

## BUSINESS ETHICS

### Description

Business ethics almost always hits the headlines in the wake of scandals, but hardly ever when entrepreneurs and managers do good deeds. These are often met with a scepticism difficult to eradicate for, given the profit motive, such stories are just "too good to be true". Why so? After a short introduction to the origins and development of business ethics, this course will present a more constructive approach based on the notion of "moral capital" or virtue. We shall also explain how the firm, through the proper ethical perspective, could actually be a potent force toward attaining the common good of society.

### Objectives

- To understand business ethics as part of ethics and to see how it relates to economics and politics in the search for human flourishing.
- To familiarize oneself with the theory and practice of managing ethics in organizations.
- To read and make a critique of texts on Business Ethics.
- To develop expository and argumentation skills, both orally and in writing.
- To develop active listening skills

### Content

A. Introduction. Business ethics: State of the art.

1. Ethics and the market.

2. History of business ethics. Shareholder Theory. Corporate Social Responsibility (CSR). Stakeholder Theory.

3. Opportunities and challenges. Globalization. Markets and the State. Managing ethics in organizations.

B. Developing moral capital (from "The Moral Capital of Leaders. Why Virtue Matters" by Alejo José G. Sison).

1. Understanding labor. From manpower to social capital. Capitalizing labor. Socializing capital. Case: 9-11 from an airport screener's viewpoint

2. Moral capital and leadership. Virtue as moral capital. Leadership: character or charisma? Case: Enron. Pride comes before the fall.

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3. Actions, moral capital's basic currency. Constructing Harry. Cases: The Ford–Firestone finger-pointing exercise. My brother's keeper: Howard Lutnick of Cantor Fitzgerald.
  4. Habits, moral capital's compound interest. Habits: higher, faster stronger. Working capital. Cases: Microsoft's mantra –extend, embrace and extinguish
  5. Character, moral capital's investment bond. The legacy of character. Case: The parting of the HP way.
  6. Lifestyles and moral capital estates. Lifestyle choice and moral capital estate planning. Cases: Andersen: no fairy tale ending. Neutralizing "Neutron Jack".
- C. The nature of the firm, corporate governance and the common good (selected chapters from "Corporate Governance and Ethics. An Aristotelian Perspective" by Alejo José G. Sison)
1. Business "common sense". Gaining ground toward a new theory of the firm. Case: Tasubinsa.
  2. Corporate governance and the common good. Case: IDOM Engineering Consultancy.

## Evaluation

The final exam accounts for 50% of the grade, attendance and participation in class discussions, 30%, the oral presentation, 10% and the two written papers, another 10%. Students who are unable to attend class regularly for whatever reason are required to inform the professor **before the end of the second week of the term**. An alternative plan of studies may be applied to them.

## References

- Achbar, Mark and Abbott, Jennifer (directors). The Corporation (dvd). 2004 (<http://www.thecorporation.com>).
- Leonard, Annie. The story of stuff (film). 2009 (<http://www.storyofstuff.com>). For purposes of contrast, please also view Story of stuff. The critique (<http://www.youtube.com/watch?v=c5uJgG05xJY>).
- Sison, Alejo José G. "Integrated Risk Management and Global Business Ethics", Business Ethics: A European Review (Oxford: Blackwell Publishers), 9 (4), October 2000, 288-295.
- Sison, Alejo José G. The Moral Capital of Leaders. Why Virtue Matters, Cheltenham, UK/Northampton, MA, USA, Edward Elgar, 2003.

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Sison, Alejo José G. Corporate Governance and Ethics. An Aristotelian Perspective, Cheltenham, UK/Northampton, MA, USA, Edward Elgar, 2008.

Sison, Alejo José G. and Fontrodona, Joan. "The Common Good of the Firm in the Aristotelian-Thomistic Tradition", 1st IESE Conference, "Humanizing the Firm & Management Profession", Barcelona, IESE Business School, June 30-July 2, 2008. ([http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1295194](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1295194))