

# Ethical Decision Making in the Real World

KHC HF 101 A1

FALL 2013

Monday & Friday: 3:30 – 5:00

KHC 107

**Professor Nicholas Washienko**

**BOSTON UNIVERSITY SCHOOL OF HOSPITALITY**

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## OFFICE HOURS

Mon 2:00 – 3:30

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## Course Description

*The last temptation is the greatest treason,  
To do the right deed but for the wrong reason.*

-- 'A Man for All Seasons' --

This course focuses on the ethical decision making process in organizations. It assumes that you come to the Honors College with a personal set of values already in place and that these values inform the ethical choices you make. The goal is to expand the horizons of your thinking into the more complex world of organizational decision making. We will examine (1) the factors that have influenced the development of your own values; (2) how decision making is affected by legal, social, psychological and cultural forces; and (3) how new economic, managerial, and intellectual forces impact public policy discussions today.

The course has three separate sections:

The first section establishes the base line. It discusses the three moral theories of ethical decision making and the fundamentals of moral reasoning. We then study the stages of moral development, contrasting Kohlberg's more 'logical' approach with Gilligan's more 'care' oriented approach. And finally we introduce the business specific perspective to our discussions by contrasting Friedman's 'shareholder' theory with Badaracco's 'stakeholder' theory.

The second section shifts the focus to the personal, social, cultural, and psychological factors affecting personal decision making. The goal is not only to help us understand our own values (their origin and how they influence our decisions) but also, to appreciate how social, political, cultural and financial considerations impact how we decide.

Finally, the third section looks to the future of moral decision making through the prism of the present day trends. This section looks to modern ways of moral reasoning, the ascendancy of women to positions of power, and the ever increasing economic divide in America. The idea in this section is to apply what we have learned in the first two sections to modern problems yet to be resolved. I would expect students to play a key role in identifying these issues.

The assigned readings address the issues of these three sections. They provide the backbone of the course's content. But I want students to play an active role in presenting issues, topics, movements and social phenomena that they think timely and pertinent. These may range from issues of the rights of gay couples to the impact of social media on our core moral values to the impact of the environmental movement. Think of it as jazz. The readings provide an underlying base for the music, but there is plenty of room for improvisation. So we will adapt the course material to react to class discussions.

This course is extremely interactive. The readings will guide the lecture and discussion. But there will be liberal use of case studies/hypotheticals. In addition to written assignments, you will be required to debate hypotheticals/business cases in class.

### **Course Objective**

Overall the goal is to help develop a systematic and comprehensive framework for ethical decision making not only in our personal lives but also in the more complex world of organizations.

### **Required Texts**

The materials for this class will be available on BlackBoard. We typically will not read a full monograph; rather selected sections from the following books/articles will be assigned.. Where possible, I have attempted to assign readings from the original authors. But where more practical I have assigned survey articles.

Badarocco, Joseph      Business Ethics: The Four Spheres of Executive Responsibility  
California Management Review . Spring 1992. Pp. 64-78

Crain, W.C.	Theories of Development Prentice-Hall pp.118-136
Dubus, Andre	A Father's Story Abctheology.pbworks.com/f/FathersStory
Freud, Sigmund.	Civilization and Its Discontents. Lightoftheimagination.com/Freud-Civil-Disc
Friedman, Milton	The Social Responsibility of Business Is To Increase Profits The New York Times. September 13, 1970
Gilligan, Carol	In a Different Voice Harvard University Press. 1982. pp. 7-63
Holmes, Oliver W.	The Common Law
Jackall, Robert	Moral Mazes
Keirsey, David	Please Understand Me
Kohlberg, Lawrence	Theory of Moral Development
Milgram, Stanley	Some Conditions of Obedience and Disobedience to Authority Human Relations, Vol. 18, No. 1 (1965). pp 57-75
Murray, Charles A.	Coming Apart
Pascale, Richard	The Paradox of Corporate Culture <a href="https://gsbapps.stanford.edu/researchpapers/library/RP738">https://gsbapps.stanford.edu/researchpapers/library/RP738</a>
Rawls, John	A Theory of Justice
Rosener, J.B.	Ways Women Lead
Sandel, Michael	What Money Can't Buy
Schein, V.	Would Women Lead differently
Schelling, Thomas	Ethics, Law, and the Exercise of Self-Command
Velasquez, Manuel	Business Ethics

Course materials also include Supreme Court decisions related to workers' and consumers' rights. The cases demonstrate an ever evolving set of values that inform the Court's decisions. In addition there will be discussions of 'professor provided' hypotheticals or HBS business cases. These materials will be provided by Professor Washienko.

### **Attendance**

Attendance in class is required.

