

ANNUAL EDITIONS

Business Ethics

03/04



A·N·N·U·A·L E·D·I·T·I·O·N·S

Business Ethics

03/04

Fifteenth Edition

EDITOR

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Pepperdine University

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Fifteenth Edition

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Members of the Advisory Board are instrumental in the final selection of articles for each edition of ANNUAL EDITIONS. Their review of articles for content, level, currentness, and appropriateness provides critical direction to the editor and staff. We think that you will find their careful consideration well reflected in this volume.

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Pepperdine University

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To the Reader

In publishing ANNUAL EDITIONS we recognize the enormous role played by the magazines, newspapers, and journals of the public press in providing current, first-rate educational information in a broad spectrum of interest areas. Many of these articles are appropriate for students, researchers, and professionals seeking accurate, current material to help bridge the gap between principles and theories and the real world. These articles, however, become more useful for study when those of lasting value are carefully collected, organized, indexed, and reproduced in a low-cost format, which provides easy and permanent access when the material is needed. That is the role played by ANNUAL EDITIONS.

Recent events have brought ethics to the forefront as a topic of discussion throughout our nation. And, undoubtedly, the area of society that is getting the closest scrutiny regarding its ethical practices is the business sector. Both the print and broadcast media have offered a constant stream of facts and opinions concerning recent unethical goings-on in the business world. Insider trading scandals on Wall Street, the marketing of unsafe products, money laundering, and questionable contracting practices are just a few examples of events that have recently tarnished the image of business.

As corporate America struggles to find its ethical identity in a business environment that grows increasingly complex, managers are confronted with some poignant questions that have definite ethical ramifications. Does a company have any obligation to help solve social problems such as poverty, pollution, and urban decay? What ethical responsibilities should a multinational corporation assume in foreign countries? What obligation does a manufacturer have to the consumer with respect to product defects and safety?

These are just a few of the issues that make the study of business ethics important and challenging. A significant goal of *Annual Editions: Business Ethics 03/04* is to present some different perspectives on understanding basic concepts and concerns of business ethics and to provide ideas on how to incorporate these concepts into the policies and decision-making processes of businesses. The articles reprinted in this publication have been carefully chosen from a variety of public press sources to furnish current information on business ethics.

This volume contains a number of features designed to make it useful for students, researchers, and professionals. These include the *table of contents* with summaries of each article and key concepts in italics, a *topic guide* for locating articles on specific subjects related to business ethics, and a comprehensive *index*. Also, included in this edition are selected *World Wide Web* sites that can be used to further explore article topics.

The articles are organized into five units. Selections that focus on similar issues are concentrated into subsections within the broader units. Each unit is preceded by an overview that provides background for informed reading of the articles, emphasizes critical issues, and presents key points to consider that focus on major themes running through the selections.

Your comments, opinions, and recommendations about *Annual Editions: Business Ethics 03/04* will be greatly appreciated and will help shape future editions. Please take a moment to complete and return the postage-paid *article rating form* on the last page of this book. Any book can be improved, and with your help this one will continue to be.



John E. Richardson
Editor

Topic Guide

This topic guide suggests how the selections in this book relate to the subjects covered in your course. You may want to use the topics listed on these pages to search the Web more easily.

On the following pages a number of Web sites have been gathered specifically for this book. They are arranged to reflect the units of this *Annual Edition*. You can link to these sites by going to the DUSHKIN ONLINE support site at <http://www.dushkin.com/online/>.

ALL THE ARTICLES THAT RELATE TO EACH TOPIC ARE LISTED BELOW THE BOLD-FACED TERM.

Brands

- 36. Designing a Trust-Based e-Business Strategy

Business and government

- 18. A Hero—and a Smoking-Gun Letter

Codes of ethics

- 6. Doing Well by Doing Good
- 7. Best Resources for Corporate Social Responsibility
- 11. Unjust Rewards
- 26. Adding Corporate Ethics to the Bottom Line
- 27. Corporate Social Audits—This Time Around
- 32. Values in Tension: Ethics Away From Home
- 33. Global Standards, Local Problems
- 37. Managing for Organizational Integrity
- 42. Wanted: Ethical Employer

