Business Ethics
PHIL 3380 - M01, fall 2018

Course details

Meeting times: Tues. & Thurs. from 5:30 to 6:45
Classroom: Padre Rubio Hall 10
Dates: 4 Sept. – 19 Dec. (dates of first class session and final exam)
Prerequisite: PHIL 2050: Ethics
Credits: 3

Professor: Jawara Sanford, Ph.D.
Office location: San Ignacio Hall 315 (3rd floor)
Office hours: Tues. & Thurs. 3:20–3:50. I am also available briefly after each class session and by appointment for students with classes that coincide with my office hours.
E-mail: jawara.sanford@slu.edu. Please write “PHIL-3380” in the “subject” area of your e-mail messages to ensure that they do not look like spam. I respond to all e-mails so that you can be sure that I have received your message. So, if you do not receive a reply within a day or two, assume that for some strange reason your message has not reached me.
Office phone number: 91-554-5858, ext. 235 (useful mainly during office hours)

Course description

Business ethics focuses on moral questions that are related to commercial activity, for example, ethical questions concerning consumer safety, advertising, waste disposal, bribery, whistleblowing, remuneration of suppliers, employee privacy, stockholder rights, and many other issues. The field of business ethics may be situated within the field of philosophy in the following manner. First, the field of philosophy itself may be divided into three subfields: (1) metaphysics, (2) epistemology, and (3) ethics. The first of these three fields –metaphysics– deals with topics such as the existence of divinities, time, universals, causation, identity, and many others. The second –epistemology–, which is sometimes called “theory of knowledge,” focuses on topics related to the justification of belief. Ethics –the last of the three– is concerned with what is good, bad, right, or wrong. Now, ethics itself may be subdivided into three disciplines, namely: (1) normative ethics, (2) metaethics, and (3) applied ethics. The first of these three disciplines –normative ethics– is devoted to identifying broadly applicable fundamental ethical principles and norms, such as a reasonable norm requiring truthfulness. The aim of the second –metaethics– is to answer deep philosophical questions about the concepts, assumptions, goals, etc., of the first discipline, normative ethics. The point of the third –applied ethics– is to provide answers to comparatively narrow ethical questions about particular moral issues, such as abortion and the death penalty. Reflection within applied ethics involve applying to these issues principles and norms that may be critically discussed within normative ethics, the aforementioned first discipline. As for business ethics, it falls within the third discipline, applied ethics. Indeed, business ethics involves applying ethical reflections to particular moral issues raised within the relatively narrow realm of business activity.

Businesses create goods and services for sale (among other things): your pen, your phone, your food, your house, the buildings in your city, your airline flights, etcetera. Accordingly, business activity has a substantial impact on the lives of most people. For example, most of us spend a large portion of our lives directly carrying out business activity as salespersons, nurses, secretaries, accountants, managers, etc. Most of us also constantly engage in commercial transactions with many businesses, such as when we go to the supermarket, eat at a restaurant, or buy clothing. In addition, businesses own to a large extent the mass media –from newspapers to television channels–, pay a substantial portion of the taxes that, in turn,

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1 In Spain (and elsewhere) the ground floor is considered to be floor 0.
pay for public services—such as public schools and law enforcement—, influence legislation through lobbies, and influence our lives in many other ways.

This course is roughly divided into five sections.

In the first section, we begin by reflecting on the nature of ethics and considering some fundamental ethical concepts. Then we move on to discuss two cases—two business situations—that confront us with a number of moral questions. For example, one of the cases deals with the Ok Tedi mine, which had both positive and negative consequences for the inhabitants of the region where it operated. Afterwards, we define and discuss a number of well-known ethical theories and use the two cases that we have previously discussed to consider illustrations and applications of those theories. Among the theories that we explore are ethical subjectivism, ethical relativism, psychological egoism, utilitarianism, Kantian ethics, rights theory, and ethics of prima facie duty.

