

MGMT 508
Business and Society
MBA program
Spring 2016 semester

Instructor:	Harry Van Buren, Ph.D.	Office:	ASM 2126
Phone:	505-277-3909 (office)	Office hours:	W, 10:45-11:45 am
Email:	hjvb3@unm.edu		and by appointment

Course description (from the UNM Course Catalog)

Influence of the external environment on management decisions and organizational welfare and how organizations affect the external environment and society. Examination of impacts of ethical, social, political, legal and technological systems and trends on management and how managers can deal with external issues.

Course goals, or Why am I here?

The short answer may be “because I can’t graduate without this course.” All accredited business schools are required to cover topics like those we’ll be covering in this course. The Anderson School of Management accomplishes this largely (but not exclusively) through a standalone course, and other business schools do so in discipline-based courses.

The long answer, however, involves taking up another question: “Why do business-school accrediting bodies require that material related to the relationship between business and society be covered?” Many of the “reasons” are the names of companies: AIG, BP, Goldman Sachs, Enron, and so on. All of these companies (and many others) illustrate what happens when top-level managers fail to take account of ethical, social, political, and legal considerations in their strategies and decisions. (You should know that while we’ll be discussing ethical issues in business, the ambit of this course is much broader, addressing the ways in which business and society interrelate in addition to the ways in which government—as representative of societal interests—plays a role in shaping business behavior.)

As a result of increasing attention to the negative (and also the potentially positive) effects of business activities, organizational stakeholders want managers and companies to become more responsive to societal and stakeholder expectations for responsible behavior. Further, business schools and accrediting bodies are responding to organizational demands for managers who are ethically aware. Finally, leaders are increasingly recognizing that rules and ethical expectations are *in the long run* good for individual businesses and the institution of business—largely because of the ever-changing stakeholder environment. (For example, I’ll frequently make the argument that creating value for owners requires creating simultaneous value for non-owner

stakeholders.) At this point in your careers and beyond, attention to the issues that we will discuss in this course will become more and more relevant.

We'll start the first third of the course by considering the place of ethics in business and the context in which ethical decisions are made. Stakeholder relations, we will note, are of paramount importance. We will then discuss some of the key normative frameworks for analyzing the social responsibilities of organizations and consider how people in organizations actually make ethical decisions. Throughout, we consider how different stakeholders and members of society (broadly understood individually and collectively) define expectations for responsible business behavior.

In the second third of the course, we'll start by focusing on ethical considerations for three specific stakeholder relationships: employees, consumers, and shareholders. These three stakeholder groups are critical to analyses of business ethics. We'll also take up the effects of globalization on the ethical expectations facing businesses, especially for employees of all sorts.

The last third of the course will focus on business-government-society relationships. Government sets limits on business behavior that are enacted through legal and regulatory processes. We'll start by discussing the foundations of government and regulation in the United States, focusing on contract law and doctrines of legal liability applicable to organizations. We'll also discuss how businesses seek to gain and exercise political influence. We'll conclude by looking at issues related to environmental responsibility and corporate-community relations.

Throughout this semester, we'll also be discussing issues related to both particular functional areas of business and to the formation of strategy. (I'll argue, for example, that bad strategy often leads to ethical misbehavior.) Finally, because so many of the topics we'll be discussing are in the news, we'll be devoting the first 10 or 15 minutes of each session to current events that touch on course-related topics. Please feel free to bring ideas and articles to class!

In terms of my teaching style, because of the nature of the course (graduate students, current events, lots of controversial and interesting topics with multiple plausible solutions) there will be lots of interaction and discussion. The fun of teaching a group of graduate students is that we can bring all of our experiences to bear on class discussions.

Course materials

I have decided not to use a standard textbook, but rather have assigned readings for each topic that will be posted to UNM Learn in the Course Information section (accessible at learn.unm.edu; use your NetID and password). The trade-off for not having to buy two textbooks (which I have assigned in past semesters) is that you will have to print off each week's readings or read them on your screen. However, the benefits (less expense for you, better quality of readings for each topic) are worth this trade-off, in my opinion. Sometimes I will bring additional readings with me to a class session or send them via email beforehand. I will also have a course blog—details to follow.