Conflicts of interest

- 3. Defining Moments: When Managers Must Choose Between Right and Right
- 5. Improper Behavior
- 20. Where Do You Draw the Line?
- 23. The Parable of the Sadhu
- 24. Trust in the Marketplace
- 28. Scandals Shred Investors' Faith
- 41. After Enron: The Ideal Corporation

Consumer protection

- 6. Doing Well by Doing Good
- 31. Virtual Morality: A New Workplace Quandary
- 34. The Perils of Doing the Right Thing
- 35. Ethical Marketing for Competitive Advantage on the Internet
- 41. After Enron: The Ideal Corporation
- 45. Profits From Principle: Five Forces Redefining Business

Discrimination

- 13. Is Wal-Mart Hostile to Women?
- 14. Racism in the Workplace
- 15. The Unifying Force of Diversity
- 24. Trust in the Marketplace
- 27. Corporate Social Audits—This Time Around
- 30. America Addresses Work Force Diversity
- 32. Values in Tension: Ethics Away From Home

Diversity

- 14. Racism in the Workplace
- 15. The Unifying Force of Diversity
- 16. The Kindest Cut
- 27. Corporate Social Audits—This Time Around
- 30. America Addresses Work Force Diversity
- 39. 100 Best Corporate Citizens
- 43. Old Ethical Principles: The New Corporate Culture
- 46. Executive Women and the Myth of Having It All

Downsizing

- 16. The Kindest Cut
- 17. Downsize With Dignity
- 38. Industrial Evolution
- 45. Profits From Principle: Five Forces Redefining Business

Employee responsibility

- 14. Racism in the Workplace
- 20. Where Do You Draw the Line?
- 31. Virtual Morality: A New Workplace Quandary

Employee rights

- 1. Thinking Ethically: A Framework for Moral Decision Making
- 2. Appreciating, Understanding, and Applying Universal Moral Principles
- 3. Defining Moments: When Managers Must Choose Between Right and Right
- 4. Managing by Values
- 7. Best Resources for Corporate Social Responsibility
- 8. HR Must Know When Employee Surveillance Crosses the Line
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- 30. America Addresses Work Force Diversity
- 31. Virtual Morality: A New Workplace Quandary
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- 44. Do It Right
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- 46. Executive Women and the Myth of Having It All

Environmental disregard

- 6. Doing Well by Doing Good
- 7. Best Resources for Corporate Social Responsibility
- 11. Unjust Rewards
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- 25. Ethics in Cyberspace
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Environmental pollution

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- 43. Old Ethical Principles: The New Corporate Culture

Equal employment opportunities

- 12. Harassment Grows More Complex
- 14. Racism in the Workplace
- 15. The Unifying Force of Diversity
- 30. America Addresses Work Force Diversity

Ethical dilemmas

1. Thinking Ethically: A Framework for Moral Decision Making
3. Defining Moments: When Managers Must Choose Between Right and Right
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21. Was the Threat Real, or a Hoax?
22. Leaders as Value Shapers
23. The Parable of the Sadhu
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31. Virtual Morality: A New Workplace Quandary
34. The Perils of Doing the Right Thing
44. Do It Right

Ethics

10. Enough Is Enough
29. How to Fix Corporate Governance
45. Profits From Principle: Five Forces Redefining Business

Ethics training

1. Thinking Ethically: A Framework for Moral Decision Making
2. Appreciating, Understanding, and Applying Universal Moral Principles
5. Improper Behavior
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12. Harassment Grows More Complex
15. The Unifying Force of Diversity
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44. Do It Right

Global business ethics

3. Defining Moments: When Managers Must Choose Between Right and Right
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33. Global Standards, Local Problems
40. Ethical Challenges for Business in the New Millennium: Corporate Social Responsibility and Models of Management Morality

Illegal business practices

5. Improper Behavior
6. Doing Well by Doing Good
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Insider information

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28. Scandals Shred Investors' Faith

Insider trading

5. Improper Behavior
10. Enough Is Enough
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28. Scandals Shred Investors' Faith

Legal environment

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37. Managing for Organizational Integrity

Legal environment, business

5. Improper Behavior
8. HR Must Know When Employee Surveillance Crosses the Line
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Management practices

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43. Old Ethical Principles: The New Corporate Culture

Management responsibility

5. Improper Behavior
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32. Values in Tension: Ethics Away From Home
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39. 100 Best Corporate Citizens

