

Business Ethics

Introduction

A course on business ethics does not demand justification. Corporate scandals, the experience of pervasive malpractices, growing social expectations on business, and open questions about justice and human dignity on the eve of a new technological revolution are more than enough justification. However, in the pragmatic context of business education, a course on ethics may demand an explanation. Let us give one.

Business Ethics is not mainly about fraud and corruption or any other negative phenomena in business. Ethics is –in a way- like Medicine. It is not about curing diseases and mitigating pain. It is about helping people and organizations to live long, happy, and productive lives, preventing future trouble, and developing healthy habits. (Nonetheless, it is also helpful to avoid major reputational crises or even jail).

Business Ethics is not another technical field of business education, providing instrumental tools to achieve business purposes (profit or otherwise). Ethics is transversal and normative evaluative. It provides the occasion to discuss the ultimate aims of business in human life and society, the reason behind your whole management career. All the other sciences and techniques are instrumental. Business Ethics is not about black or white principles. It is about applying those principles to real-life situations with imperfect agents in imperfect environments.

Business Ethics is not about having abstract conversations about artificially defined dilemmas or learning theories and applying them. It is about human beings making decisions on particular situations by taking the perspective of life as a unity; by looking at the impact of business management along time and across the different dimensions of human flourishing.

Business Ethics is not about expressing your own opinions without rigor or rationally valid thoughts. Debate and discussion are necessary to broaden our perspective, refine our reasoning, and eventually be open to change our minds. Hence, a course like this focuses on how to think rather than what to think about the issues discussed.

Business Ethics is not only about principles, rules, and responsibility for consequences. It is mainly about pursuing human excellence and contributing to social welfare by shaping character, driving cultural change, and leading by example.

Business Ethics is not a purely philosophical field. It intends to develop skills and intellectual competencies to broaden our diagnostic capabilities beyond the economic dimension of firms and markets, by understanding the connections between financial, relational, legal, and moral dimensions. Business ethics also provides specific managerial tools (such as stakeholder management) for dealing with complex problems in human organizations.

Business ethics is a call to leave a trace, to have an impact, to change the world —but not in a merely aspirational way. It pushes you to think in what direction you want to lead organizations and society through your daily work in business, shoulder-to-shoulder with many people —but starting with yourself.

Objectives

This course has three main objectives:

- First, analyzing in detail organizational dynamics associated with ethically problematic situations such as corruption, mobbing, sexual harassment, etc.
- Second, learning how to develop personal leadership skills and how to design effective policies to prevent and eventually manage ethically problematic situations
- Third, developing a critical and positive perspective of the social impact of business activities, as well as managers' responsibilities and liabilities.

This course intends to nurture a critical and alternative perspective of traditional managerial processes through:

- Assessing the ethical dimension of business problems.
- Using specific tools for enhancing the culture of organizations.
- Critical Thinking: not WHAT to think; but HOW to think.

Learning Outcomes

RA12. Equip students with learning skills that enable them to continue studying independently and self-directedly.

RA19. Enable students to apply acquired knowledge and solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their area of study.

RA11. Enable students to integrate knowledge and address the complexity of making judgments based on incomplete or limited information, including reflections on social and ethical responsibilities linked to the application of their knowledge and judgments.

RA20. Enable students to communicate their conclusions, along with the knowledge and rationale supporting them, to both specialized and non-specialized audiences clearly and unambiguously.

RA21. Listen, understand, and compare differing viewpoints to develop an objective understanding of a business situation. Communicate in a structured and persuasive manner (Interpersonal communication).

RA13. Work effectively in multicultural teams, assuming project leadership when necessary. Integrate the value of diversity into the team's decision-making and work process (Multicultural teamwork skills).

RA14. Critically evaluate information and the context of a business situation to reach prudent decision-making conclusions (Critical thinking).

RA22. Acquire self-knowledge and self-control necessary to work effectively under pressure in professional environments, understanding others' motivations and the corporate culture (Emotional intelligence).

RA2. Apply well-established ethical criteria in business decision-making, respecting the inherent dignity of each individual and the pursuit of the common good. (Integrity)

RA15. Develop a proactive mindset open to organizational change to design and promote process improvement initiatives and facilitate adaptability to new organizational cultures (Innovative spirit).

RA3. Identify relevant data to diagnose a business problem and generate sensible decision alternatives.

RA4. Analyze and design optimized operations and logistics systems focused on customer orientation, following Lean philosophy principles (eliminate non-value-adding activities).

RA26. Identify a company's sources of competitive advantage to assess its sustainability in the future based on the industry's competitive structure, expected competitor responses, and the company's internal resources.

RA24. Design product and service operation strategies optimizing the supply chain through the application of the Theory of Constraints (TOC), input-output analysis, and queue theory.

Content

This course consists in three parts:

- In the first part, we will discuss cases focused on individuals dealing with morally ambiguous and corrupted environments, also introducing organizational perspectives and tools to deal successfully with fraud.
- In the second part, we will focus on the relationship between individual character, organizational culture and formal rules, and the exercise of leadership in driving organizations towards higher levels of excellence.
- The third part introduces new instrumental tools for multiple-stakeholder management beyond merely shareholder oriented management- and a normative discussion on the mission and purpose of the business firm in society, in a context of increasing social demands towards businesses and technological disruption.

Instructional Activities

AF1: Training sessions and meetings with the teacher (classes, seminars, lectures, tutorials, company visits, simulations): 15hrs

AF2: Individual student work (personal study, preparation of assignments): 10hrs

AF3: Teamwork (preparation of group assignments and execution of simulations): 4hrs

AF4: Evaluation tests: 1hrs

Evaluation

- 40% individual class participation
- 20% writing essay
- 40% final team assignment

The IESE Business School's Honor Code and Learning Partnership apply to all activities in this course. For individual assignments, unless explicitly stated, you should not interact with anyone else. For deliverables to be done in teams you should interact only with the members of your team.