The second section of the course centers on possible impediments to ethical decision making in business contexts. First, we discuss ways in which decision making may be compromised by “techniques of neutralizations,” i.e., types of specious reasoning used to justify to oneself a course of action that one would otherwise deem wrong. We then move on to consider possible systematic cognitive biases that supposedly frequently undermine decision making. To be able better to illustrate and explore these factors that can impair decision making, we examine another case—that of the Ford Pinto—and return to previous cases, such as that of the Ok Tedi mine.

The third section of the course has us discuss the supposed social responsibility of corporations. In our first reading in this section, Milton Friedman defends his well-known—some would say infamous—thesis that corporate leaders have no social responsibility other than that of increasing profits. The second reading provides us with a well-known counterpoint to this position: R. Edward Freeman’s highly influential stakeholder theory, which holds that corporate leaders have responsibilities not only to stockholders but to other stakeholders, such as employees and customers. With the aid of the third and final reading of this section, we critically assess “two skeptical challenges” to the idea that ethics should play a substantial role in business decisions.

The fourth section focuses on issues related to employees, who constitute one of the groups that is most affected by business activity. For example, sometimes employees find that the business for which they work is engaged in illegal and/or immoral conduct, such as knowingly marketing a carcinogenic pesticide. To reflect on situations like this, we will consider Richard T. De George’s theory on whistleblowing, which is probably the most widely known theory on whistleblowing. (Whistleblowing consists in reporting improper activities to the appropriate persons). We follow up with a critical analysis of De George’s theory by two of the editors of our course anthology. In addition, to facilitate thinking about the practical implications of our theorizing, we consider one the best known cases of whistleblowing, which involved the revelation of inside information on one of the largest Swiss banks. Afterwards, we move on to reflect on issues raised by another sort of problematic situation that employees frequently face, namely, conflicts of interests. Time permitting, we will also turn our attention to the morality of bribery.

The fifth section deals with another one of the groups that is most affected by business activity: customers. Our first text—an excerpt from John Kenneth Galbraith’s The Affluent Society—has us reflect on the morality of advertising, among other things. Afterward, we consider some of the criticisms that another well-known economist, F. A. von Hayek, levels against this first text. Again, to facilitate thinking about the practical implications of our theorizing, we consider a relevant case study: one that raises questions about the morality of marketing the massively multiplayer online roleplaying game (MMORPG) EverQuest®. In addition to focusing on moral questions concerning the relation between consumers and marketing, we also explore the ethics of consumer protection. Products used by consumers cause thousands of injuries and deaths per year just in the U.S.A. For example, prescription painkillers cause about 12,000 deaths each year in the U.S.1

The foregoing course description is tentative. If time permits, we may consider cost-benefit analysis, bribery, and/or the environment, among other things.

Course Goals and Student Learning Outcomes

Students who take advantage of the opportunities that this course provides will achieve the overarching goal of this course, which is to make substantial progress in the ability to make informed and critically reasoned ethical decisions in business situations (and, in reality, in any situation that raises important

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1 See p. 488 of the course anthology.
moral questions). More specifically, these students will attain the following goals that contribute to the realization of the aforementioned overarching goal:

- substantial competency in applying many important abstract ethical theories to specific business situations; and consolidation of the understanding of those theories, whose usefulness lies in part in their applicability to an extremely wide range of particular business cases;
- a significantly greater ability to identify and avoid cognitive biases and (specious) rationalizations in ethical decision making;
- a better understanding of some of the debate over the nature of the duties of businesses and business leaders; and, consequently, a more sophisticated view of what those duties are;
- a more informed and critically reasoned view on some specific ethical questions that are raised by the relationship between businesses and their employees—questions such as whistleblowing and conflicts of interest;
- a more informed and critically reasoned view on some particular ethical issues that arise within the relationship between businesses and their customers—such as ethical issues raised by advertising and product safety;
- greater sensitivity to ethical issues that enhances the ability to recognize these issues when they arise;
- acquisition of useful new concepts: stakeholder theory, technique of neutralization, corporate social responsibility, dependence effect, rights theory, and many others.

Main course book

Reading and discussion schedule
All readings not marked with “sup.” (for “supplementary”) are in the main course book.

Applying ethical theories to cases
- Mark Timmons, “Ethics of Prima Facie Duty” (sup.).

