



## Sofaer Global MBA

### 1238.2415.01 – Business Ethics

#### Module 4 – 2020/21

#### Course Section Details

Day	Hour	Lecturer	Email	Telephone	Office
Tuesday	12:45-15:30	Dr. Julia Shamir	juliashamir@gmail.com	050-5369666	428

Teaching Assistant (TA): Nimrod Sasson - [sassoon@mail.tau.ac.il](mailto:sassoon@mail.tau.ac.il)

Office Hours: By appointment

#### Course Units

Course Units: 1 cu

4 ECTS (European Credit Transfer and Accumulation System) = 1 course unit

By making higher education comparable across Europe, ECTS makes teaching and learning in higher education more transparent and facilitates the recognition of all studies.

#### Course Description

In the past decades, technology has profoundly transformed every aspect of our lives: from our consumption habits to our work practices, from how we communicate, to how we fight wars. The pressure to stay ahead by innovating is immense. But there is a price: the ever-accelerating pace of innovation opens up a plethora of utterly new and unfamiliar ethical quandaries. Issues like data mining, invasion to privacy, data theft and workplace monitoring are just the tip of the iceberg. Not solely are we often inapt in detecting and resolving the ethical issues that have surfaced so far; the real issue is how to foresee and manage the ethical challenges ingrained in the technologies that no one has thought about yet.

So how should we go about it? We know that regulatory oversight is not a panacea; of regulatory gaps exist because laws have not—and cannot—keep up with the exponential curve innovation and technology. In every domain that technology touches—which is probably every facet of the modern world—the gaps are getting wider as technology advances ever more rapidly.

Furthermore, as globalization extends our reach, it becomes easy to fall into a “problem-solution” mindset for what looks like someone else’s problem, leading us to impose solutions we would never consider in our own context. Supposedly, improved ways of doing things can quickly morph into a “new normal.” The appearance (or justification) of social good can impede real reflection.

With the normative frameworks that have guided us for centuries becoming less obviously relevant, we have to explore new frameworks for ethical decision-making. Readings involve controversial case studies, insights from experimental psychology and economics, and a brief introduction to some relevant philosophy. Through class exercises, rigorous discussion, role-play and directed personal reflection, you will clarify your own ethical stance, think through ethical dilemmas, practice articulating recommendations compellingly, discover the diversity of ethical viewpoints, and find out how to avoid the social and cognitive pitfalls that come in the way of ethical leadership.

## Course Objectives

1. To develop students’ ability to recognize ethical issues in business;
2. To increase students’ sensitivity to the prevalence and complexity of ethical dimensions in everyday managerial decision-making;
3. To familiarize students with a diverse set of descriptive and prescriptive frameworks that facilitate the analysis and resolution of ethical situations;
4. To provide a safe space to explore students’ ethical convictions;
5. To expose students to a diversity of ethical viewpoints, from authors and fellow students, to recognize their good-faith value, and to hone students’ skills at engaging them with respect and understanding.

## Assessment and Grade Distribution

Percentage	Assignment	Date	Group Size/Comments
30%	3 Op-eds (10% each)	May 18, 2021 June 1, 2021 June 15, 2021	Individual
25%	Written Assignment	June 8, 2021	Groups of 3-4
45%	Final Paper	July 5, 2021	individual

\*1-3 bonus points for significant contribution to class discussions

It is your obligation is to prepare in advance for class discussion. Class discussion is an essential component of the course. There will be cold-calling and teamwork in which others will be counting on you to have done the reading. Readings are located on Course website (on Moodle).

This class relies on active yet judicious participation by students. The students have an extraordinary opportunity to discuss the role of ethics in business in a safe environment with their peers. The goal is that everyone will get to contribute to the discussion (and get 1-3 bonus points for contribution). Contribution bonus will denote consistent, timely and astute observations, answers, or comments, which clearly elevate everyone’s learning experience

\*According to University regulations, a student must be present in every lesson (Article 5).

\* The lecturer reserves the right to have a student removed from a course if the student is absent from a class with mandatory participation or did not actively participate in class. (The student will remain financially responsible for the course irrespective of his/her removal from the course)

## Course Assignments

Students are required to submit 3 Op-eds and two written assignments.

**EVALUATION:** Good performance (hence a good grade) consists of systematically and critically analyzing the situation using relevant concepts and methods from the course, and reflecting on its significance for you as a business professional.

