

*Course Number:* **MGT 508**

*Course Title:* Ethical, Social, Political,  
and Legal Environment of Business

*Semester & Year:* Spring 2014

*Classroom:* ASM 1017

*Meeting Time/Days:* M 4:00- 6:30

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*Office Hours:* M 1-2 and by appointment

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## **PURPOSE AND METHOD**

### **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 Schools of Management accomplishes this through a standalone course, and other business schools will do so by covering such material in other courses.

The long answer, however, involves another question: “Why do business-school accrediting bodies require that material related to the ethical, social, political, and legal environment of business be covered?” Many of the “reasons” we would name would in fact be the names of companies: Enron, WorldCom, Tyco, American International Group 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. (You should know that while we’ll be discussing ethical issues in business, this is not just a course in “business ethics.”) Further, business schools and accrediting bodies are responding to organizational demands for managers who are ethically aware. Business leaders and corporate stakeholders are increasingly recognizing that rules and ethical expectations for corporate activities are *in the long run* good for individual businesses and the institution of business.

There will be three segments in this course. The first segment will focus on how expectations for the role of business in society change over time. Here we’ll be using the concepts of corporate social responsibility, stakeholder analysis, and business ethics to make you more aware of how complex the organizational environment is and why it is important (for individuals and organizations) to be able to respond appropriately to stakeholder concerns.

The second segment deals with the legal and political environment. Obviously government at all levels has a profound impact on how businesses operate. Often stakeholder expectations for business get codified in law and regulation, but businesses in turn have considerable influence over political and legal processes.

The concluding segment focuses on organizational relations with particular stakeholder groups, including consumers, employees, stockholders, local communities, the media, and the natural environment. Sometimes expectations for corporate behavior are not codified in law, but organizations still need to respond to them in some way. Further, all organizations need good relationships with key stakeholders.

Throughout this semester, we'll also be discussing issues relate to both particular functional areas of business and to the formation of organizational strategies. 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 to current events that touch on course-related topics. Please feel free to bring ideas and articles to class for this purpose!

In terms of my teaching style, because of the nature of the course (graduate students, lots of controversial and interesting topics with multiple appropriate solutions) there will be lots of interaction and discussion.

## **COURSE OBJECTIVES**

- *to heighten awareness of the complex character of organizational environments and lay a foundation for ethical and responsible behavior to deal with this complexity.*
- *to understand the political and legal contexts, in addition to the competitive market, that may support or limit the actions that a manager wants to take.*
- *to understand the needs and desires of important stakeholder groups and how business can deal with them and issues important to them effectively.*

## **TEXT AND/OR OTHER READINGS**

There will be no required text for this class.

There is one required book, *Managing for Stakeholders* by Freeman, Harrison, & Wicks, published in 2007 by Yale Univ. Press which we will use for the second half of the classes.

All the rest of the material will be posted to WebCT.

## **PERFORMANCE MEASURES and GRADING y**

Grades will be based on class participation, in class quizzes, and three writing assignments. The weights for these components are as follows:

<b>Individual performance</b>	Weight	
Class participation	15 %	
Quizzes (top 5 scores of 6 quizzes)	25 %	
First paper	5 %	
CALS paper	30 %	
<b><i>Total for individual activities</i></b>		75 %
<b>Team performance</b>		
Final stakeholder team assignment	25 %	
<b><i>Total for team activities</i></b>		25 %

***Class participation.*** Grades for class participation will depend on both quality and frequency of participation. Quality is much more important than frequency. Students will receive high points for class participation when:

- \* their participation shows evidence of thoughtful analysis,
- \* their participation fits in with the flow of class discussion and demonstrates that they have been listening to and responding to others' viewpoint,
- \* they are able to influence the class to consider important avenues that it has neglected,
- \* they are able to engage constructively in debating points with other students.

Less value will be placed on participation that repeats facts without analysis, or that disrupts the flow of the class discussion without good reason.

Attendance of all classes and other activities is extremely important, as this is a course that relies heavily on class discussion and presentations.

***First paper.*** This will be a short two page assignment, which will be explained in class on 1/27 and will be due 2/24.

