| 7 Take unnecessary short-cuts. | 14 Meet targets at all costs. |

February 9) The Return on Responsibility: What Value In Treating People Right?

Every year the list of 100 best companies to work for is published. A remarkably high number of those companies are well-known companies that have performed (financially) well over the years. Is there a relationship between running a strong, company where values are important and business success. Several examples seem to indicate that there is.

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.

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

Ismael, pp. 1 - 63

February 14) 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. Rita Hayen will talk about the perspective on one multi-national on this question.

Guest Lecturer: Rita Hayen, Manager, Environmental Projects, ATC

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

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.)

Ishmael, pp, 67 - 148

February 16) 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).

Ishmael, pp. 149 – 207.

February 21) Questioning the Status Quo in Corporate Interests

You've heard about why business reacts the way that it does. Kelly questions the system. Though she may be a bit wild in her claims, there is still lots to think about here.

Readings: The Divine Right of Capital, by Marjorie Kelly, selected excerpts, 2001.

Which Hat Must the Engineer Wear?: The Challenger Case

Critical Flaws in Shuttles Loom as Potential Disaster, by Kevin Spear and Lim Leausner, Orlando Sentinel, Aug 17, 2003.

Ishmael, pp. 211 - end.

February 23) Spiritual Capital and Ways of Rethinking the Role of Business in Society

Earlier in class, we talked about Capitalism rewarding shareholders rather than employers. 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: Excerpts from Spiritual Capital, by Danah Zohar and Ian Marshall

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).

February 28) 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?

March 2) View selected parts of The Corporation

Discussion Leaders Will Be Needed for the Following Dates:

Jan 31 st	Nike
Feb 7 th	Questioning the Status Quo
Feb 9 th	The Return on Responsibility
Feb 16 th	The Importance of Values
Feb 21 st	Understanding Ourselves
Feb 23 rd	Spiritual Capital
Feb 28 th	Acting on Our Personal Values