I also will assign various audio and video clips, which you should listen to before the class sessions for which they are to be discussed. URLs are listed in the syllabus, but a document with all of the links will also be posted to UNM Learn. These clips will likely be adjusted as new materials come out.

Course requirements and grading

The following components and associated weights will be used to calculate your final grade in MGMT 508:

Class participation	10 percent
First exam	30 percent
Group project	30 percent
Second exam	<u>30 percent</u>
 Total	 100 percent

Grades will be assigned as follows:

930-1000 points	A	900-929 points	A-	880-899 points	B+
830-879 points	B	800-829 points	B-	780-799 points	C+
730-779 points	C	700-729 points	C-	680-699 points	D+
	650-679 points	D	Below 650 points	F	

On occasion and at my sole discretion, an A+ will be awarded for exceptional performance.

Attendance and participation in class discussions are essential to the content and quality of the course because teaching methods will emphasize active involvement by the students, rather than a one-way monologue from me. Each of you has interesting and valuable insights to offer in discussion. I encourage you to contribute. ***Please help me learn your names by using the name cards at each class session.***

The examination format will include a mix of objective short-answer and essay questions. The exams will be held during class. Both exams will be open-book and –note, but not open-neighbor or -internet.

The group project is described on page 13 of the syllabus, along with various due dates.

Policies and procedures

If you are a qualified person with disabilities who might need appropriate accommodations in this class, *please communicate with me as soon as possible*. It is often the case that we will need to coordinate accommodating activities with other campus offices.

Class attendance is a critical element of learning. Equally important is active *class engagement*. I will assume that you have read the assigned materials before class, so we'll be able to use our time together discussing, evaluating, and applying them to real business situations.

If you must be absent from an exam (illness, conflict, etc.), you must let me know before the exam starts. No exam absence will be excused — and no make-up given — after an exam starts.

Please turn off cell phone ringers during class!

Ethical lapses like plagiarism and cheating will result in a failing grade for the course.

Tentative course calendar (subject to change)

January 20

Topic

Introduction to the course

January 27

Topic

Frameworks for specifying the social responsibilities of business

Read

Carroll, A. J. 1979. A three-dimensional model of corporate social performance. *Academy of Management Review*, 4(4): 497-505.

Clarkson, M. B. E. 1995. A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*, 20(1): 92-117.

Frederick, W. C. 1994. From CSR1 to CSR2: The maturing of business and society thought. *Business & Society*, 33(2): 150-164.

Wood, D. J. 1991. Corporate social performance revisited. *Academy of Management Review*, 16(4): 691-718.

Listen to (before class)

“Masters in Business” (BBC World Service documentary):
<http://www.bbc.co.uk/programmes/p004541y>

February 3

Topic

The stakeholder concept

Read

Clarkson, M. B. E. 1994. A risk-based model of stakeholder theory. *University of Toronto working paper*.

Freeman, R. E., Wicks, A. C., & Parmar, B. 2004. Stakeholder theory and “The Corporate Objective Revisited.” *Organization Science*, 15(3): 364-369.

Mitchell, R. K., Agle, B. R., & Wood, D. J. 1997. Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4): 853-886.

Sundaram, A. K., & Inkpen, A. C. 2004. The corporate objective revisited. *Organization Science*, 15(3): 350-363.

February 10

PROJECT MEMO DUE

Topics

Normative frameworks in business ethics

Read

Crane, A., & Matten, D. 2010. Evaluating business ethics: Normative ethical theories. Chapter 3 in *Business Ethics: Managing Corporate Citizenship and Sustainability in the Age of Globalization*: 91-137. Oxford: Oxford University Press.

Listen to (before class)

Would You Kill the Big Guy? (BBC)

Part 1:

<http://www.bbc.co.uk/programmes/p00c1sw2>

Part 2:

<http://www.bbc.co.uk/programmes/p00c5x0q>

February 17

Topic

Psychology and decision making in business ethics

Read

Jones, T. M. 1991. Ethical decision making in organizations: An issue-contingent model. *Academy of Management Review*, 16(2): 366-395.