Decision making

Corporate social responsibility

Employees

Customers

Decision making (part 2)

Please note that this schedule is subject to changes and we may not have time to complete it.

Readings
At the very beginning of each class session, the professor will announce the reading for the next class session, if there is one. Students who arrive late or are absent are responsible for finding out what reading, if any, was assigned for the next class.

Summary of course requirements
• Reading this syllabus
• Three essay exams: two midterm exams and a final exam.
• Quizzes
• Classroom participation (see section below for details)
• Returning all graded exams and quizzes to the professor

Exams
All exams will be composed of questions taken from a list of possible exam questions that will be handed out before the days of the exams. Please note that the classes and the readings—and, if necessary, the office hours—should be taken advantage of, so that any questions about the course subject matter are cleared up before the possible exam questions are handed out. Note also that the expected quality of the answers to the exam questions will be higher than it would have been, had the questions not been available prior to the exams.

Excellent responses to the exam questions will be complete, precise, and well-organized. In responding to the exam questions, the most effective strategy to use is to seek to show that the readings, the lectures, and the classroom discussions were taken full advantage of. When exam questions ask for your view on a topic, an excellent response will provide a reasoned, clear, well-organized, and appropriately knowledgeable answer. Note that, in formulating all of your responses to exam questions, it is essential to think constantly about the reader’s point of view, asking yourself what you have to say so that the reader will follow and understand you well. In general, once one has figured out what ideas one wants to convey, one still needs to devote a good deal of thought to determining how to express those ideas so that someone else will understand them.

General advice
Philosophy professors frequently find that a number of students overestimate how well they understand course material. The ability to avoid this sort of overestimation is one that is improved over time. To work towards avoiding such overestimation, students can conscientiously try to be careful and precise in assimilating course material. They can also keep in mind that one does not really know a set of ideas until one is capable explaining them to someone else in such a way that this other person ends up having a clear understanding of them. Note that the exams in this course will include the following instructions: “In responding to the questions, remember to formulate your answers in such a way that someone who knows nothing about the subject matter would understand them well.” These instructions will be taken into consideration when the exams are graded.

Exam dates
• 1st midterm exam: 4 Oct.
• 2nd midterm exam: 8 Nov.
• Final exam: 19 Dec. at 3:30 (The final will have roughly the same length as the midterms.)

Quizzes
Brief and fairly simple unannounced quizzes will be given at the very beginning of various class sessions throughout the semester. The point of the quizzes is to give students credit for doing the course readings, which are an indispensable part of the course. There are three possible grades on the quizzes. The main
ones are “pass” and “fail.” For exceptional cases, there is also the possibility of “fail –2.” This grade is only for those exceptional cases in which it is evident that the answer given to the quiz question is simply made up in an attempt to make it look as though the reading has been done even though it has not been read at all. To pass a quiz it is necessary to be present to take the quiz; however, a quiz that is missed on account of an excused absence or an excused late arrival will not be counted. A maximum of two quizzes will be counted as excused.\(^1\) For the sake of their grade in this class, \textit{students should be sure to notify the professor of any excused absences}. There will be a quiz on approximately half of the readings. As for the grading system, the first failed quiz subtracts 10 percentage points from 100, and the second subtracts an additional 10 points.\(^2\) The rest of the grading system will be such as to prevent zero passes from being worth more than zero points.

\textbf{Class participation}

The class participation grade depends on verbal participation that enriches the class, such as insightful participation in class discussions and apropos comments and questions.\(^3\) The class participation grade will reflect both the quantity and the quality of class participation. Students may rest assured that the professor keeps records of class participation, instead of relying solely on memory. Conduct that any professor would deem detrimental and unfitting for a university class—such as untimely chatting, frequent tardiness, or inappropriate uses of laptops or mobile phones—may lower the class-participation grade. As for absences, repeated absences may lower the class-participation grade.

\textbf{Absences}

For absences to be counted as excused—such as absences due to field trips—, students should inform the professor of the absences before the absences takes place. If this is not feasible, the professor should be notified by the next class session at the latest.\(^4\)

Classroom discussion constitutes a substantial component of this course. For this and other reasons, missing fewer than a dozen class sessions is a requirement for merely passing this course, regardless of what the absences may be due to.