### 3 Op-eds:

Choose one dilemma from the readings that you find particularly interesting or relevant for your professional career. Write a short (~250-500 words) response about how and or why this dilemma should be addressed. The purpose of is apply the readings to a real world or personal dilemma. These very short essays may also help you contribute to our class discussion. This assignment is designed to help YOU get the most out of the reading.

Due on: May 18, 2021; June 1, 2021; June 15, 2021

### Written assignment:

This is a group assignment (you can work in your regular teams). You will be asked to choose a real world business ethics dilemma and analyze applying the course materials.

Due on June 8, 2021, by 23:59 on Moodle

Specific instructions for the assignment will follow.

### Final Paper:

This is an individual assignment. The purpose of this assignment is to provide an opportunity for you to apply the principles covered in this course to an actual, specific business situation from your own experience. The situation should raise ethical issues. It would not be appropriate to analyze a situation if you were not in a position to observe it directly. You will be asked to systematically and critically analyze the situation using relevant concepts from the course, and reflect on its significance for you as a business professional.

Due on July 5, 2021, by 23:59 on Moodle

Specific instructions for the assignment will follow.

Should a student become unable to complete an assignment or course requirement, s/he must notify the TA of the course in advance via email
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## Grading Policy

As of the 2008/9 academic year the Faculty has implemented a grading policy for all graduate level courses.

This policy applies to all graduate courses in the Faculty, and will be reflected in the final course grade.

Accordingly, the final average of the class for this course (which is a core course) will fall between 78-82%.

Additional information regarding this policy can be found on the Faculty website.

## Evaluation of the Course by Student

Following completion of the course students will participate in a teaching survey in order to evaluate the instructor and the course for the benefit of the students and the university.

## Course Site (Moodle)

The course site will be the primary tool used to communicate messages and material to students. It is, therefore recommended to periodically check the course site in general, periodically, before each lesson, at end of the course as well. (For example: exam details and updates regarding assignments) Course slides will be available on the course site.

Please note that topics which are not covered in the slides, but are discussed in class are considered an integral part of the course material and may be tested in examinations.

## Course Outline\*

Week	Date	Topic(s)	Required Reading	Submission	Comments
1	May 11	<p><u>Doing Well by Doing Good? Corporate Social Responsibility and the Limits of Markets</u></p> <p>Is there even really a need for thinking about ethics in business? What do entrepreneurship and innovation have to do with ethics?</p> <p>On the one hand, some feel very strongly that ethics are underappreciated in business education. On the other, economists like Milton Friedman argue that for managers to consider ethics is misguided and maybe inappropriate. In the case of California Space Heaters, we will discuss the value and costs of Corporate Social Responsibility (CSR), and the limits of markets and regulations to induce ethical behavior. We will also explore the ability of incentives to both encourage and discourage ethical business practices.</p> <p><i>Important concepts: self-interest, corporate social responsibility, incentives.</i></p>	<ul style="list-style-type: none"> <li>• Friedman, <u>The Social Responsibility of Business is to Increase its Profits</u></li> <li>• Freeman, <u>Understanding stakeholder capitalism</u></li> <li>• Case <u>California Space Heaters</u> (Baron pp. 407-409)</li> <li>• <a href="https://www.ted.com/talks/scott_g_alloway_how_amazon_apple_face_book_and_google_manipulate_our_emotions">https://www.ted.com/talks/scott_g_alloway_how_amazon_apple_face_book_and_google_manipulate_our_emotions</a></li> </ul>		<p><u>Preparation guidelines</u></p> <ol style="list-style-type: none"> <li>1. What do you think is the main motivation for corporate social responsibility?</li> <li>2. How can market incentives promote ethical business practices?</li> <li>3. Is Friedman's argument a license for unbridled self-interest?</li> <li>4. In the California Space Heaters case, what product design choices would you make? What motives drive your decisions?</li> <li>5. Relate your product design choices to definitions of corporate social responsibility, including Milton Friedman's and Edward Freeman's version.</li> </ol>
2	May 18	<p><u>Moral Intuitions: Gut Feelings, Public Outcry, and Eating Your Dog</u></p> <p>Some say that a scandal is an integral part of any innovation, as it pushes the communities to the frontier of their experience and comfort zone. Oftentimes businesses that steer innovations must handle the aftermath of their groundbreaking technologies. Using the case of <u>Advanced Technology Laboratories</u> we will examine the psychological constraints</p>	<ul style="list-style-type: none"> <li>• Sunstein, <u>Moral Heuristics</u></li> <li>• Case: <u>Advanced Technology Laboratories, Inc.</u> (Baron pp. 517-518)</li> <li>• Video: <u>Behavioral Ethics</u></li> </ul>	1 <sup>st</sup> Op-ed due	<p><u>Preparation guidelines</u></p> <ol style="list-style-type: none"> <li>1. What is your gut reaction to the ATL case and how ultrasound technology is being used in developing countries? Can you identify some of the emotions likely to be evoked (in you or in others) by this case?</li> <li>2. How do you think the media will react to ATL's devices being</li> </ol>

