

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY  
**BUSINESS ETHICS**

(26:010:685)

Fall 2013, Room 358 1WP

W 2:30-5:20 PM

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## **COURSE OVERVIEW**

This course serves as an introduction to the multi-disciplinary academic literature on business ethics and requires no previous exposure to business ethics or philosophy. The course begins with leading theories in business ethics, which are then explored through various disciplinary applications (management, accounting, marketing and supply chain). Relevant psychological and sociological influences in decision-making are addressed throughout the course and special attention is paid to conducting empirical research on ethics-oriented topics. Guest speakers provide insight into various topics. By the end of the course, class participants will have developed their own business ethics empirical study or normative analysis which will draw upon an ethical aspect of their discipline.

## **GRADING**

10% Normative analysis of an article from underlying discipline (**Sept 18**)

10% Research Question & Draft of Literature Review for Final Project (**Nov 1**)

20% Discussion Leader (1 session) & Participation

60% Final Presentation Paper (due a week after the final presentation)

## **NORMATIVE ANALYSIS**

Choose one empirical article from your discipline (possibly something written by your advisor) and try to identify the implicit normative aspects of the article (roughly 1 page).

Does the article seem to suggest that certain individual or firm behaviors are good or bad? Does the article consider implications of research for society?

## **RESEARCH QUESTION & DRAFT OF LITERATURE REVIEW**

In preparation for the final project, students will submit a paper containing a research question and an overview of the literature review for the final project. This assignment is meant to encourage students to start exploring their specific interests, make progress in writing their final papers, and receive feedback early in the writing process.

## **DISCUSSION LEADER & PARTICIPATION**

While students are expected to participate in all sessions, they will also lead one session alongside a classmate. In the role of discussion leaders, students are expected to compare and contrast articles (not merely provide summaries) and encourage participation and

exploration of topics by their classmates. Effective discussion leaders ask good, clear questions that help spark class discussions.

## READINGS

Most required readings will be posted to Blackboard or provided in class. Many sessions include a list of further readings on the topic but such reading is *not* required nor is it exhaustive. 'Further Readings' are meant to provide direction for those who plan to build on a topic for their final paper. To guide your interpretation of the readings, students should consider the following questions:

Theory Papers: How does the theory relate to research in your discipline? On what points would the scholars agree/disagree? Is the theory persuasive?

Empirical Papers: What is the main research question? Is the question persuasively answered? What was the nature of the research design? Did the authors use the best measures? What would you recommend as a follow-up study?

### \*\*\*\* TENTATIVE SCHEDULE \*\*\*\*

#### September 4                      **Philosophical underpinnings of Business Research**

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- Harris, J. & Bromiley, P. (2007). Incentives to Cheat: The Influence of Executive Compensation and Firm Performance on Financial Misrepresentation. *Organization Science*, 18: 350-367
- Ritter, J. R. 2008. Forensic Finance. *Journal of Economic Perspectives*, 127-147.
- Smith, N. C., Palazzo, G. & Bhattacharya, C. B. 2010. Marketing's Consequences: Stakeholder Marketing and Supply Chain Corporate Social Responsibility Issues. *Business Ethics Quarterly*, 20:617-641.

#### September 11                      **Leading Theories in Business Ethics**

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- Bowie, N. 1998. A Kantian Theory of Capitalism, *Business Ethics Quarterly*, 37-60.
- Donaldson, T. 1989. Moral Minimums for Multinationals," *Ethics and International Affairs* 3: 163-182.
- Donaldson, T. & Dunfee, T. 1994. Toward a Unified Conception of Business Ethics: Integrative Social Contracts Theory. *Academy of Management Review*, 19:2, pp. 252-284.
- Donaldson, T. & Preston, L. 1995. The Stakeholder Theory of the Corporation: Concepts, Evidence, Implications. *Academy of Management Review* 20: 65-91.
- Solomon, R. 1992. Corporate roles, personal virtues: An Aristotelian Approach to Business Ethics. *Business Ethics Quarterly* 3 (1992): 317-339.

**September 18                      Normative vs. Descriptive Theory**

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***DUE: Normative Analysis***

- Bowie, N. 2000. Business Ethics, Philosophy and the Next 25 years. *Business Ethics Quarterly*, pp.7-20.
- Donaldson, T. 1994. When Integration Fails: the Logic of Prescription and Description in Business Ethics. *Business Ethics Quarterly* 4: 157-169.
- Hartman, E. M. 1998. Altruism, ingroups, and fairness: Comments on David Messick's 'Social Categories and Business Ethics'. *Business Ethics Quarterly*, 179-185.
- Messick, D.M. 1998. Social categories and business ethics. *Business Ethics Quarterly*, 1: 149-172.
- Trevino, L. & Weaver, G. 1994. Business Ethics: One Field or Two? *Business Ethics Quarterly* 4: 113-128.
- Wood, D. J. 1998. Ingroups and outgroups: What psychology doesn't say. *Business Ethics Quarterly*, 1: 173-178.