- 41. After Enron: The Ideal Corporation
- 43. Old Ethical Principles: The New Corporate Culture

Marketing ethics

- 24. Trust in the Marketplace
- 34. The Perils of Doing the Right Thing
- 35. Ethical Marketing for Competitive Advantage on the Internet
- 36. Designing a Trust-Based e-Business Strategy

Marketing practices

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- 5. Improper Behavior
- 10. Enough Is Enough
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Mergers

- 16. The Kindest Cut

Multinational corporations

- 3. Defining Moments: When Managers Must Choose Between Right and Right
- 6. Doing Well by Doing Good
- 7. Best Resources for Corporate Social Responsibility
- 18. A Hero—and a Smoking-Gun Letter
- 19. Speaking Out Has High Cost
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- 40. Ethical Challenges for Business in the New Millennium: Corporate Social Responsibility and Models of Management Morality

Organizational misconduct

- 10. Enough Is Enough
- 11. Unjust Rewards

Product quality

- 2. Appreciating, Understanding, and Applying Universal Moral Principles
- 11. Unjust Rewards
- 19. Speaking Out Has High Cost
- 21. Was the Threat Real, or a Hoax?
- 24. Trust in the Marketplace
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Product safety

- 2. Appreciating, Understanding, and Applying Universal Moral Principles
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Sexual harassment

- 8. HR Must Know When Employee Surveillance Crosses the Line
- 12. Harassment Grows More Complex
- 13. Is Wal-Mart Hostile to Women?
- 14. Racism in the Workplace
- 30. America Addresses Work Force Diversity

Situation ethics

- 2. Appreciating, Understanding, and Applying Universal Moral Principles
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- 20. Where Do You Draw the Line?
- 21. Was the Threat Real, or a Hoax?

Social responsibility

- 3. Defining Moments: When Managers Must Choose Between Right and Right
- 4. Managing by Values
- 5. Improper Behavior
- 7. Best Resources for Corporate Social Responsibility
- 9. Cut Loose
- 10. Enough Is Enough
- 11. Unjust Rewards
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- 44. Do It Right

Utilitarianism

- 2. Appreciating, Understanding, and Applying Universal Moral Principles
- 21. Was the Threat Real, or a Hoax?
- 43. Old Ethical Principles: The New Corporate Culture

Value systems

- 1. Thinking Ethically: A Framework for Moral Decision Making
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- 4. Managing by Values
- 5. Improper Behavior
- 7. Best Resources for Corporate Social Responsibility
- 15. The Unifying Force of Diversity
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- 43. Old Ethical Principles: The New Corporate Culture
- 44. Do It Right

Whistle-blowing

- 13. Is Wal-Mart Hostile to Women?
- 18. A Hero—and a Smoking-Gun Letter
- 19. Speaking Out Has High Cost

White-collar crime

- 10. Enough Is Enough
- 20. Where Do You Draw the Line?
- 26. Adding Corporate Ethics to the Bottom Line
- 28. Scandals Shred Investors' Faith
- 42. Wanted: Ethical Employer

Work environment

- 8. HR Must Know When Employee Surveillance Crosses the Line
- 12. Harassment Grows More Complex
- 15. The Unifying Force of Diversity
- 22. Leaders as Value Shapers
- 25. Ethics in Cyberspace
- 41. After Enron: The Ideal Corporation
- 43. Old Ethical Principles: The New Corporate Culture

Working conditions

- 4. Managing by Values
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- 12. Harassment Grows More Complex
- 13. Is Wal-Mart Hostile to Women?
- 14. Racism in the Workplace
- 15. The Unifying Force of Diversity
- 22. Leaders as Value Shapers
- 25. Ethics in Cyberspace
- 41. After Enron: The Ideal Corporation
- 43. Old Ethical Principles: The New Corporate Culture

Working women

- 12. Harassment Grows More Complex
- 13. Is Wal-Mart Hostile to Women?
- 15. The Unifying Force of Diversity
- 27. Corporate Social Audits—This Time Around
- 30. America Addresses Work Force Diversity
- 46. Executive Women and the Myth of Having It All

World Wide Web Sites

The following World Wide Web sites have been carefully researched and selected to support the articles found in this reader. The easiest way to access these selected sites is to go to our DUSHKIN ONLINE support site at <http://www.dushkin.com/online/>.