\textbf{Etiquette}

Except on exceptional occasions, there should never be more than one person talking at a time. For the good of other students and the instructor, students are kindly requested to try to avoid arriving late or temporarily leaving the classroom while the class is in session.

\textbf{The overall grade}

The grade for class participation will be worth 17\% of the overall grade, if the former raises the latter. If it does not, it will be worth 6\% of the overall grade. Accordingly, the overall grade will be determined in one of the following two ways:

\begin{align*}
17\% \text{ class participation} & \quad 6\% \text{ class participation} \\
20\% \text{ quizzes} & \quad 22\% \text{ quizzes} \\
21\% \text{ 1}\text{st \ midterm exam} & \quad 24\% \text{ 1}\text{st \ midterm exam} \\
21\% \text{ 2}\text{nd \ midterm} & \quad 24\% \text{ 2}\text{nd \ midterm} \\
21\% \text{ final exam} & \quad 24\% \text{ final exam}
\end{align*}

\textit{N.B.} Some students may require at least a C grade to obtain credit for this course from their home campus. If you are one of these students, it would be prudent to work toward getting your desired grade starting from day one. Please recall that professors are expected not to assign grades on the basis of criteria external to their courses.

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\(^1\) If any additional quizzes are missed on account of an excused absence, the completion of an extra assignment will be required to make up for these quizzes.

\(^2\) If there are more than 10 quizzes and/or there are excused absences that must be taken into consideration, this procedure will be slightly modified.

\(^3\) There may also be an occasion or two in which written participation will count. These occasions will be clearly announced.

\(^4\) An \textit{unexcused} absence from an exam will result in a penalty of 25 percentage points on any make-up exam, and any make-up exam due to unexcused absence must be done within two weeks of the original exam date.
Extra credit

If (a) the grades on the second midterm and the final exam are both greater than the grade on the first midterm and (b) the difference between the first exam grade and each of the last two exam grades is 11, 12, 13, . . . , or 20 percentage points, then in the calculation of the overall grade for the course the grade on the first midterm will automatically be counted as being 1, 2, 3, . . . , or 10 percentage points higher, respectively. If the last two exam grades are not identical—which is highly likely—the grade closest to the first exam grade will be used to establish the extent of the aforementioned difference.

In addition, there is a second possible form of extra credit. If (1) a student’s class participation—with regard to both quantity and especially quality—goes well beyond what is necessary for a score of 100 and (2) the participation is also strongly suggestive of exceptional philosophical promise, then the participation grade will be made to count for as much as 25% of the overall grade.

Please note that the foregoing are the only possible forms of extra credit.

Grading scale

<table>
<thead>
<tr>
<th>Grade</th>
<th>First Exam Grade</th>
<th>Second Exam Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>83–86.99</td>
<td>70–72.99</td>
</tr>
<tr>
<td>A-</td>
<td>80–82.99</td>
<td>60–69.99</td>
</tr>
<tr>
<td>B+</td>
<td>87–89.99</td>
<td>80–82.99</td>
</tr>
</tbody>
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Some important dates

- 16 Sept.: last day to “drop” a class without a grade of “W” and/or “add” a class, and last day to choose “audit” (AU) or “pass/no pass” (P/NP) options.
- 6 Nov.: Spring registration opens.
- 11 Nov.: last day to “drop” a class and receive a grade of “W.”

Holidays affecting this course: 1 Nov. (Thurs.) & 6 Dec. (Thurs.)

E-mail

Campus and course announcements will often be handled by e-mail. Students should check their “@slu.edu” e-mail regularly.

“The University’s Academic Integrity Statement”

“Academic integrity is honest, truthful and responsible conduct in all academic endeavors. The mission of Saint Louis University is "the pursuit of truth for the greater glory of God and for the service of humanity." Accordingly, all acts of falsehood demean and compromise the corporate endeavors of teaching, research, health care and community service via which SLU embodies its mission. The University strives to prepare students for lives of personal and professional integrity, and therefore regards all breaches of academic integrity as matters of serious concern.