**September 25                      Behavioral Ethics Models**

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- Jones, T. M. 1991. Ethical decision making by individuals in organizations: An issue-contingent model. *Academy of Management Review*, 16, 366-395.
- Treviño, L. T. 1986. Ethical decision making in organizations: A person-situation interactionist model. *Academy of Management Review*, 11, 601-617
- Ferrell & Gresham. 1985. A contingency framework for understanding ethical decision making in marketing. *Journal of Marketing*, 87-96.
- Reynolds, S. J. 2006. A neurocognitive model of the ethical decision-making process: Implications for study and practice. *Journal Applied Psychology*, 737-748.
- Warren & Smith-Crowe (2008) Deciding what's right: The role of external sanctions and embarrassment in shaping moral judgments in the workplace. *Research in Organizational Behavior*.

**October 2                      The Ethical Organization**

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- Hartman E. A. 1994. The Commons and the Moral Organization, *Business Ethics Quarterly*, 4, 253-269.
- Hegarty, W. H., & H. P. Sims. 1979. Organizational philosophy, policies, and objectives related to unethical decision behavior: A laboratory experiment. *Journal of Applied Psychology*, 64: 331-338.
- Hess, D. 2007. A Business Ethics Perspective on the Sarbanes-Oxley Act and the Organizational Sentencing Guidelines. *Michigan Law Review*, vol. 105 (8): 1781-1816.
- Warren, D.E. (2003). Constructive and destructive deviance in organizations. *Academy of Management Review* 28, 622-632.
- Weaver, G. R., & Treviño, L. K. 1999. Compliance and values oriented ethics programs: Influences on employees' attitudes and behavior. *Business Ethics Quarterly*, 9: 315-335.

## **October 9      The Ethical Organization (con't)**

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- Greenberg, J. (1990). Employee theft as a reaction to underpayment inequity: The hidden cost of pay cuts. *Journal of Applied Psychology*, 75, 561-568.
- Mayer, D. M., Kuenzi, M., Greenbaum, R., Bardes, M. & Salvador, R. 2009. How low does ethical leadership flow? Test of a trickle-down model. *Organizational Behavior and Human Decision Processes*, 108: 1-13.
- Schweitzer, M., Ordóñez, L. and Douma, B. (2004). Goal setting as a motivator of unethical behavior. *Academy of Management Journal*, 47, 422-432.
- Victor, B., & J. B. Cullen. 1988. The organizational bases of ethical work climates. *Administrative Science Quarterly*, 33: 101-125.
- Warren, D. E., Gaspar, J. & Laufer, W. S. Is formal ethics training merely cosmetic? A study of comprehensive ethics training and indicators of ethical organizational culture. Under review, *Business Ethics Quarterly*.

## **October 16      Individual Predictors of Un/Ethical Behavior**

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- Bailey, W. & Spicer, A. 2007. When does national identity matter? Convergence and divergence in international business ethics. *Academy of Management Journal*, 50: 1462-1480.
- Reynolds, S. J. 2006. Moral awareness and ethical predispositions: Investigating the role of individual differences in the recognition of moral issues. *Journal of Applied Psychology*, 91, 233-243.
- Schminke, M., M. L. Ambrose, D. O. Neubaum. 2005. The effect of leader moral development on ethical climate and employee attitudes. *Organizational Behavior and Human Decision Processes*, 97 135-151.
- Shao, R., Aquino, K., & Freeman, D. 2008. Beyond moral reasoning: A review of moral identity research and its implications for business ethics. *Business Ethics Quarterly*, 18, 513-540.
- Treviño, L. K., & Youngblood, S. A. 1990. Bad apples in bad barrels: A causal analysis of ethical decision making behavior. *Journal of Applied Psychology*, 75, 447-476.

## **Oct 23              Marketing & Supply Chain**

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- Arnold, D. & Bowie, B. 2007. Respect for workers in global supply chains: Advancing the debate over sweatshops. *Business Ethics Quarterly*, 17: 135-145.
- Dunfee, T. W., Smith, C. N. & Ross, W. T. 1999. Social contracts and marketing ethics. *Journal of Marketing*, 14-32.
- Mazar, N., On Amir, and Dan Ariely. 2008. The dishonesty of honest people: A theory of self-concept maintenance. *Journal of Marketing Research*, 45 (6): 633-644.
- Nill, A. & Schibrowsky, J. A. 2007. Research on Marketing Ethics: A Systematic Review of the Literature, *Journal of Macromarketing*, 256-273.
- Pires, G.D. & Stanton, J. 2002. Ethnic Marketing Ethics. *Journal of Business Ethics*, 36: 111-118.