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The following sites were available at the time of publication. Visit our Web site—we update DUSHKIN ONLINE regularly to reflect any changes.

General Sources

American Civil Liberties Union (ACLU)

<http://www.aclu.org/issues/worker/campaign.html>

The ACLU provides this page in its "Campaign for Fairness in the Workplace." Papers cover such privacy issues as lifestyle discrimination, drug testing, and electronic monitoring.

Center for the Study of Ethics in the Professions

<http://www.iit.edu/departments/csep/>

Sponsored by the Illinois Institute of Technology, this site links to a number of world business ethics centers.

Harvard Business School (HBS)

<http://www.hbs.edu/educators.html>

Surf through the many valuable links attached to this Educators and Research News site to preview upcoming issues of the *Harvard Business Review*.

Markkula Center

<http://www.scu.edu/SCU/Centers/Ethics/>

Santa Clara University's Markkula Center strives to heighten ethical awareness and to improve ethical decision making on campus and within the community. A list of published resources, links to ethical issues sites, and other data are provided.

Murray G. Bacon Center for Ethics in Business

http://www.public.iastate.edu/~BACON_CENTER/homepage.html

This Iowa State University site was developed to aid businesses to understand and come to grips with ethical dilemmas.

U.S. Department of Labor

<http://www.dol.gov>

Browsing through this site will lead you to a vast array of labor-related data and discussions of issues affecting employees and managers, such as the minimum wage.

U.S. Equal Employment Opportunity Commission (EEOC)

<http://www.eeoc.gov>

The EEOC's mission "is to ensure equality of opportunity by vigorously enforcing federal legislation prohibiting discrimination in employment." Consult this site for facts about employment discrimination, enforcement, and litigation.

Wharton Ethics Program

<http://ethics.wharton.upenn.edu/>

The Wharton School of the University of Pennsylvania provides an independently managed site that offers links to research, cases, and other business ethics centers.

UNIT 1: Ethics, Values, and Social Responsibility in Business

Association for Moral Education (AME)

<http://www.amenetwork.org/>

AME is dedicated to fostering communication, cooperation, training, and research that links moral theory with educational

practices. From here it is possible to connect to several sites of relevance in the study of business ethics.

Business for Social Responsibility (BSR)

<http://www.bsr.org/>

The 9 core topic areas covered by BSR are listed on this page. They cover everything from Corporate Social Responsibility to Business Ethics to Community Investment to the Environment to Governance and Accountability to Human Rights to Marketplace to Mission, Vision, Values, and finally Workplace. New information is added on a regular basis. For each topic or subtopic there is an introduction, examples of large and small company leadership practices, sample company policies, links to helping resources, and other information.

Business Policy and Strategy

<http://www.aom.pace.edu/bps/bps.html>

This site of the Business Policy and Strategy Division of the Academy of Management is full of information about various topics in business theory and practice.

Enron Online

<http://www.enron.com/corp/>

Explore the Enron Web site to find information about Enron's history, products, and services. Go to the "Press Room" section for Enron's spin on the current investigation.

Ethics Updates/Lawrence Hinman

<http://ethics.acusd.edu>

This site provides both simple concept definitions and complex analysis of ethics, original treatises, and sophisticated search engine capability. Subject matter covers the gamut, from ethical theory to applied ethical venues.

Institute for Business and Professional Ethics

<http://commerce.depaul.edu/ethics/>

This site is interested in research in the field of business and professional ethics. It is still under construction, so check in from time to time.

National Center for Policy Analysis

<http://www.ncpa.org>

This organization's archive links lead you to interesting materials on a variety of topics that affect managers, from immigration issues, to affirmative action, to regulatory policy.

Who We Are

<http://enron.com/corp/>

At this site, the Enron Corporation explains itself from its early history to its present day problems.

UNIT 2: Ethical Issues and Dilemmas in the Workplace

American Psychological Association

<http://www.apa.org/books/homepage.html>

Search this site to find references and discussion of important ethics issues for the workplace of the 1990s, including the impact of restructuring and revitalization of businesses.