		<p>that decision-makers need to understand in order to make informed decisions about ethics in organizations. A first safeguard against self-interest is that we seem to have strong notions of right and wrong. An emerging view in behavioral sciences suggests that moral intuitions are in fact both a foundation of and a boundary for ethical reasoning. Indeed, more often than we like to think, moral judgment seems based on immediate affective reactions rather than on thoughtful deliberation. In turn, these strong intuitions can bias what seem to be rational accounts. In later sessions, we will show how these intuitions can serve to build and motivate sophisticated normative theories in the philosophical tradition. We need first to understand how (un)ethical reasoning actually happens before we can prescribe how managers should reason about ethics.</p> <p>Important concepts: <i>moral heuristics, system 1/system 2, moral intuitions (intuitionism), post-hoc accounts ,taboo trade-offs</i></p>			<p>used for sex selection? What about ATL's employees? What about consumers of ATL's products in developed nations?</p> <p>3. Bringing Sunstein's paper and the ATL case together, describe what moral heuristics might be at the root of some of the positions in the case, or of some of the reactions that you would anticipate. If you cannot use any of the heuristics proposed by Sunstein, please suggest a new one that you think might apply in this case.</p> <p>4. Imagine that you are the CEO of ATL. You just received word that the New York Times is going to run a front-page story on the use of ATL's ultrasound devices for sex selection in India, and you decide to write an email to the employees. What would you emphasize in that email?</p>
3	May 25	<p><u>Self-Deception and Rationalization: Can You Trust Your Moral Compass?</u></p> <p>This session looks at aspects of human psychology that can bias decision-makers' ethical reasoning and affect their ethical behavior. Research suggests that individuals with perfectly good intentions can commit unethical acts while convincing themselves that they are being ethical. These biases help us retain a positive view of</p>	<ul style="list-style-type: none"> <li>•Erin Griffith, <u>The Ugly Unethical Side of Silicon Valley</u></li> <li>•John Tierney, <u>Go Ahead. Rationalize, Monkeys Do It, Too...</u></li> <li>•Video: <u>Ethical Fading</u></li> </ul>		<p>1. The human propensity for self-delusion can often create misjudgment with respect to the moral worth of an action. Can you think of an example?</p> <p>2. What do you think of irrationality as an excuse for immoral behavior?</p>

		<p>ourselves and a coherent cognitive structure. It is important to know about these biases in order to detect them in ourselves and in others, and to design structures and organizations that facilitate ethical behavior, given these constraints. While these processes are often useful, they can warp our ethical thinking in critical ways.</p> <p><i>Important concepts: self-defensive biases, cognitive resources, cognitive dissonance</i></p>			<p>3. How do you think the individuals from the start-ups and ventures mentioned in Griffith's article— e.g., Theranos, Zenefits etc.—feel at the end of the day?</p> <p>4. What is the value of such feelings in the broader picture of ethical reasoning that is emerging in this course?</p>
4	June 1	<p><u>The Power of the Situation: Corporate Culture, Reputation, and Construal</u></p> <p>In this session, we discuss the social factors that affect ethical behavior and moral judgment. Decades of psychological research have shown that human beings are powerfully affected by situational factors, and that an individual's ethical or unethical behavior is as likely to be a product of his or her social environment as of his or her personal moral reasoning. We will discuss the power of obedience to authority and conformity to social norms and corporate culture. Furthermore, because what individuals perceive to be the ethical norm often carries more weight than what others might actually think, we will also cast light on systematic biases in the estimation of social norms, and of what others do or think.</p> <p><i>Important concepts: situationism, obedience, conformity, false consensus effect, pluralistic ignorance</i></p>	<p>•Benoît Monin and Michael I. Norton, <u>Perceptions of a _____ Fluid Consensus: Uniqueness Bias, _____ False Consensus, False Polarization, and Pluralistic Ignorance in a Water Conservation Crisis</u></p> <p>•Case: <u>Goldman and Dragon Systems</u>, "Goldman Sachs and the \$580 Million Black Hole," NYT 14/7/2012</p> <p>•Video: <u>Imposter Syndrome</u></p> <p>*Recommended reading: Whelan and Fink, <u>The Comprehensive Business Case for Sustainability</u></p>	2 <sup>nd</sup> Op-ed due	<p><u>Preparation guidelines</u></p> <p>1. How do you think Goldman Sach's employees feel at the end of the day?</p> <p>2. How likely are you to behave in a similar/different manner under similar circumstances?</p>