Trevino, L. K., & Nelson, K. A. 2014. Deciding what's right: A psychological approach. Chapter 3 in *Managing Business Ethics: Straight Talk About How To Do It Right* (6th edition): 70-109. Hoboken, NJ: Wiley.

February 24

Topic

Ethical issues in core stakeholder relationships: Employees

Read

Collins, D. 2009. Respecting employee diversity. Chapter 7 in *Essentials of Business Ethics: Creating an Organization of High Integrity and Superior Performance*: 127-152. Hoboken, NJ: Wiley.

Greenwood, M. R. 2008. Ethics and human resource development. Chapter 15 in *Contemporary Issues in Human Resource Development* (Edited by P. Holland & H. De Cieri): 562-587. Frenchs Forest NSW, Australia: Pearson Education.

Van Buren III, H. J., Greenwood, M. R., & Sheehan, C. 2011. Strategic human resource management and the decline of employee focus. *Human Resource Management Review*, 21(3): 209-219.

March 2

Topics

Ethical issues in core stakeholder relationships: Consumers

Ethics and strategy

Read

Hartman, L. P., DesJardins, J., & McDonald, C. 2014. Ethics and marketing. Chapter 14 in *Business Ethics: Decision Making for Personal Integrity and Social Responsibility* (3rd edition): 401-445. New York: McGraw-Hill.

Vitell, S. J., & Grove, S. J. 1987. Marketing ethics and the techniques of neutralization. *Journal of Business Ethics*, 6(6): 433-438.

Listen to/watch (before class)

“The Crash” (BBC World Service documentary, Episode 1):
<http://www.bbc.co.uk/programmes/p00494wr>

“The Crash” (BBC World Service documentary, Episode 2):
<http://www.bbc.co.uk/programmes/p004cckv>

“The Crash” (BBC World Service documentary, Episode 3):
<http://www.bbc.co.uk/programmes/p004dm5h>

The Story of Electronics: https://www.youtube.com/watch?v=sW_7i6T_H78

March 9

EXAM ONE (material covered through March 2)

March 16

NO CLASS: SPRING BREAK!

March 23

Topic

Ethical issues in core stakeholder relationships: Shareholders

Read

Ayuso, S., Rodríguez, M.A., García-Castro, R., & Ariño, M.A., 2014. Maximizing stakeholders' interests: An empirical analysis of the stakeholder approach to corporate governance. *Business & Society*, 53(3): 414-439.

Bebchuk, L. A., & Fried, J. M. 2003. Executive compensation as an agency problem. *The Journal of Economic Perspectives*, 17(3): 71-92.

MacAvoy, P. W., & Millstein, I. M. 2004. The emergence and development of the governance problem. Chapter 3 in *The Recurrent Crisis in Corporate Governance*: 13-36. Stanford, CA: Stanford University Press.

Stout, L. A. 2012. The problem of corporate purpose. *Issues in Governance Studies*, 48: 1-14.

March 30

Topic

Globalization and business ethics

Read

De George, R. T. 1994. International business ethics. *Business Ethics Quarterly*, 4(1): 1-9.

Donaldson, T., & Dunfee, T. W. 1994. Toward a unified conception of business ethics: Integrative Social Contracts Theory. *Academy of Management Review*, 19(2): 252-284.

Donaldson, T. 1996. Values in tension: Ethics away from home. *Harvard Business Review*, September: 48-64.

Wettstein, F. 2011. Silence as complicity. *Business Ethics Quarterly*, 22(1): 37-61.

April 6

NO CLASS; THIRTY-MINUTE GROUP PROJECT MEETINGS (TO BE SCHEDULED)

ROUGH DRAFT OF GROUP PROJECT DUE VIA EMAIL (hjvb3@unm.edu)

April 13

GROUP MEETINGS STARTING ON APRIL 11

Topics

Introduction to the legal and regulatory environment

Nature of the legal system: Statutes, courts, and sources of law

Sources of legal liability and ways to manage liability exposures

Read

Fort, T., & Presser, S. B. 2015. Constitutional issues relevant to business. Chapter 1 in *Business Law*: 1-62. St. Paul, MN: West Academic. [Feel free to skim the cases.]