Annenberg Washington Program in Communications Policy Studies of Northwestern University

<http://www.annenberg.nwu.edu/pubs/downside/>

Is your employer snooping on you? Stephen Bates discusses the National Information Infrastructure (NII). View this page for issues regarding privacy rights in the workplace.

Fortune

<http://www.pathfinder.com/fortune/bestcompanies/intro.html>

What features make a company a desirable employer? *Fortune* magazine discusses the characteristics of the "100 Best Companies to Work For." This page leads to many other *Fortune* articles and resources and a list of the 100 best companies.

International Labour Organization (ILO)

<http://www.ilo.org>

ILO's home page leads you to links that describe the goals of the organization and summarizes international labor standards and human rights. Its official UN Web site locator can point you to many other useful resources.

What You Can Do in Your Workplace

http://www.connectforkids.org/info-url1564/info-url_list.htm?section=Workplace

Browse here for useful hints and guidelines about how employees, employees' families, management, and society can help a company become more family-friendly.

UNIT 3: Business and Society: Contemporary Ethical, Social, and Environmental Issues

CIBERWeb

<http://ciber.centers.purdue.edu>

This site of the Centers for International Business Education and Research is useful for exploring issues related to business ethics in the international marketplace.

Communications for a Sustainable Future

<http://csf.colorado.edu>

This site leads you to information on topics in international environmental sustainability. It features the political economics of protecting the environment.

National Immigrant Forum

<http://www.immigrationforum.org>

The pro-immigrant organization offers this page to examine the effects of immigration on the U.S. economy and society. Click on the links to underground and immigrant economies.

Stockholm University

<http://www.psychology.su.se/units/ao/ao.html>

Explore topics related to job design and other business organizational concerns through this site presented by the Division of Work and Organizational Psychology.

Sympatico: Workplace

<http://sympatico.workopolis.com>

This Canadian site provides an electronic network with a GripeVine for complaining about work and finding solutions to everyday work problems.

United Nations Environment Programme (UNEP)

<http://www.unep.ch>

Consult this UNEP site for links to topics such as the impact of trade on the environment. It will direct you to useful databases and global resource information.

United States Trade Representative (USTR)

<http://www.ustr.gov>

This home page of the U.S. Trade Representative provides links to many U.S. government resources for those interested in ethics in international business.

UNIT 4: Ethics and Social Responsibility in the Marketplace

Total Quality Management Sites

<http://www.nku.edu/~lindsay/qualhttp.html>

This site points to a variety of interesting Internet sources to aid in the study and application of Total Quality Management principles.

U.S. Navy

<http://www.navy.mil>

Start at this U.S. Navy page for access to a plethora of interesting stories and analyses related to Total Quality Leadership. It addresses such concerns as how TQL can improve customer service and affect utilization of information technology.

UNIT 5: Developing the Future Ethos and Social Responsibility of Business

Sheffield University Management School

<http://www.shef.ac.uk/uni/academic/l-M/mgt/research/research.html>

The Current Research page of this British school will lead you to information on a broad array of real-world management issues for now and in the future.

Trinity College/Computer Science Course

<http://www.cs.tcd.ie/courses/bsecs/>

This page, Innovation in the Workplace, provides insight into what the future holds for employers and employees.

UNU/IAS Project on Global Ethos

<http://www.ias.unu.edu/research/globalethos.cfm>

The United Nations University Institute of Advanced Studies (UNU/IAS) has issued this project abstract, which concerns governance and multilateralism. The main aim of the project is to initiate a process by which to generate jointly, with the involvement of actors from both state- and nonstate institutions in developed and developing countries, a global ethos that could provide or support a set of guiding principles for the emerging global community.

We highly recommend that you review our Web site for expanded information and our other product lines. We are continually updating and adding links to our Web site in order to offer you the most usable and useful information that will support and expand the value of your Annual Editions. You can reach us at: <http://www.dushkin.com/annualeditions/>.

