

**ETHICAL, SOCIAL, POLITICAL, AND LEGAL ENVIRONMENT
OF BUSINESS (MGMT 508)**
Spring 2008

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General Purpose and Objectives

MGMT 508 is the course for all MBA students that fulfills the AACSB accreditation requirement to provide an understanding of ethical, social, political, legal, regulatory, and environmental issues that form the larger context for business activity. Note that this course is not only about business ethics -- it covers a very broad range of topics and disciplinary perspectives. Although a convenient shorthand label, calling it "ethics" underestimates the course. I abbreviate the course as "ESPLE."

MGMT 508 is inherently and explicitly *cross-functional* in two ways: it applies various concepts to create a deeper understanding of the traditional functional fields in business, and it draws upon key concepts in the functional fields to understand the challenges of making responsible and ethical decisions. Topics that reflect this cross-functional orientation include consumer responsiveness and advertising issues from marketing; fiduciary responsibilities and conflicts of interests that arise in accounting, finance, purchasing, and other areas; uses of power within organizations; and "facilitating" transactions in international business.

First Segment. We will begin the course with an analysis of various expectations about the role of business in society, based on the concepts of corporate social responsibility and business ethics. A stakeholder orientation will enable us to identify and evaluate the responsibilities that managers have to groups and individuals. Ethical criteria will be discussed and applied to enhance our abilities to meet the ethical expectations of today and into the next century. The goals in this segment are:

- *to heighten awareness of the complex character of organizational environments and lay a foundation for ethical and responsible behavior to deal with this complexity.*

Middle Segment. The second segment of the course will focus on the structural aspects of the political and legal systems that form the context for business decisions and actions. The pluralist nature of the U.S. democratic system and government regulation are explored as well as the legal standards for contracts, product liability, and white-collar crime. The goal here is:

- *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.*

Last Segment. The final segment of the course focuses in greater depth on the relationships that business has with several important stakeholder groups. We will specifically examine how business deals with consumers, employees, owner-investors, local communities, and ecological issues. The goal here is:

- *to understand the needs and desires of these important groups and how business can deal with them and issues important to them effectively.*

Materials

1. Carroll, Archie B. & Buchholtz, Ann K. *Business and Society: Ethics and Stakeholder Management*, 6th Ed. Cincinnati, OH: South-Western College Publishing, 2006.
2. Additional readings will be posted on E-Reserves through the UNM Library. The website is <http://ereserves.unm.edu/>. The password for our class is **lobo508**. You will need to have Adobe Acrobat Reader to download the readings. Let me know if you have any problems with E-Reserves.
3. To make clear the contemporary relevance of MGMT 508, students are expected to read The Wall Street Journal, Business Week, or Fortune regularly. Student-discount subscriptions are available. The first 10-15 minutes of each class will be devoted to current events that you find relevant to the course.

Course Requirements

Evaluation will be based on regular class participation, two exams, and one 5-page paper, plus an opportunity for extra credit. The weights for these grading components are as follows:

Class Participation	10%
First Exam	25%
Research Paper	30%
Final Exam	35%
Extra Credit Available:	
Individual Community Service Project	3 to 5 points
Team-Based Community Service Project	3 to 10 points
Maximum Extra Credit	13 points

Attendance and *participation* in class discussions and exercises are essential to the content and quality of the course because teaching methods will emphasize active involvement by the students, rather than straight lecture. I will assume that you have read the assigned material before coming to class, so that we can use class time for discussing, evaluating, and applying the concepts. Class participation points come from quality contributions, not quantity. If you have a concern about class participation, please see me early in the semester.

A word about *attendance*: More than 5 absences (1/3 of the course) will result in an administrative withdrawal or a failing grade. If circumstances occur that will affect your attendance, please get in touch with me to discuss your options.

The *examination format* will be a mix of objective and essay questions. Note that exam questions ask for specific answers (e.g., **what are the four categories of corporate social responsibility, according to Carroll; apply a relevant framework for environmental policy-making to the issue of global warming**), rather than assigning a grade to your feelings or values (e.g., do you think that managers should be ethical?). Questions may ask for your judgments based upon assessment of facts and logical argumentation.

The first exam will cover the foundational material on business responsibilities, business ethics, and strategic tools. **The final exam will focus on specific stakeholder relationships and issues related to these groups (consumers, employees, local communities, environmental issues, and owner-investors). The final exam will also have a conceptually cumulative section on basic principles and frameworks from the course in general.**

For the research paper, several topics related to the middle segment of the course will be selected by me for you to provide a written analysis. The topics will relate to political and legal issues. Details to follow as we get nearer to that assignment.

For *extra credit*, students are invited to provide assistance to a nonprofit community organization. We will discuss the nature of this extra credit opportunity in class on Feb. 6. Meanwhile, think about all of the community service organizations that are working to improve some aspect of our local community. Also think about how business executives and employees contribute to these organizations. Yes, they make financial contributions, but do they serve in other ways?

A Word about Learning and Pedagogy

Learning occurs in three levels, from simple to complex. The first level is the *rote knowledge level* where the learner memorizes definitions and procedures. The second level is the *meaningful-integrated level* where the learner can explain an idea or procedure in one's own words and illustrate, extrapolate, and distinguish ideas with independent thinking. The third level is the *critical thinking level* where the learner can analyze complex ideas and cases by applying multiple analytical tools and frameworks.