Mayer, D., Warner, D. M., Siedel, G. J., & Lieberman, J. K. 2014. Introduction to law and legal systems. Chapter 1 in *Foundations of Business Law and the Legal Environment*, unpaginated. Washington, D.C.: Flat World Knowledge.

Segal, M. E. 2005. Proper contract management. Chapter 1 in *Preventative Law for Business Professionals*: 1-22. Cincinnati, OH: Thomson.

Siedel, G. J. 2002. Seizing competitive advantage: A legal plan for managers. Chapter 1 in *Using the Law for Competitive Advantage*: 1-28. New York: John Wiley & Sons.

April 20

Topics

A brief introduction to contracts

Building an ethical corporate culture

White collar crime: Avoidance and legal issues

Read

Bagley, C. E. 2008. Winning legally: The value of legal astuteness. *Academy of Management Review*, 33(2): 378-290.

Ethics Resource Center. 2014. *National Business Ethics Survey of the U.S. Workforce*. Washington, D. C.: Ethics Resource Center.

Title 9, Chapter 9-28.000. *Principles for Federal Prosecution of Business Organizations*.

April 27

Topics

Government, regulation, and business ethics

Business as a political actor

Read

Carroll, A. B., & Buchholtz, A. K. 2012. Business, government, and regulation. Chapter 11 in *Business and Society: Ethics and Stakeholder Management* (8th edition): 342-369. Mason, OH: Southwestern Cengage Learning.

Hillman, A. J., & Hitt, M. A. 1999. Corporate political strategy formulation: A model of approach, participation, and strategy decisions. *Academy of Management Review*, 24(4): 825-842.

May 4

GROUP PROJECT DUE

Topics

Corporate-community issues

Environmental issues, with connections to public policy management

Read

Dyllick, T., & Hockerts, K. 2002. Beyond the business case for corporate sustainability. *Business Strategy and the Environment*, 11(2): 130-141.

Interfaith Center on Corporate Responsibility and Investor Environmental Health Network. 2011. *Extracting the Facts: An Investor Guide to Disclosing the Risks from Hydraulic Fracturing Operations*.

<http://www.iccr.org/issues/subpages/ExtractingTheFacts121311LR.pdf>.

Steiner, J. F., & Steiner, G. A. 2009. Managing environmental quality. Chapter 14 in *Business, Government, and Society: A Managerial Perspective (Twelfth edition)*: 440-465. Boston: McGraw-Hill Irwin.

Zandvliet, L., & Anderson, M. B. 2009. Community consultation and negotiation. Chapter 9 in *Getting it Right: Making Corporate-Community Relations Work*: 111-130. Sheffield, UK: Greenleaf Publishing.

Listen to (before class)

Greenland: To Dig or Not to Dig:

<http://www.bbc.co.uk/programmes/p01nnrwm>

May 11 (3:00 to 5:00 pm)

EXAM TWO (material covered from March 23 onward)

GROUP PROJECT

In order to give you an opportunity to apply course-related concepts, one component of the course is a group project. Project groups should have between three and five members. You are encouraged to think about the options and discuss them with your class members.

Here are some ideas, but I am open to a variety of creative project ideas:

- A research paper that addresses a key issue related to managing ethics in organizations, with recommendations for best practices that can be applied.
- An ethics audit of a local organization, with recommendations for improving its ethical practices (here you would need access to that organization, and establish a high level of trust with its leaders).
- A training program (including materials that could be used right away) that deals with some aspect of organizational ethics.

In terms of length, I try to avoid giving a specific page count. It should be noted, however, that these are meant to be substantial projects involving groups of MBA students. I expect them to be very good.

DUE DATES:

February 10 – Memo that provides the names of your group members and your project choice

April 6 – Rough draft of your group's project

Week of April 11 – Group meetings with me to discuss your rough drafts

May 4 – Project due