UNIT 1

Ethics, Values, and Social Responsibility in Business

Unit Selections

1. **Thinking Ethically: A Framework for Moral Decision Making**, Manuel Velasquez, Claire Andre, Thomas Shanks, and Michael J. Meyer
2. **Appreciating, Understanding, and Applying Universal Moral Principles**, Judy Cohen
3. **Defining Moments: When Managers Must Choose Between Right and Right**, Joseph L. Badaracco Jr.
4. **Managing by Values**, Ken Blanchard
5. **Improper Behavior**, Ronald Berenbeim
6. **Doing Well by Doing Good**, *The Economist*
7. **Best Resources for Corporate Social Responsibility**, Karen McNichol

Key Points to Consider

- Do you believe that corporations are more socially responsible today than they were 10 years ago? Why or why not?
- In what specific ways do you see companies practicing social responsibility? Do you think most companies are overt or covert in their social responsibility activities? Explain your answer.
- What are the economic and social implications of “management accountability” as part of the decision-making process? Does a company have any obligation to help remedy social problems, such as poverty, urban decay, and pollution? Defend your response.
- Using the recent examples of stock, financial, and accounting debacles, discuss the flaws in America’s financial system that allow companies to disregard ethics, values, and social responsibility in business.



Links: www.dushkin.com/online/

These sites are annotated in the World Wide Web pages.

Association for Moral Education (AME)

<http://www.amenetwork.org/>

Business for Social Responsibility (BSR)

<http://www.bsr.org/>

Business Policy and Strategy

<http://www.aom.pace.edu/bps/bps.html>

Enron Online

<http://www.enron.com/corp/>

Ethics Updates/Lawrence Hinman

<http://ethics.sandiego.edu/index.html>

Institute for Business and Professional Ethics

<http://commerce.depaul.edu/ethics/>

National Center for Policy Analysis

<http://www.ncpa.org>

Who We Are

<http://enron.com/corp/>

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UNIT 1

Ethics, Values, and Social Responsibility in Business

Seven selections provide an introduction to business ethics and social responsibility.

Unit Overview

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1. **Thinking Ethically: A Framework for Moral Decision Making**, Manuel Velasquez, Claire Andre, Thomas Shanks, and Michael J. Meyer, *Issues in Ethics*, Winter 1996

Outlined here are key steps and five different approaches to dealing with moral issues and helping to resolve **ethical dilemmas**.

2

2. **Appreciating, Understanding, and Applying Universal Moral Principles**, Judy Cohen, *Journal of Consumer Marketing*, Volume 18, Number 7, 2001

This article explains the universal moral imperative, **rights**, and justice as they apply to the **marketplace**. An appendix offers a worksheet for analyzing the ethics of a marketing behavior, and also includes common mistakes to avoid.

5

3. **Defining Moments: When Managers Must Choose Between Right and Right**, Joseph L. Badaracco Jr., *strategy+business*, First Quarter, 1998

Joseph Badaracco discusses three basic types of right-versus-right problems: those that raise **questions about personal integrity** and moral identity; those involving **conflicts** between responsibilities for others and important personal **values**; and those involving **responsibilities** that a company shares with other groups in society.

13

4. **Managing by Values**, Ken Blanchard, *Executive Excellence*, May 2001

Ken Blanchard argues that when there is proper alignment between core **values** and common practices, financial results will follow.

16

5. **Improper Behavior**, Ronald Berenbeim, *Executive Excellence*, June 2002

In this article, Ronald Berenbeim delineates why he believes that Enron is the most compelling **business ethics case** in a generation.

18

6. **Doing Well by Doing Good**, *The Economist*, April 22, 2000

The article points out that a company that is not trusted by its employees, partners, and **customers** will suffer.

20

7. **Best Resources for Corporate Social Responsibility**, Karen McNichol, *Business Ethics*, Summer 2001

In this **Business Ethics** journal, Karen McNichol provides a list of some of the best Web sites on corporate **social responsibility**. They are listed with addresses in this article.

24



UNIT 2

Ethical Issues and Dilemmas in the Workplace

Sixteen selections organized within seven subsections examine crucial employee-related issues and their ethical implications for management's decision-making practices and policies.

Unit Overview 30

Part A. Employee Rights and Duties

8. HR Must Know When Employee Surveillance Crosses the Line, Eilene Zimmerman, *Workforce*, February 2002

The debate over **Internet monitoring** at work rages on, and HR not only must know the issues but also should be part of the decisions on whether (and how) to monitor.

32

9. Cut Loose, Anne-Marie Cusac, *The Progressive*, April 2001

Anne-Marie Cusac discloses some sad examples of how companies have tricked retiring **employees** out of their **health** benefits.