### **Academic Dishonesty**

Please be advised that your academic conduct is governed by the Boston University Code of Academic Conduct. It is assumed that every student taking courses at Boston University is familiar with the Code and its requirements. Please see the following site to review the Code:

<http://www.bu.edu/academics/resources/academic-conduct-code/>

### **Grading**

Class Participation/Written Assignments	= 25%
Mid-Term Exam	= 25%
Final Exam	= 25%
Class Presentation	= 25%

In many classes students will be assigned to discuss different sides of a case/study hypothetical. Some of these hypotheticals may be 'instructor' generated and others may be 'student generated'. The intent of the hypotheticals is to make both the professor and the students grapple with the complexities of real life situations. These hypotheticals are not only great learning tools, they also guarantee an interactive and engaging classroom environment.

A word about the class project is in order. The class project has two components: an oral presentation in class and a twelve page written report. The class project gives students the opportunity to select a topic/ethical issue they would like to research in more detail. Typically (depending on enrollments) two or three students choose a particular topic/issue. They research that topic looking for information that presents both sides of the issue as fairly and objectively as they can. They can make a final decision about which side they find the most appropriate and ethical. But they can do this only after presenting both sides of the issue to the

class. In addition they must send out information about their topic to the class BEFORE their class presentation. This insures that the rest of the students can actively and intelligently participate in discussion.

Each student in the presenting group must then submit his/her own twelve page research paper. Note: this is not a single paper from the group; each student must write his/her own paper. Students can use all the information the group gathers, but each student writes his/her own paper.

**Grading Basis by Numerics:**

- A = 94 – 100
- A- = 90 - 93
- B+ = 87 – 89
- B = 84 – 86
- B- = 80 - 83
- C+ = 76 – 79
- C = 72 – 75
- C- = 69 – 71
- D = 66 - 68
- F = 65 or below



**Course Outline & Readings**

**Week of September 2**

**Moral Theories: Rights and Utility Arguments**

In the first week of class we'll discuss the 'rights' argument and the 'utility' argument. Individuals typically use one of these positions to support their decision, so it is essential to understand these arguments well. In addition we'll examine the process of sound moral reasoning.

Reading: Business Ethics pp. 13-19, 30-49, 73-117  
Case for Discussion: 'The Tennis Match'

## **Week of September 9**

### **John Rawls and the Veil of Ignorance**

We discuss the third moral theory, the fairness argument, specifically on John Rawl's interesting treatment of this theory. We'll discuss another hypothetical case. This case may well put some of your more instinctive value judgments to the test. It will also reinforce the importance that social pressure plays in actual decision making (a theme we will revisit later in the semester).

Reading: A Theory of Justice  
Case for discussion: 'The Prince from any Country'

## **Week of September 16**

### **Kohlberg's Theory of Moral Development**

In the first two classes we saw how people developed their arguments and the theories they used to defend their positions. It might be assumed that somehow we are born with an innate ability to make mature moral decisions. But moral development is much like intellectual development. Just as intellectual ability matures over time, so also does moral thinking develop over time. This week we read Lawrence Kohlberg's theory of moral development.

Crain, W.C. Kohlberg's Stages of Moral Development pp. 1-19  
HBS Case: Nestle Formula

## **Week of September 23**

### **Carol Gilligan and a Different Perspective**

Not everyone agrees with Kohlberg's theory. Carol Gilligan suggests that Kohlberg's theory reflects a 'male dominated' view of moral decision making that unfairly denigrates a more 'female oriented' approach. This is quite interesting and raises the issue of whether men and women approach moral decision making from different perspectives. Is this true? Is it the result of 'nature or nurture'? Is there value to society to introduce a more 'feminine' perspective into the C-suite?

Gilligan, Carol In a Different Voice pp. 7-63

Assignment: Write a five page paper explaining the difference between Kohlberg's and Gilligan's point of view.

### **Week of September 30**

#### **Milton Friedman and the Shareholder Theory of Business**

So far we have focused on decisions we make as private individuals. In this regard we answer only to ourselves and to our values. But when you work for a company, you take on added responsibilities. You have obligations not only to yourself, you have both legal and moral obligations to your company. It is easy to see where difficulties may arise. For instance, what is your obligation when your duty to your company clashes with your own personal sense of right/wrong? How do you resolve those conflicts? Business decisions often include multiple variables, many of which are difficult to quantify. In this class we'll spend time exploring the proper role of business in society. We'll read Milton Friedman's classical defense of capitalism.

