



**QUINLAN**  
SCHOOL of BUSINESS

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**MGMT 341 – Business Ethics 102/103**  
**Winter 2018**

**Instructor:** Prof. Abraham Singer  
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**Office Location:** Schreiber 514  
**Office Hours:** Wednesday 1:30-3:30PM or by appointment

**Course Overview:**

There is a common joke that “business ethics” is an oxymoron, a contradiction in terms. The underlying thought is that “business” is fundamentally amoral, if not immoral; any attempts to consider what ethics or morality demands of business are naïve and wrongheaded.

If nothing else, the purpose of this course is to keep you from repeating that annoying joke.

The contention of this class is that all business practices have deep ethical assumptions, which are rooted in the moral presuppositions of our social institutions. The question is not whether or not business has ethical underpinnings and requirements; instead we are interested in what the best way is to understand these ethical ideas. We will explore various scholarly responses to this question.

**Course Objectives and Learning Outcomes**

- Sharpen analytical thinking
- Learn basic issues and theory in business ethics
- Practice critical thinking
- Confront difficult moral questions about the good life, ethical ideals, conflicts between self-interest and morality, and justice
- Reflect on personal values and their relationship to our social practices

**Required Materials**

- All course materials will be available through Sakai

**Course Requirements and Grading Criteria**

|                                     |            |
|-------------------------------------|------------|
| Class Participation and Attendance  | 10%        |
| Group Project: Business Plan / CSR  | 10%        |
| Group Project: Governance Structure | 10%        |
| Group Project: Ethical Dilemma      | 10%        |
| First Take-Home Test                | 15%        |
| Second Take-Home Test               | 15%        |
| Final Exam                          | <u>30%</u> |

## 100%

- There are four modes of evaluation: attendance, take home tests, the group project, and a final exam
- The two home tests will correspond to a third of the course material, given over the weekends after weeks 5 and 10. They will be timed, and consist of multiple choice questions and perhaps some short answer questions.
- A large percentage of your grade will be based on “The Business Project,” a series of group projects **explained at length at the end of this syllabus**, including instructions and expectations. You will form groups of about 8-10 students. Your group will have three assignments throughout the semester. At the end of the semester I will conduct a peer evaluation amongst your group on individuals’ contributions to the team, which will be weighted into your individual grades for the group project.
- The final exam will be held during the final exam period, which will be cumulative, and which will test your comprehension of the material covered in readings and in lecture throughout the semester.
- Your classroom attendance and participation will also contribute to your final grade
- There will be no extra credit assignments.
- Except in *documented* extraordinary circumstances (e.g. medical emergency), late work will not be accepted.

The following grading scale will be used

- o A 100-93%
- o A- 92-90
- o B+ 89-87
- o B 86-83
- o B- 82-80
- o C+ 79-77
- o C 76-73
- o C- 72-70
- o D+ 69-67
- o D 66-60
- o F 59 and below

### Attendance

Class attendance is mandatory and essential to the value of the learning experience. Students are expected to attend all class sessions in order to pass the course. Missing more than 20% of scheduled classes severely jeopardizes the student’s ability to pass the course.

For that reason, regular attendance and participation is required. To facilitate this objective, students are **strongly discouraged** from using electronic devices during class and expected to come to each class prepared to discuss the readings intelligently. Things happen, and I won’t take it personally if you do not or cannot make it to class. However, except in the case of extraordinary circumstance, I have a policy of not meeting with students to go over material covered in missed classes. Office hours are for going over questions you have about the material, not as a substitute for attending lecture. Please take down contact information of your classmates so that you can get notes for classes you miss.

### Make-Up Examinations/Assignments

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe

examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician's note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. Limited assistance in proctoring make-up exams may be available through a designated Quinlan administrative assistant. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.

### **Academic Integrity**

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood. Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of "F" for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>

Please note: **I take this seriously**; if you are, at any point, unsure of whether what you are thinking of doing would constitute plagiarism or some other compromise of academic integrity, please ask me directly.

## READING AND TOPIC SCHEDULE

You are expected to come to class having thoughtfully read the required readings for that day. By thoughtful I mean noting that something confuses you, or noting that something seems not to fit with previous readings or with recurring themes. These are difficult texts with many interpretations: a thoughtful and careful reader will generally come to class confused, unsure, and with questions. Please note that within a given week the days of discussion may bleed into one another, such that a lecture scheduled for Monday may go into Wednesday so forth. To facilitate this, you must have Monday's readings done by Monday's lecture and you should have the entire week's readings done by Wednesday.