“Additionally, SLU-Madrid has posted its academic integrity policy online: http://www.slu.edu/madrid/academics. As a member of the University community, you are expected to know and abide by these policies, which detail definitions of violations, processes for reporting violations, sanctions and appeals.

“The professor will review these matters during the first weeks of the term. Please direct questions about any facet of academic integrity to your faculty, the chair of the department of your academic program or the Academic Dean of the Madrid Campus.”

Note also that all violations of academic integrity will be reported to the Chair of Humanities. In consultation with the professor, the Chair will write a report, which will then be sent to the Madrid Campus Committee on Academic Honesty.
The university requests that professors explicitly specify sanctions for violations of academic integrity. Cheating on a quiz will result in an F on all quizzes. Cheating on an exam will result in an F in the course. Instead of subjecting the possibility of cheating to a cost-benefit analysis, cheating should simply be considered not to be an option.

Official statement for “Students with Special Needs”

“In recognition that people learn in a variety of ways and that learning is influenced by multiple factors (e.g., prior experience, study skills, learning disability), resources to support student success are available on campus. Students who think they might benefit from these resources can find out more about:

- Course-level support (e.g., faculty member, departmental resources, etc.) by asking your course instructor.
- University-level support (e.g., tutoring/writing services, Disability Services) by visiting the Academic Dean's Office (San Ignacio Hall) or by going to https://www.slu.edu/madrid/academics/student-resources.

“Students with a documented disability who wish to request academic accommodations must contact Disability Services to discuss accommodation requests and eligibility requirements. Once successfully registered, the student also must notify the course instructor that they wish to access accommodations in the course. Please contact Disability Services at disabilityservices-madrid@slu.edu or +915 54 58 58, ext. 230 for an appointment. Confidentiality will be observed in all inquiries. Once approved, information about the student's eligibility for academic accommodations will be shared with course instructors via email from Disability Services. For more information about academic accommodations, see "Student Resources" on the SLU-Madrid webpage.

“Note: Students who do not have a documented disability but who think they may have one are encouraged to contact Disability Services.”

Official “University Title IX Statement”

“Saint Louis University and its faculty are committed to supporting our students and seeking an environment that is free of bias, discrimination, and harassment. If you have encountered any form of sexual misconduct (e.g. sexual assault, sexual harassment, stalking, domestic or dating violence), we encourage you to report this to the University. If you speak with a faculty member about an incident of misconduct, that faculty member must notify SLU’s Title IX deputy coordinator, Marta Maruri, whose office is located on the ground floor of Padre Rubio Hall, Avenida del Valle, 28 (mmaruri@slu.edu; 915-54-5858, ext. 213) and share the basic fact of your experience with her. The Title IX deputy coordinator will then be available to assist you in understanding all of your options and in connecting you with all possible resources on and off campus.

“If you wish to speak with a confidential source, you may contact the counselors at the SLU-Madrid's Counseling Services on the third floor of San Ignacio Hall (counselingcenter-madrid@slu.edu; 915-54-5858, ext. 230) or Sinews Multipletherapy Institute, the off-campus provider of counseling services for SLU-Madrid (www.sinews.es; 917-00-1979). To view SLU-Madrid's sexual misconduct policy and for resources, please visit the following web address: http://www.slu.edu/Documents/Madrid/campus-life/SLUMadridSexualMisconductPolicy.pdf.”

Official assessment statement

“Saint Louis University - Madrid Campus is committed to excellent and innovative educational practices. In order to maintain quality academic offerings and to conform to relevant accreditation requirements, the Campus regularly assesses its teaching, services, and programs for evidence of student learning outcomes achievement. For this purpose anonymized representative examples of student work from all courses and programs are kept on file, such as assignments, papers, exams, portfolios, and results from student surveys, focus groups, and reflective exercises. Thus, copies of student work for this course, including written assignments, in-class exercises, and exams may be kept on file for institutional research, assessment and accreditation purposes. If students prefer
that Saint Louis University - Madrid Campus does not keep their work on file, they need to communicate their decision in writing to the professor.”