



## Business Ethics & Corporate Social Responsibility

Course # 1238.2415.01

Module 2 – January 2012

**Lecturer:** Prof. Theodore Panayotou  
**Course Time:** Class will take place on two Fridays and two Sunday from 8:30-13:30  
 Jan. 20<sup>th</sup> (room 404) Jan. 22<sup>nd</sup> (room 304)  
 Jan. 27<sup>th</sup> (room 404) Jan. 29<sup>th</sup> (room 405)  
**Office Hours:** By Appointment **Office:** Recanati 31  
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### Objectives:

The objectives of this course are:

- To sensitize the students to the ethical dimensions of business and to train them to identify ethical dilemmas, analyze them systematically and resolve them based on ethical principles and moral theory.
- To examine the ethical dimensions of business from different perspectives (American/British, European/Japanese, etc) and to introduce tools of ethical analysis of management decisions involving difficult choices between right and right and wrong and wrong.
- To convey the importance and functionality of core values, codes of conduct and a culture of ethical behavior as powerful management tools in the workplace and sources of trust and reputation in the marketplace
- To differentiate between responsive and strategic CSR in terms of shareholder and social value, competitive advantage and sustainability.
- To help participants evaluate the CSR standards of their own companies, identify CSR initiatives and convey competencies for their effective implementation and evaluation.

### Learning Outcomes:

The students completing the course should be able to readily identify ethical dilemmas in business, analyze them based on ethical principles, and resolve them in a defensible direction or vigorously evaluate the “morality” of others’ decisions, again based on alternative moral theories. They will also be able to understand and implement CSR as both as an ethical obligation to society and as an opportunity for business thereby creating value for both. More specifically the participants of the course are expected to learn:

- • How to respond to society's changing ethical values and rising expectations for business to be more transparent, accountable and socially responsible.
- How to identify, diagnose, analyze and resolve ethical dilemmas that managers are confronted with.
- How to identify and resolve conflicts of interest before they damage the organization.
- How to anticipate and pre-empt emerging threats to the image and reputation of the company.
- How to use core values and codes of conduct as a management tools to maintain employee motivation and customer loyalty.
- How to gain competitive advantage and goodwill by building trust and reputation for ethical behavior
- How to reconcile an aggressive business strategy for value creation and growth with the company's corporate social responsibility
- How to strategically select CSR initiatives and how to implement them as to create shared value for business and society.

### **Course Materials**

There will be readings provided for the class. Also the readings for the classes may change so make sure you check the class website before class.

### **Electronic Access to Course Materials**

The course website at Virtual Tau: <http://virtual.tau.ac.il>

### **Course Requirements**

- Class participation (including written class quiz) : 20%
- Take-home assignment (research) : 40%
- In-class examination : 40%

### **Class Attendance**

There are only 4 sessions. Attendance is mandatory. Lack of attendance will result in grade loss 1% for the first class missed 2% for the second class missed (making it 3%) and so on. Given the nature of the course, it is suggested that students not only attend all sessions but also actively participate in class discussions for maximum course benefit.

**For the final exam all the material covered in the readings, in class and in your peers' presentation and work will be included.**

**I look forward to meet all of you.**

## **COURSE OUTLINE, READINGS AND ASSIGNMENT**

<b>SESSION 1</b> January 20, 2012 Friday	<b>INTRODUCTION TO BUSINESS ETHICS AND CORPORATE            SOCIAL RESPONSIBILITY</b>
<b>Lecture Topic</b>	<ol style="list-style-type: none"> <li><b>1. Introduction</b> <ul style="list-style-type: none"> <li>• Course overview and learning outcomes</li> <li>• Everyday ethical dilemmas</li> </ul> </li> <li><b>2. Why be ethical</b> <ul style="list-style-type: none"> <li>• Who cares? Who bothers?</li> <li>• The “amoral” majority</li> <li>• Unconscious biases</li> <li>• Trust as skill and asset</li> </ul> </li> <li><b>3. Business ethics</b> <ul style="list-style-type: none"> <li>• Definitions</li> <li>• The case for and against ethics in business</li> <li>• Why the law cannot do it</li> <li>• Do business ethics make economic sense? The invisible hand and market failures</li> </ul> </li> <li><b>4. Common ethical dilemmas in business</b> <ul style="list-style-type: none"> <li>• Human resource issues</li> <li>• Conflict of interest issues</li> <li>• Customer confidence issues</li> <li>• Use of corporate resources</li> <li>• Blowing the whistle</li> </ul> </li> </ol>
<b>Readings</b>	<ol style="list-style-type: none"> <li>1. Randy Cohen “The Good, the Bad &amp; the Difference: How to Tell the Right From Wrong in Everyday Situations” Broadway (March 25, 2003) -Selected Dilemmas provided by the Instructor</li> <li>2. Banaji M R et al “<i>How (Un)Ethical Are you?</i>” HBR Trevino L K and K A Nelson “<i>Managing Business Ethics</i>”, chapters</li> <li>3. Friedman M “<i>The Social Responsibility of Business is to Increase Profits</i>” The New York Times Magazine, September 13, 1970. Christopher D. Stone, "Why the Law Can't Do It," in Tom L. Beauchamp and Norman E. Bowie, eds., <i>Ethical Theory and Business</i> 3rd ed. (Englewood Cliffs: Prentice-Hall,1988), pp.162-6.</li> <li>4. Trevino L K and K A Nelson “<i>Managing Business Ethics</i>”, Chapter 3</li> </ol> <p><b>Video:</b> “The Ethics Guy” on ABC News and “A.C.T. with Integrity”</p>
<b>Assignment</b>	No assignment for Session One. For Session Two prepare resolution of everyday and workplace dilemmas to be assigned in class.