**Please note: This class may occasionally deviate from the course outlined above. The instructor reserves the right to make changes as needed to the course syllabus, and will notify students in such cases.**

|  |   | Monday   | Wednesday   | Friday   |
|--|---|--|---|--|
| <b>Unit I. Efficiency, Markets, and Morality</b> |   |  |   |  |
| 1  | Week of January 15:   | MLK Day: No Class  | Course Introduction   | <i>Business Ethics: what is it?</i><br>-"Memo to Economists defending price gouging in a disaster: It's still wrong, morally and economically."<br>"Price-Gouging Laws –not Hurricanes –Empty Stores' Shelves" |
| 2  | Week of January 22:<br>Efficiency                               | <b>Cooperation</b><br>–John Rawls, <i>Theory of Justice</i> , pp. 3-4              | <b>Utilitarianism:</b><br>--Joseph Heath, "Defining Efficiency," 1.1, 1.2                                     | <b>Pareto Efficiency</b><br>"Defining Efficiency," 1.3, 1.4, 1.5, 1.6  |
| 3  | Week of January 29:<br>The case for "amoral" markets            | <b>Collective Action Problems.</b><br><br>Hobbes, Selections from <i>Leviathan</i> | <b>The Invisible Hand</b><br><br>–David Gauthier, "No Need for Morality: The Case of the Competitive Market," | -Listen to Planet Money, Episode 456, "Marijuana Arbitrage"<br><br>-Laurie Kilmartin, "Being a Female Comic in Louis CK's World."  |
| 4  | Week of February 5:<br><br>The Economic Justification of Ethics | <b>Multiple motivations</b><br>Amartya Sen, "Economist's Manifesto"                | <b>Market Failure</b><br>–Kenneth Arrow, "Social Responsibility and Economic Efficiency"                      |  |
| 5  | Week of February 12:<br><br>"Semiotic" Limits of Markets        | Elizabeth Anderson, "Is Women's Labor a commodity?"                                | Jason Brennan and Peter Jaworski, "Markets without Symbolic Limits."  | <b><u>Review for Test on Efficiency, Markets, and Ethics</u></b>   |
| <b>Unit II. Ethics within Firms</b>              |   |  |   |  |

|                                |  |   |  |   |
|--------------------------------|--|---|--|---|
| 6                              | Week of February 19:<br><br>What are firms?                | Karl Marx, <i>Capital Volume 1</i> , selections<br><br>–Ronald Coase, “The Nature of the Firm,” selection   | Abraham Singer, “Ronald Coase and the Difference between Markets and Firms,” 78-88   |   |
| 7                              | Week of February 26:<br><br>To Whom are Firms Responsible? | Milton Friedman, “The Social Responsibility of Business is to Increase its Profits.”  | Edward Freeman, “A Stakeholder Theory of the Modern Corporation                      | -Henry Hansmann, “Theory of Enterprise Ownership”   |
| 8                              | Week of March 5:<br><br>SPRING BREAK                       | <b>SPRING BREAK</b>   |  |   |
| 9                              | Week of March 12<br><br>Power and Problems within Firms    | -Robert Jackall, “Moral Mazes”  | Stanley Milgram, “The Perils of Obedience”<br><br>“Inside VW’s Campaign of Trickery” | <b><u>NO CLASS</u></b><br><br>Listen to <i>The Uncertain Hour</i> , S02-6: “Who’s Regulating Whom?” first 20 minutes. |
| 10                             | Week of March 19<br><br>Firms as Governments               | Elizabeth Anderson, <i>Private Government</i> , 37-61   | -Tom Malleson, “Making the Case for Workplace Democracy”                             | <b><u>Review for Test on Firms and Ethics</u></b>   |
| <b>Unit III. Social Issues</b> |  |   |  |   |
| 11                             | Week of March 26:<br><br>Inequality and Reparations        | -Malcolm X, “The Economic Philosophy of Black Nationalism” from “The Ballot or the Bullet”<br><br>-Dworkin, “Why Liberals Should Believe in Equality” | -Listen to: Planet Money, Episodes 766 & 767: Georgetown, Louisiana, Parts I & II    | <b>GOOD FRIDAY</b>  |
| 12                             | April 2:<br><br>Marketing                                  | <b>EASTER MONDAY</b>  | John Kenneth Galbraith, “The Dependence Effect.”                                     | Frederick Hayek, “The Non Sequitur of the Dependence Effect”  |
| 13                             | Week of April 9:<br><br>Sweatshops                         | Matt Zwolinski, “Sweatshops, Choice, and Exploitation”  | Michael Kates, “The Ethics of Sweatshops and the Limits of Choice”                   |   |
| 14                             | Week of April 16:<br><br>The Sharing Economy               | Juliet Schor, “Debating the Sharing Economy”  |  | <b><u>NO CLASS</u></b>  |
| 15                             | Week of April 23:<br><br>Student Presentations             | Student Presentations   | Student Presentations  | Student Presentations<br><b>Last Class</b>  |