***Paper from the film Capitalism: A Love Story.*** This assignment requires you to write an essay on any salient issue raised in the film. Construct a thesis statement in **bold** – a short (25 words or less) summary statement – that encapsulates your position on the issue. You also need to demonstrate how the movie was the inspiration for your paper. In explaining your position make sure you address both the pros and cons of the issue, if applicable. Support your arguments using facts, avoid what you “believe” or “feel”. You should also make reference to two concepts that we’ve covered in the course so far. Include a conclusion summarizing the evidence presented. The body of this assignment should be no shorter than 7 pages. This assignment is due to me via the assignment dropbox on Learn for the CALS paper. It is due at midnight on the date indicated on the course calendar.

***Team stakeholder analysis.*** Working with 2 other students, this assignment requires you to choose any a current (within the past 6 months) nonmarket issue facing a corporation. Explain the issue. Conduct a stakeholder analysis of the issue and explain the connection of each stakeholder to the issue. Explain and justify how the corporation should prioritize the different stakeholders in the issue. Construct a response to the issue for the corporation for the most important stakeholder. This assignment should be no shorter than 15 pages. The due date for this assignment is midnight the day of our scheduled final.

## **Instructions for all writing assignments**

1. **YOUR PAPERS MUST CONTAIN PROPER CITATIONS.** Organize your references in any style you like. The important thing is that someone else (like me) can find your information. When using internet material, please include the exact weblink for the page containing the information. BE CONSISTENT with the style you use
2. The format for all papers is a 12 point font, **double spaced**, with 1” margins on every side.
3. Number all pages after page one.
4. Staple pages together. DO NOT paper clip or fold pages together.
5. If you don't already own a writing handbook, buy one. *The Elements of Style* by Strunk and White is my favorite. Whichever one you prefer, use it well.
6. Use topic headings to improve the flow of your paper.

## **Policies and procedures**

Class attendance is a critical element of learning. More than four unexcused absences may result in an administrative withdrawal or a failing grade for the course. 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.

Please turn off cell phone ringers during class!

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

### **ACADEMIC INTEGRITY**

**Anderson School of Management faculty, staff and students commit to values of trust, honesty, integrity, and accountability. We will not tolerate academic dishonesty. By enrolling in any course at Anderson, the student accepts the Anderson Academic Honesty Code and affirms the following pledge:**

***I will not lie, cheat, fabricate, plagiarize or use any other dishonest means to gain unfair academic advantage.***

Any violation of the code of conduct will be taken very seriously and appropriate sanctions will be applied. FOR FULL TEXT OF ANDERSON'S ACADEMIC HONESTY CODE, please visit <http://www.mgt.unm.edu/honesty>

### ***ADA Statement***

Reasonable accommodation will be given to any individual with a legitimate disability. Please contact the instructor privately for arrangements. If you are a qualified person with disabilities who might need appropriate academic adjustments, please communicate with me as soon as possible so that we may make appropriate arrangements to meet your needs in a timely manner. Frequently, we will need to coordinate accommodating activities with other offices on campus. Course materials can be made available in alternative formats.

**Tentative course calendar (subject to change)**

<u>Week no.</u>	<u>Date</u>	<u>Topic</u>	<u>Reading, etc</u>
1	1/27	Syllabus	Introduction to the course
2	2/03	The Business and Society relationship: What do we mean by CSR anyway?	<p>Maier, P. 1993. The revolutionary origins of the American corporation. <i>The William and Mary Quarterly</i>, Third Series, Vol. 50, No. 1, Law and Society in Early America (Jan., 1993), pp. 51-84. <b>(Read pages 51-60 only)</b></p> <p>Waddock, S. 2008. The development of corporate responsibility/corporate citizenship. <i>Organization Management Journal</i>, 5: 29-39.</p> <p>Frederick, W. C. 1994. From CSR1 to CSR2: The maturing of business and society thought. <i>Business &amp; Society</i>, 33: 150-164.</p> <p><b>Case:</b> The Benefit Corporation: Making a Difference while Making Money</p>
3	2/10	Corporate Social Performance: The empirical side of CSR	<p>Carroll, A. J. 1979. A three-dimensional model of corporate social performance. <i>Academy of Management Review</i>, 4: 497-505.</p> <p>Brammer, S. and Berman, S. L. Great Expectations. Working paper.</p> <p>Orlitzky, M., Schmidt, F. L. and Rynes, S. L. 2003. Corporate Social and Financial Performance: A Meta-analysis. <i>Organization Studies</i>, 24: 403–441.</p> <p><b>Mid-term, Part 1 – CSR &amp; CSP</b></p>
4	2/17	Business Ethics, I: Utilitarianism, Rights, & Justice	<p>Velasquez, M. Ethical Principles in Business, chapter 2, pp. 70-122 from <i>Business Ethics: Concepts and Cases</i>. Pearson: New York.</p> <p><b>Case:</b> The Parable of the Sadhu</p>