Notice how the levels progress – you can't get to level three without having knowledge (level one) and "owning it" by being able to integrate it with what else you know in a way that is meaningful to you (level two).

Teaching style and examination format should relate to the level of learning that is expected of the students.

- A course that focuses on rote knowledge will have mostly lectures and multiple-choice and other types of memorization-testing questions on exams.
- A course that is focused on the meaningful-integrated level will have much more student participation in discussion about significant concepts and procedures, both with the teacher and with one another. Testing meaningful integration capability is more challenging. A good way to do this is to ask students to apply knowledge from simple to more complex situations.
- Courses oriented to the critical thinking level are more likely to be advanced beyond the core curriculum. They often have a small-seminar structure where students participate in course design and teaching. Creative research projects are the best way to "test" critical thinking capability.

Recommendations for Success in this Course

1. Read the syllabus. It is a good idea to know the "big picture."
2. Read each chapter and reading twice, at least once before we discuss the material in class.
3. Come to each class. I add material in class that is not in the textbook.

Course Policies

Ethical lapses such as plagiarism or copying from a neighbor's exam are very serious and will result in a failing grade for the course. The UNM Student Code of Conduct can be found at: (<http://www.unm.edu/~sac/pathfind.html>).

Let's discuss as a group how to create an excellent adult learning environment.

- * cell phones
- *other relevant topics?
- * laptop usage

UNM Policy on Students with Disabilities

It is UNM policy to meet the needs of disabled students and to create an environment that is conducive to the learning of all our students. 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 academic adjustments with other offices on campus.

Four Quotes Worth Remembering

"Failure to perform competently and credibly in the realm of public issues can be devastating to the prospects of any business. It is not stretching fact at all to say that business today has a new bottom line -- public acceptance. Without the approval and support of society, it's obvious that financial success is irrelevant."

-- Robert O. Anderson, Chairman of ARCO

"Trust in free market capitalism is based on trust in the collective integrity of the companies that make up the market. A company's integrity depends on trust - the trust it shows its employees, its customers, its suppliers, its stockholders, and all the other constituencies that surround it. This trust is not just a matter of virtue for virtue's sake; it is an indispensable element for any business that wants to survive over the long haul."

-- Alex d'Arbeloff, Chair, MIT Corporation

"If you lose dollars for the firm by bad decisions, I will be very understanding. If you lose reputation for the firm, I will be ruthless."

-- Warren Buffett to a group of Salomon Brothers executives during a trading scandal in 1991

To educate a person in mind and not in morals is to educate a menace to society.

-- Theodore Roosevelt in *A Textbook of Virtues*

Course Schedule (Note: This schedule is subject to minor modifications.)

Jan. 23 **Introductions**
Issue Identification Exercise

BUSINESS RESPONSIBILITIES, ETHICS, AND TOOLS OF RESPONSIVENESS

Jan. 30 **The Business & Society Relationship and Corporate Social Responsibility**
Carroll & Buchholtz, Ch. 1 and 2
Seat selection: I need to know who you are -- Come early enough to get the seat of your choice for the rest of the semester.

Feb. 6 **The Stakeholder Management Concept and Introduction to Business Ethics**
Carroll & Buchholtz, Ch. 3 and 6
Introduction of community service projects for extra credit.

Feb. 13 **Ethical Principles and Managing Organizational Ethics**
Velasquez reading (handed out in class)
Carroll & Buchholtz, Ch. 7 (pp. 227-250)
A Very Important Handout on 3 Ethical Principles

Feb. 20 **Conflicts of Interest and Global Ethics**
Conflict of Interest reading on E-Reserves
Carroll & Buchholtz, Ch. 9

Feb. 27 **First Exam**

March 5 **Tools for Responsiveness: Public Affairs, Issues Management, Crisis Management**
Carroll & Buchholtz, Ch. 4 and 5

March 12 **Movie Day**

March 19 **Spring Break**

POLITICAL AND LEGAL CONTEXTS FOR BUSINESS ACTIVITIES

March 26 **Business, Government, and Regulation and Business as a Political Actor**
Carroll & Buchholtz, Ch. 10 and 11
Two Very Important Handouts

Apr. 2 **Nature of Business Contracts and Litigation**
Readings on E-Reserves

Apr. 9 **White Collar Crime and Criminal Law**
Readings on E-Reserves

STAKEHOLDERS AND SELECTED ISSUES

- Apr. 16 **Consumer Stakeholder Issues and Product Liability**
 Carroll & Buchholtz, Ch. 12 and 13
 Bring examples of misleading advertising to class.
 Paper due at the beginning of class.
- Apr. 23 **Business and Employees**
 Carroll & Buchholtz, Ch. 16 and 17
- Apr. 30 **Business and the Natural Environment**
 Carroll & Buchholtz, Ch. 14 (pp. 439-456)
 Reading on E-Reserves
Business and Local Communities
 Carroll & Buchholtz, Ch. 15
 Present: Brief reports on community service projects
 Due: Written reports on community service projects
- May 7 **Owner Stakeholders and Corporate Governance**
 Carroll & Buchholtz, Ch. 19
 Thinking about the final exam. What's the real exam?

Recap of the learning objectives for MGT 508:

- *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 particular stakeholder groups and how business can deal with them and issues important to them effectively.*

Did the course help you achieve these objectives?

- May 14 **Final Exam, 12:30 to 2:30**