5	Jun 8	<p><u>Utilitarianism: A Focus on Consequences</u></p> <p>The next three sessions focus on philosophical frameworks for analyzing normative questions about business. We begin with the theory of utilitarianism, which has a rich tradition. Utilitarianism is implicitly the basis for practical ethical reasoning in public policy analysis in governmental settings, in optimization problems in business settings, and, more generally, in any setting in which practitioners attempt to maximize the well-being of some specified collection of people. This session explores the strengths and weaknesses of the utilitarian framework.</p> <p>Important concepts: <i>utility maximization, aggregate social welfare, act utilitarianism, rule utilitarianism</i></p>	<ul style="list-style-type: none"> <li>• <u>Utilitarianism</u>, Baron, D. P., BUSINESS AND ITS ENVIRONMENT, 7th ed. (2013), (pp. 594-612)</li> <li>• John Authers, <u>How Coronavirus Is Shaking Up the Moral Universe</u> <u>The pandemic is putting profound philosophical questions to the test</u></li> <li>• Video: <u>Moral Philosophy</u></li> </ul>	First Written Assignment due	<p><u>Preparation guidelines</u></p> <ol style="list-style-type: none"> <li>1. What is the role of motives in utilitarianism?</li> <li>2. What is the distinction between act and rule utilitarianism?</li> </ol>
6	Jun 15	<p><u>Duties and Rights: A Matter of Principle</u></p> <p>A sharp distinction is often drawn between <i>consequentialist</i> ethics (such as utilitarianism) and <i>deontological</i> ethics (such as Kantian's emphasis on duties and rights). We will build on our discussion from last session on the strengths and weaknesses of utilitarianism by comparing and contrasting utilitarianism with the Kantian concepts of rights and duty. In this view consequences are less important, and motives, reason, and guiding principle are central to determining if a decision is morally right.</p> <p>Important concepts: <i>duty, the categorical imperative, universalizability</i></p>	<ul style="list-style-type: none"> <li>• <u>Duty/Rights</u>, Baron, D. P., BUSINESS AND ITS ENVIRONMENT, 7th ed. (2013), pp., (pp. 622-632)</li> <li>• Michael Moss: <u>The Extraordinary Science of Addictive Junk Food</u></li> <li>• Case: <u>GlaxoSmithKline and the Restless Legs Syndrome</u></li> </ul> <p>*Recommended reading: Peter Eavis, <u>Valeant Is a</u></p>	3 <sup>rd</sup> Op-ed due	<p><u>Preparation guidelines</u></p> <ol style="list-style-type: none"> <li>1. Is the categorical imperative similar to "love thy friend as thyself"? Why/why not?</li> <li>2. Evaluate the ethical grounds of GSK actions from the perspective of utilitarianism and from the perspective of Kant's philosophy. What issues would be particularly salient to them in deciding whether GSK acted ethically? Which standpoint would be more useful for you to persuade people in the morality of GSK actions?</li> </ol>