36

Part B. Organizational Misconduct and Crime

10. Enough Is Enough, Clifton Leaf, *Fortune*, March 18, 2002

Clifton Leaf provides a strong argument for why **white-collar criminals** should face a consequence that they actually fear: time in jail.

40

11. Unjust Rewards, Ken Silverstein, *Mother Jones*, May/June 2002

According to Ken Silverstein, the government has awarded billions of dollars to **companies that repeatedly break the law**. A *Mother Jones* investigation reveals which major contractors are the worst offenders.

48

Part C. Sexual Treatment of Employees

12. Harassment Grows More Complex, Carole O'Blenes, *Management Review*, June 1999

Today **employees** are basing **harassment** claims on a variety of "protected" characteristics, including race, religion, age, disability, and national origin, reveals Carole O'Blenes.

52

13. Is Wal-Mart Hostile to Women?, *Business Week*, July 16, 2001

In court, Wal-Mart **employees** paint a picture of a harsh, **anti-women culture** in which complaints go unanswered and the women who make them are targeted for retaliation.

56

Part D. Discriminatory and Prejudicial Employment Practices

14. Racism in the Workplace, Aaron Bernstein, *Business Week*, July 30, 2001

Racial harassment in the age of multiculturalism, according to Aaron Bernstein, is on the rise.

58

15. The Unifying Force of Diversity, William A. Guillory, *Executive Excellence*, June 2002

William Guillory defines **diversity** as an environment wherein most business-related differences are an integrated part of an organization.

62

Part E. Downsizing of the Work Force

16. The Kindest Cut, Carolyn Hirschman, *HR Magazine*, April 2001

Carolyn Hirschman advocates the importance of an organization having a policy for addressing the needs of **laid-off workers** before any announcements are made.

64

17. **Downsize With Dignity**, John Challenger, *Executive Excellence*, March 2002
John Challenger raises five questions that leaders and managers need to ask when facing **downsizing**, in order to act humanely and ethically. 69

Part F. Whistleblowing in the Organization

18. **A Hero—and a Smoking-Gun Letter**, *Business Week*, January 28, 2002
When Sherron S. Watkins wrote a letter **warning Enron executives that the company might implode** in a wave of accounting scandals, the total lack of response amazed her. After she sent the letter on August 15, 2001, she followed up by taking her concerns to an audit partner in their accounting firm, Arthur Andersen, again to no avail. 71
19. **Speaking Out Has High Cost**, Mark Magnier, *Los Angeles Times*, August 12, 2002
Although **whistle-blowers** in Japan often face retaliation by their employers, following recent corporate scandals there is a new movement to protect insiders. 73

Part G. Handling Ethical Dilemmas at Work

20. **Where Do You Draw the Line?**, Mark A. Crowder, *Purchasing Today*, January 2001
Ethical issues bombard supply managers. Mark Crowder offers a few possible approaches to some hypothetical **ethical dilemmas** supply managers face. 76
21. **Was the Threat Real, or a Hoax?**, Doug Wallace, *Business Ethics*, January/February 2002
This is a **classic case** from *Business Ethics* regarding this **ethical dilemma**: If the editor runs a particular story, he might play into a terrorist's hands. If he doesn't, lives might be lost. Doug Wallace comments on the event and then tells what actually happened. 78
22. **Leaders as Value Shapers**, Kevin Freiberg, *Executive Excellence*, November 1998
Kevin Freiberg explains how **leaders** who are faithful to a strong **value system** lay a foundation for trust and credibility in their companies. 80
23. **The Parable of the Sadhu**, Bowen H. McCoy, *Harvard Business Review*, May/June 1997
The parable presented in this reading has significance for managers as they encounter **ethical dilemmas** that involve merging the individual ethic (**personal values**) and the corporate ethic (**organizational values**) to make the best decisions within the **corporate culture**. Bowen McCoy stresses the importance of management's agreeing on a process for dealing with dilemmas and **conflicts of interest**. 83



UNIT 3

Business and Society: Contemporary Ethical, Social, and Environmental Issues

Ten articles organized within three subsections provide an analysis of important ethical, social, and environmental issues affecting both domestic and global workplaces.