#### FINAL EXAM

For Section 102: Monday April 30<sup>th</sup>, 9-11 AM

For Section 103: Monday April 30<sup>th</sup>, 1-3 PM

## The Business Project

The Business Project has several stages, each corresponding with a unit in our class. You are free to break down the tasks however you wish. You may all work on each assignment equally, or you may decide to break each assignment into smaller groups who will be the “leads” for that assignment. By default, I will assume that each member of the group contributed his or her fair share over the course of the semester. Accordingly, each member of the group will receive the same grade. (I expect, in other words, that you can solve intra-group problems—such as a group member trying to free-ride on others—without my intervention.)

### **Stage 1: Business Plan (10%) Due Friday February 23, 11:59 PM**

Your group will develop a new company, using the Business Model Canvas (available on Sakai) as your guide. Your business plan must include a statement of Corporate Social Responsibility (CSR), addressing the particular qualities of your company, and the particular ethical issues that might arise given what your company does.

The primary purpose of this assignment is to make sure your team is assembled, and that you have “created” a business that is creative, serious, and well thought-out enough to serve as the basis of your assignments throughout the semester. **Your company must be either national or international in scope.** You are not permitted, for example, to conceive of a company that caters exclusively to the local Loyola community.

This will all be presented to me in a Powerpoint “deck,” modelling one that you would use if you were giving a 10 minute pitch to a group of potential investors. If you wish, you may include a 1-2 page memo explaining parts of this presentation in greater detail.

Your assignment will be evaluated according to the following criteria:

#### **Business Model:**

- How well thought-out is it?
- How creative is it?
- How well did you consider what potential customers might want?
- Did you consider relevant financial issues?
- How familiar are you with relevant regulations? Are you prepared to comply with them?
- How familiar are you with the type of business you plan to open? How familiar are you with your competition?

#### **CSR Statement**

- How well thought-out is it?
- How creative is it?
- Did you foresee ethical issues that might arise for your particular business?
- How relevant is it to the kind of company your group runs?

## Stage 2: Governance Structure (10%) Due April 6, 11:59 PM

Your group will develop the relevant governance structure for your business. This involves three key steps. **First**, you must select and explain the kind of business you will be running. You may choose to organize your business as an LLC, a standard for-profit corporation, a cooperative corporation, or a non-profit corporation; the more important part is that you explain why you are assigning decision-making rights to some group of people and not others. This should be done with reference to Henry Hansmann's "Theory of Enterprise Ownership." **Second**, you should develop an organizational chart which specifies how the corporate structure you've chosen translates into the way your business will actually be run. **Third**, you should explain how you have used your ownership structure to institutionalize the most important features of your company. Are there things you have done to help assure that the business resists certain pressures in order to follow its CSR statement, for instance? Are there organizational/cultural maladies that you have attempted to mitigate? These should be included in your presentation.

These governance features will be presented in a PowerPoint "deck," modelling a 10 minute presentation you would give to a new upper-level employee. If you wish, you may include a 1-2 page memo explaining parts of this presentation in greater detail.

Your assignment will be evaluated according to the following criteria:

- How well does the structure of your business reflect an understanding of the ethical issues related to governance?
- How creative is it?
- How comprehensive is it?
- How well does its structure reflect the nature of your group's business and your CSR statement?
- Almost all firms will privilege some group of patrons over others. How well-considered is your privileging of some group over others? Does it seem arbitrary or does it feel thought out and justifiable?

## Stage 3: The Dilemma (10%) Due April 23, start of class

Your company will face a tailor-made dilemma, which I will devise and send to, forcing you to violate either your CSR or governance structure, or lose profitability. Your group must decide on a course of action to take in response.

Each group will present their dilemma, and their response to their dilemma, in 10-15 minute presentations to the class, and then respond to questions their classmates pose. These presentations will happen on the last week of class.

Your presentation will be evaluated according to the following criteria:

- How well did you assess the relevant ethical issues presented in the dilemma?
- How well did you consider the various possible responses to this dilemma?
- How well thought-out is your solution?
- How creative is your solution?
- How does your solution relate to your CSR statement?
- Does it accord with your governance structure?
- How effective is your solution likely to be?