<b>SESSION 2</b> January 22, 2012 Sunday	<b>ETHICAL THEORIES AND ETHICAL          DILEMMA RESOLUTION</b>
<b>Lecture Topic</b>	<b>5. Ethical theories</b> <ul style="list-style-type: none"> <li>• Consequentialist or teleological theories (ethical egoism and utilitarianism)</li> <li>• Non-consequentialist or deontological theories (normative ethical relativism, golden rule and Kantianism)</li> <li>• Virtue ethics and defining moments</li> <li>• Rawlsian Theory of Justice</li> <li>• Stakeholder theory of management</li> </ul> <b>6. Ethical decision making</b> <ul style="list-style-type: none"> <li>○ Eight steps to resolving ethical dilemmas and conflicts</li> <li>○ Applications to             <ul style="list-style-type: none"> <li>-Ethical dilemmas of managers</li> <li>-Ethical dilemmas of organizations</li> </ul> </li> </ul>
<b>Readings</b>	Trevino L K and K A Nelson “ <i>Managing Business Ethics</i> ”, Chapter 4
<b>Assignment</b>	Prepare “systematic” resolution of workplace and market place dilemmas to be assigned in class employing ethical theory and the 8 steps.

<b>SESSION 3</b> January 27, 2012 Friday	<b>BUSINESS ETHICS APPLICATIONS,          CORE VALUES &amp; CODES OF CONDUCT</b>
<b>Lecture Topic</b>	<b>7. Functional area &amp; global business applications</b>  <b>8. Core values and codes of conduct as management and branding tools</b> <ul style="list-style-type: none"> <li>• Asymmetry of information and adverse selection</li> <li>• Principal-agent problems and imperfect contracts</li> <li>• The market value of trust and reputation</li> <li>• Codes of ethics as market failure correction</li> </ul>
<b>Readings</b>	7. Trevino L K and K A Nelson “ <i>Managing Business Ethics</i> ”, chapters 11  8. Wood G and M Rimmer “ <i>Codes of Ethics: What Are They Really and What Should They Be?</i> ” <a href="#">International Journal of Value-Based Management</a> , Volume 16, Number 2, May 2003 , pp. 181-195(15), <a href="#">Springer</a> <b>Video &amp; Audio:</b> “Bigger than Enron” PBS Johnson & Johnson Core Values from J.Collins and Porras <a href="#">Built to Last</a>

	(Chapter 6 of Audio)
<b>Assignment</b>	Be prepared to talk about the reading. Cases to be assigned in class.

<b>SESSION 4</b> January 28, 2012 Sunday	<b>DOES IT PAY TO BE ETHICAL?</b> <b>CORPORATE SOCIAL RESPONSIBILITY</b>
<b>Lecture Topic</b>	<p><b>9. Corporate social responsibility</b></p> <ul style="list-style-type: none"> <li>• CSR as an ethical responsibility of business towards society</li> <li>• Responsive vs. strategic CSR</li> <li>• Choosing the right CSR initiatives to create shared social and business value</li> <li>• Implementing, evaluating and scaling up CSR to maximize shared value.</li> </ul> <p><b>10. Does it pay to be ethical and socially responsible?</b></p> <ul style="list-style-type: none"> <li>• The time horizon: short term vs. long term</li> <li>• Empirical evidence</li> </ul>
<b>Readings</b>	<p>9. Porter M “<i>Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility</i>” HBR</p> <p>Bhattacharya C B “<i>Doing Better and Doing Good: When, Why and How Consumers Respond to Corporate Social Initiatives</i>” California Management Review, 2004</p> <p>PWC et al “<i>Surveys Find Many Consumers Hold Companies Responsible for their Actions</i>”.</p> <p>Waddock S &amp; Smith N “Corporate Responsibility Audit: Doing Well and Doing Good Sloan Management Review, Winter 2000</p> <p>10. Megan Barry et. al. , Quantfying Corporate Responsibility <a href="#"><u>International Society of Business, Economics and Ethics</u></a></p> <p>Sheila Bonini, Timothy M. Koller, and Philip H. Mirvis <i>Valuing social responsibility programs. Do they create financial value?</i> Corporate Finance Practice, July 2009</p> <p>T. Dean Maines, How Do You Measure Ethics? Self-Assessment and Improvement Process brings a quantitative approach to an (allegedly) qualitative subject</p> <p>The Quantitative Revolution and the Crisis: How Financial Models Been Used and Misused? A Research Symposium, Columbia Business School, December 2009</p>

	<b>Video:</b> “ Corporate Social Responsibility: from principles to profit” BBC
<b>Assignment</b>	Be prepared to talk about the reading.