			<a href="#"><u>Reminder of the Peril of Outsize Executive Pay</u></a>		3. GSK’s marketing of Requip has caused a backlash among consumer groups that accuse it of “disease mongering.” From Kant’s perspective, how should GSK factor reputational concerns into its decisions about how to market Requip? Is it different from utilitarianism and if so – how?
7	Jun 22	<p><a href="#"><u>Justice: What Is a Fair Distribution?</u></a></p> <p>Beyond the issue of consequences and rights is the issue of justice. What is a fair distribution? Is it acceptable to have massive disparities in outcomes, even if everyone benefits on the whole? How would you quantify this, and what are the limits of this claim? John Rawls’ theory of justice offers a compelling (if fairly theoretical) model for determining a fair system. We will conduct a class exercise to illustrate some behavioral regularities about fairness, and discuss the issue of fairness in the controversial case of a financial institution specializing in microcredit.</p> <p>Important concepts: <i>distributive justice, veil of ignorance, difference principle</i></p>	<p>Justice, Baron, D. P., BUSINESS AND ITS ENVIRONMENT , 7th ed. (2013), pp. 638-648</p> <p>Doudna: <a href="#"><u>Should we use gene editing to produce disease-free babies? A scientist who helped discover CRISPR weighs in</u></a></p> <p>Video: <a href="#"><u>Crispr-CAS9</u></a></p>		<p><a href="#"><u>Preparation guidelines</u></a></p> <ol style="list-style-type: none"> <li>1. What would a critic of the scheme say?</li> <li>2. What are the motives of critics of this scheme? What accounts for their concern?</li> <li>3. What should a company who wants to enter this market do about the uproar? Your plan should use one of the three normative frameworks: utilitarianism, duty, or justice.</li> </ol>

\*Subject to change, based on a course in Business Ethics taught at the GSB at Stanford University.

## Required Reading

- Friedman, [The Social Responsibility of Business is to Increase Profit](#)
- Freeman, [Understanding stakeholder capitalism](#)
- Case: [California Space Heaters](#) (Baron, D. P., BUSINESS AND ITS ENVIRONMENT, 7th ed. (2013), pp. 407-409)
- Cass R. Sunstein, [Moral Heuristics](#)

- Case: Advanced Technology Laboratories, Inc.( Baron, D. P., BUSINESS AND ITS ENVIRONMENT, 7th ed. (2013), pp. 517-518)
- Erin Griffith: The Ugly Unethical Side of Silicon Valley
- John Tierney, Go Ahead. Rationalize, Monkeys Do It, Too...
- Benoît Monin and Michael I. Norton, “Perceptions of a Fluid Consensus: Uniqueness Bias, False Consensus, False Polarization, and Pluralistic Ignorance in a Water Conservation Crisis,” *Personality & Social Psychology Bulletin* 29, no. 5 (May 2003): 559–567
- Case: Goldman and Dragon Systems, using the article “Goldman Sachs and the \$580 Million Black Hole,” NYT 14/7/2012
- Utilitarianism, Baron, D. P., BUSINESS AND ITS ENVIRONMENT, 7th ed. (2013), (pp. 594-612)
- John Authers, How Coronavirus Is Shaking Up the Moral Universe The pandemic is putting profound philosophical questions to the test
- Duty/Rights, Baron, D. P., BUSINESS AND ITS ENVIRONMENT, 7th ed. (2013), pp., (pp. 622-632)
- Case: GlaxoSmithKline and the Restless Legs Syndrome, GSB Case P69
- Michael Moss, The Extraordinary Science of Addictive Junk Food
- Justice, Baron, D. P., BUSINESS AND ITS ENVIRONMENT, 7th ed. (2013), (pp. 638-648)
- J.Doudna, Should we use gene editing to produce disease-free babies? A scientist who helped discover CRISPR weighs in

## Recommended Reading

- Whelan and Fink, The Comprehensive Business Case for Sustainability
- Peter Eavis, Valeant Is a Reminder of the Peril of Outsize Executive Pay
- Dan Ariely, Predictably Irrational – The Hidden Forces the Shape our Decisions
- Daniel Kahneman, Thinking, Fast and Slow
- Haidt, J., The Emotional Dog and its Rational Tail: A Social Intuitionist Approach to Moral Judgment. *Psychological Review* 2001, Vol. 108, 814-834
- Max H. Bazerman, George Loewenstein, and Don A. Moore, Why Good Accountants Do Bad Audits
- Benoit Monin and Dale T. Miller, Moral Credentials and the Expression of Prejudice, *Journal of Personality and Social Psychology* 2001, Vol. 81, No. 1, 33-43