**Oct 30**                      **Guest: Mike Barnett – CSR & Stakeholder Theory**

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**Nov 6**                      **Guest: Ann Buchholtz – Research ethics**

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**Nov 13**                    **Guest: Kristin Smith-Crowe – Behavioral ethics**

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**Nov 20**                    **Guest: Wayne Eastman – Critical business ethics**

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**Dec 4**                      **Guest: Miguel Alzola – Virtue Ethics**

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**December 11**            **FINAL PRESENTATIONS**

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**December 18**            **FINAL PAPERS DUE**

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**Further Readings:**

- Aquino, Karl, and Americus Reed II. 2002. "The self-importance of moral identity." *Journal of Personality and Social Psychology*, 83, 6, 1423- 1440.
- Ashforth, B. E., V. Anand. 2003. The normalization of corruption in organizations. *Res. Organ. Behavior* **25** 1-52.
- Ashforth, B. E., D. A. Gioia, S. L. Robinson, L. K. Treviño. 2008. Re-viewing organizational corruption. *Acad. Management Rev.* **33** 670-684.
- Audi, R. 2007. Can Utilitarianism be Distributive? Maximization and Distribution as Criteria in Managerial Decisions. *Business Ethics Quarterly*
- Bamber, L. S., Jiang, J., and Wang, I. Y. (2010). What's my style? The influence of top managers on voluntary corporate financial disclosure. *The Accounting Review*, 85, 1131-1162.
- Bazerman, M. H., & Tenbrunsel, A. E . 2011. *Blind spots: Why we fail to do what's right and what to do about it*. Princeton, New Jersey: Princeton University Press.
- Berman, S. L., Wicks, A.C., Kotha, S. & Jones, T. M. 1999. Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. *Academy of Management Journal*.
- Brief et al. 1996. What's wrong with the Treadway Commission Report? Experimental Analyses of the Effects of Personal Values and Codes of Conduct on Fraudulent Financial Reporting. *Journal of Business Ethics*, 15: 183.
- Brief, A. P., Buttram, R. T., & Dukerich, J. M. (2001). "Collective corruption in the corporate world: Toward a process model." In M. E. Turner (Ed.), *Groups at work: Theory and research* (pp. 471-499). Mahwah, NJ: Lawrence Erlbaum.
- Dyregang, S. D., Hanlon, M., and Maydew, E. L. (2010). The effects of executives on corporate tax avoidance. *The Accounting Review*, 85, 1163-1189.
- Eastman, W. & James R. Bailey (1998). Mediating the Fact-Value Antinomy: Patterns in Managerial and Legal Rhetoric. *Organization Science* 9: 232-244.

- Frank, R. (1987), "If Homo Economicus Could Choose His Own Utility Function, Would He Want One with a Conscience?" *The American Economic Review* 77(4): 593-605.
- Freeman, R. E. & Evan, W. M. 1990. Corporate governance: A stakeholder interpretation. *The Journal of Behavioral Economics*, 337-359.
- Freeman, R.E.1994. The politics of stakeholder theory: Future directions. *Business Ethics Quarterly*, 409-421.
- Gino, F., Norton, M. and Ariely, D. 2010. The Counterfeit Self the Deceptive Costs of Faking It. *Psychological Science* 21: 5: 712-720.
- Gould, S. J. and Lewontin, R. "The Spandrels of San Marco and the Panglossian Paradigm," *Proceedings of the Royal Society of London*, B205: 581-598.
- Greenberg, J. 1993. Stealing in the name of justice: informational and interpersonal moderators of theft reactions to underpayment inequity. *Organizational Behavior and Human Decision Processes*, 54, 81-103.
- Hartman E. A. 1996. *Organizational Ethics and the Good Life*. Oxford.
- Hegarty, W. H., & Sims, H. P. (1978). Some determinants of unethical decision behavior: An experiment. *Journal of Applied Psychology*, 63, 451-457.
- Hess, D. & Dunfee, T.W. (2007). "The Kasky-Nike Threat to Corporate Social Reporting: Implementing a Standard of Optimal Truthful Disclosure as a Solution." *Business Ethics Quarterly*, vol. 17(1): 5-32.
- Hillman, A. J.& Keim, G.D.. 2001. Shareholder Value, Stakeholder Management, and Social Issues: What's the Bottom Line? *Strategic Management Journal*, pp. 125-139,
- Jones, T. M. & Ryan, L. V. (1998). The effect of organizational forces of individual morality: Judgment, moral approbation, and behavior. *Business Ethics Quarterly*, 8:431-445.
- Margolis, J. D. and J. P. Walsh (2003). "Misery Loves Companies: Rethinking Social Initiatives by Business." *Administrative Science Quarterly* 48(2).
- Mikhail, J. (2007). Universal Moral Grammar: Theory, Evidence, and the Future. *Trends in Cognitive Science* 11: 143-152.
- Mitchell, R., 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*, 853-886.
- Narvaez, D. (2010). Moral complexity: The fatal attraction of truthiness and the importance of mature moral functioning. *Perspectives on Psychological Science*, 5, 163-181.
- O'Fallon, M. J., K. D. Butterfield. 2005. A review of the empirical ethical decision-making literature: 1996-2003. *J. Bus. Ethics* 59 375-413.
- Reynolds, S. & Bowie, N. 2004. A Kantian perspective on the characteristics of ethics programs. *Business Ethics Quarterly*, 275-292.
- Robertson, D. C., & Anderson, E. 1993. Control system and task environment effects on ethical judgment: An exploratory study of industrial salespeople. *Organizational Science*, 4: 617-644.
- Robertson, D. C. & Rymon, T. 2001. Purchasing agents' deceptive behavior: A randomized technique study. *Business Ethics Quarterly*, 455-479.
- Ruedy, N., & Schweitzer, M. 2010. In the moment: The effect of mindfulness on ethical