Friedman, Milton      The Social Responsibility of Business is to Increase Its Profits  
Speakers:              Guest speakers from 'big pharma' and a consumer advocacy group

### **Week of October 7**

#### **Joseph Badarocco and the Stakeholder Theory of Buiness**

In this class we examine a different and relatively contemporary view of the role of business – the stakeholder theory. Joseph Badarocco has written a clear and concise description of this theory. Our goal is not to make an 'either-or' choice, but rather to see the pluses and minuses of each approach. Much of contemporary political and public policy discourse is focused on the proper balance of these approaches.

Badarocco, Joseph      Business Ethics: Four Spheres of Executive Responsibility  
Assignment:              Class divides into smaller groups to prepare to support the shareholder  
v. stakeholder points of view based on the Harvard Business School  
case:  
'Fertilizer Exports'

### **Week of October 14**

## **How Morality Impacts Law and Vice Versa**

One of the common criticisms of 'big business' is that it cannot police itself and will act amorally with negative consequences. When this occurs it falls to the government to establish the principles and the rights of other stakeholders against the power of big business. In so doing the state establishes minimum standards of conduct for business. In this class we'll examine the relationship of law and morality by studying the evolution of Supreme Court decisions over time as they relate to workers, consumers and owners.

Oliver Wendell Holmes      The Common Law  
Supreme Court Decisions:   Plessy v Ferguson      and   Griggs v Duke Power

## **The Supreme Court and the Relationship of Law to Morality**

We continue our study of the evolution of the legal response to workers' rights over time. But this class has the students 'argue' the relative merits of a contemporary workers' issue. This issue is selected from a variety of issues, e.g. reverse discrimination, privacy, gay rights, safety rights, environmental concerns, social media and privacy.

## **Week of October 21**

### **How Your Personality Contributes to Your Decisions**

At this point in the semester we move from 'where we are as a society' to 'where we want to go'. But first we have to understand what our personal preferences and values bring to these discussions. It is important, as the Greeks said, to 'know thyself', that is, to understand your personal values and how they may help and/or hinder the reasonableness of your decision making in complex situations. To do this we will look at the Myers-Briggs Type Indicator which will provide significant insight into our preferences and help us to understand how those preferences may make us susceptible to social pressures.

Myers-Briggs Type Indicator  
Psychology Consulting Press      Understanding Type  
Assignment      Please Understand Me

## **Week of October 28**

### **Mid-Term Exam**



## **Week of November 4**

### **The Socialization Process in Business**

Most businesses are not democracies; they are hierarchical in structure. Someone is the CEO/President; others report to the CEO. In many ways the CEO determines the fate of the people who work for him/her. That gives the CEO significant leverage over employees. This leverage can turn into pressure to follow the decisions of the CEO even when employees disagree with the CEO's decisions. The pressure to obey authority can be very strong – far stronger than most people recognize or are willing to admit. We'll examine in some detail how business 'socializes' employees.

Freud, Sigmund                      Civilization and Its Discontents  
Pascale, Richard                  Paradox of Corporate Culture

## **Week of November 11**

### **Milgram's Study on Obedience to Authority**

In this class we'll watch a very disturbing video - Stanley Milgram's seminal work on 'Obedience to Authority'. If you have not seen this video, I can assure you that you will find it a harrowing experience. We'll want to examine exactly what this experiment tells us about human nature.

Milgram, Stanley                  Study on Obedience to Authority

## **Week of November 18**

### **Quiet Rage: Even the 70's Disappoint**

Most young people react somewhat incredulously to the Milgram study. The second video, 'Quiet Rage', paints a different, and yet while slightly less chilling, a no less disturbing picture of human nature. It is important to come to terms with the possibilities that these videos show. They may paint a somewhat dark picture, but it is a picture well worth exploring, not so much to dwell on the darkness itself, but rather to highlight just how susceptible we are to outside pressures.

Video: Silent Rage

Assignment: Write a five page paper discussing your conclusions after watching the videos and answer the question whether that same behavior would take place now.

**The last four to five classes are set aside for group projects and presentations. Students form groups of two or three, research a topic they select (with Professor approval), deliver the presentation to the class, and finally submit an individual twelve page paper.**

**Week of November 25**

**Facing Moral Challenges in the Future: A Different America: Rich and Poor**

Murray, Charles A.    Coming Apart  
Class Project Report

**Week of December 2**

**Facing Moral Challenges in the Future: Different Ways of Thinking**

Schelling, Thomas    Ethics, Law, and the Exercise of Self-Command  
Class Project Report

**Facing Moral Challenges in the Future: Different Ways of Managing**

Schein, V    Would Women Lead differently  
Rosener, J.B.    Ways Women Lead  
Class Project Report

**Week of December 9**

**Facing Moral Challenges in the Future: Different Social Values**

Sandel, Michael    What Money Can't Buy  
Final Review and Comments