5	2/24	Business Ethics, II: Organizational ethics	<p>Liedtka, J. M. 1996. Feminist Morality and Competitive Reality: A Role for an Ethic of Care?. <i>Business Ethics Quarterly</i>, 6: 179-200.</p> <p>Carroll, A. B. and Buchholtz, A. K. 2012. Personal and Organizational Ethics, chapter 8, pp. 224-226, 240-268 from <i>Business and society: Ethics and stakeholder management</i> (8th edition). Cincinnati, OH: Southwestern.</p> <p><b>In-class activity:</b> Designing an organizational ethics program</p> <p><b>Mid-term, part 2 - Ethics</b></p> <p><b>First paper due</b></p>
6	3/3	<i>No Reading</i>	<i>Capitalism: A Love Story</i> , movie and class discussion
7	3/10	Strategic management and corporate public affairs: Issue management and crisis management	<p>Porter, M. E. and Kramer, M. R. 2006. Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. <i>Harvard Business Review</i>, December: 78-92.</p> <p><b>Download from Business Source Complete in library databases.</b></p> <p><b>Assignment:</b> Bring in one article which exemplifies either a public issue or a company dealing with a corporate crisis</p> <p><b>Case:</b> Coke and Pepsi in India: Issues, Ethics, and Crisis Management</p> <p><b>Mid-term. part 3 – Strategy and PA</b></p>
8	3/17	No Class	<b>Spring Break</b>
9	3/24	Stakeholder view of the firm, foundational readings	<p>Freeman, Harrison, and Wicks, Chap. 1</p> <p>Mitchell, Agle, &amp; Wood (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. <i>Academy of Management Review</i>, 22: 853-886.</p> <p>Elms, H., Johnson-Cramer, M. E. , and Berman, S. L. 2011. Bounding the World's Misery: Corporate Responsibility and Freeman's Stakeholder Theory. In Phillips, R. A. (ed) <i>Stakeholder Theory: Impacts and Prospects</i>: 1-53. Northampton, MA: Edward Elgar.</p>

10	3/31	Government as stakeholder: Business, government, and regulation	<p>Freeman, Harrison, and Wicks, chap. 2-3</p> <p>Barry Mitnick. 2001. The Strategic Uses of Regulation – And Deregulation, <i>Business Horizons</i>, 24: 71-83.</p> <p><b>Case:</b> Astroturf Lobbying</p> <p><b>Final, part 1 – Business &amp; Government</b></p>
11	4/07	Stockholders as stakeholders: Corporate governance	<p>Freeman, Harrison, and Wicks, chap. 4-5</p> <p>Review corporate governance slides on WebCT</p> <p><b>Case:</b> The HP Pretexting Predicament</p> <p><b>Assignment:</b> Bring in an article demonstrating a corporate governance failure.</p> <p><b>Final, part 2 – Corporate Governance</b></p>
12	4/14	Consumers and employees as stakeholders	<p>Freeman, Harrison, and Wicks, chap. 6</p> <p>Van Buren &amp; Greenwood, “Enhancing Employee Voice: Are Voluntary Employer–Employee Partnerships Enough?”, <i>Journal of Business Ethics</i>, 81: 209-221.</p> <p>“21<sup>st</sup> century consumers” from the New Internationalist, November 1, 2006.</p> <p><b>Paper inspired by the film due.</b></p> <p><b>Assignment:</b> Bring in an article about a consumer boycott. Was it effective?</p> <p><b>Final, part 3 – Consumers and employees</b></p>
13	4/21	Nature of the legal system & Contracts	<p>Segal, Martin E. 2005. “Proper Contract Management” from <i>Preventive Law for Business Professionals</i>. Thompson.</p> <p>Hadfield, Gillian K. 2011. Law of Increasing Returns. <i>Miller-McCune</i>, July/August, 38-47.</p>
14	4/28	<i>No reading</i>	Guest speaker
15	5/05	<i>No Reading</i>	Presentations
16	5/12	No class	<b>Finals Week</b>

**Final paper due by midnight, May 12**