- decision making. *Journal of Business Ethics*, 95, 73-87.
- Salvador, R., R. G. Folger. 2009. Business ethics and the brain. *Business Ethics Quarterly*, 19:1-31.
- Searle, J. (1964). How to Derive 'Ought' from 'Is'. *Philosophical Review* 73: 43-58.
- Sen, A. 1993. Does business ethics make economic sense? *Business Ethics Quarterly*, 45-54.
- Schuler, D. & Christmann, P. 2011. The effectiveness of market-based social governance schemes: The case of Fair Trade coffee. *Business Ethics Quarterly*, 21: 133-156.
- Sobczak, A. 2006. Are codes of conduct in global supply chains really voluntary? From soft law regulation of labour relations to consumer law. *Business Ethics Quarterly*, 16: 167-184.
- Solomon, R. 1992. Ethics and excellence: Cooperation and integrity in business. Oxford.
- Spicer, A, Dunfee, T. & Bailey, W. 2004. Does National Context Matter in Ethical Decision Making? An Empirical Test of Integrative Social Contract Theory. *Academy of Management Journal* 47: 610-620.
- Tenbrunsel, A. E., K. Smith-Crowe. 2008. Ethical decision making: Where we've been and where we're going. *Acad. Management Ann.* 2 545-607
- Treviño, L. K., Weaver, G. R., & Reynolds, S. J. (2006). Behavioral ethics in organizations: A review. *Journal of Management*, 32, 951-990.
- Uddin, N. & Gillett, P.R. (2002). The effects of moral reasoning and self-monitoring on CFO intentions to report fraudulently on financial statements. *Journal of Business Ethics*,
- Warren, D. E. 2006. Ethics initiatives: The problem of ethical subgroups. In E. B. Mannix, M. Neale, & A. Tenbrunsel (Eds.), Research on Managing Groups and Teams: Ethics (pp. 83-100). London: Elsevier Science Press.
- Warren, D. E. 2007. Corporate scandals and spoiled identities: How organizations shift stigma to employees. *Business Ethics Quarterly*.
- Weaver, G. R., L. K. Trevino, & P. L. Cochran. 1999. Integrated and decoupled corporate social performance: Management commitments, external pressures, and corporate ethics practices. *Academy of Management Journal*, 42: 539-552.
- Weaver, G. R., L. K. Trevino, & P. L. Cochran. 1999. Corporate ethics practices in the mid-1990's: An empirical study of the Fortune 1000. *Journal of Business Ethics*, 18: 283-294.
- Weaver, G. R., Treviño, L. K., & Cochran, P. L. 1999a. Corporate ethics programs as control systems: Influences of executive commitment and environmental factors. *Academy of Management Journal*, 42: 41-57.
- Wicks, A., Gilbert, D. Freeman, R. E. 1994. A feminist reinterpretation of the stakeholder concept. *Business Ethics Quarterly*, 475-497.
- Unal, A. F., Warren, D. E. & Chen, C. C. The Normative Foundations of Unethical Supervision in Organizations. *Journal of Business Ethics*
- Zhong, C-B. (2011). The ethical dangers of deliberative decision making. *Administrative Science Quarterly*, 56, 1-25.