Unit Overview 88

Part A. Changing Perspectives in Business and Society

24. **Trust in the Marketplace**, John E. Richardson and Linnea Bernard McCord, *McGraw-Hill/Dushkin*, 2000
The authors scrutinize the significance of companies that are cognizant of the precarious nature and powerful advantages of gaining and maintaining **trust** with their **customers** in the **marketplace**. 90

25. **Ethics in Cyberspace**, Marianne M. Jennings, *Biz Ed*, January/February 2002
Marianne Jennings believes that when it comes to business ethics, old **values**, such as fair-dealing and forthrightness, still hold true in the “new economy.” 93
26. **Adding Corporate Ethics to the Bottom Line**, Thomas Donaldson, *Financial Times*, November 13, 2000
Thomas Donaldson examines the logic behind the growth of **corporate ethics programs** and seeks evidence for their success or failure. 98
27. **Corporate Social Audits—This Time Around**, Homer H. Johnson, *Business Horizons*, May/June 2001
Homer Johnson discusses why the **corporate social audit** is receiving renewed interest and questions whether it will work. 102

Part B. Contemporary Ethical Issues

28. **Scandals Shred Investors' Faith**, John Waggoner and Thomas A. Fogarty, *USA Today*, May 2, 2002
A drumbeat of **corporate misdeeds** crushed stock prices and eviscerated pension plans. But, according to the authors of this article, the biggest victim may have been trust—investors' trust in financial advisers, stock analysts, and corporate America. 110
29. **How to Fix Corporate Governance**, *Business Week*, May 6, 2002
Although no one can **legislate** or mandate **ethical behavior**, according to this *Business Week* special report, leadership must create an environment where honesty and fairness are paramount. If integrity is to be the foundation for competitiveness, it has to begin at the top. 114
30. **America Addresses Work Force Diversity**, Judy C. Nixon and Judy F. West, *Business Forum*, Volume 25, Numbers 1 and 2, 2002
According to Judy Nixon and Judy West, **workplace diversity** is an increasingly important issue and extends beyond ethnicity and gender. 120
31. **Virtual Morality: A New Workplace Quandary**, Michael J. McCarthy, *Wall Street Journal*, October 21, 1999
In a series of articles, Michael McCarthy lucidly examines some key **ethical** issues related to the spread of technology into the **workplace**. 127

Part C. Global Ethics

32. **Values in Tension: Ethics Away From Home**, Thomas Donaldson, *Harvard Business Review*, September/October 1996
Thomas Donaldson believes that even the best-informed, best-intentioned executives must rethink their assumptions about business practices in **foreign settings**. 133
33. **Global Standards, Local Problems**, Meryl Davids, *Journal of Business Strategy*, January/February 1999
“When in Rome” doesn't work anymore. Meryl Davids discusses how more and more **global** firms are finding a correlation between ethical standards and economic success. 141



UNIT 4

Ethics and Social Responsibility in the Marketplace

Six selections organized within two subsections describe the practice of incorporating ethics into the marketplace.

Unit Overview

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Part A. Marketing Strategy and Ethics

34. The Perils of Doing the Right Thing, Andrew W. Singer, *Across the Board*, October 2000

Andrew Singer discusses why a number of companies have discovered how difficult it is to do well by doing good. Some question whether **ethical behavior** makes any economic sense at all.

148

35. Ethical Marketing for Competitive Advantage on the Internet, Claire Gauzente and Ashok Ranchhod, *Academy of Marketing Science Review*, 2001

An observation of the practices of **marketing on the Internet**, according to the authors of this article, reveals that some firms implement aggressive actions such as pop-ups, deceiving banners, hyperlinks, and other forms of intrusive mechanisms that impinge on personal privacy.

153

36. Designing a Trust-Based e-Business Strategy, Fareena Sultan and Hussain A. Mooraj, *Marketing Management*, November/December 2001

In recent years, no other technology has affected **marketing** and business activities as significantly as **the Internet**. The authors contend that the development of trust between all the stakeholders is crucial for fueling the expansion of e-business.

158

Part B. Ethical Practices in the Marketplace

37. Managing for Organizational Integrity, Lynn Sharp Paine, *Harvard Business Review*, March/April 1994

Lynn Sharp Paine advocates the idea that by supporting ethically sound behavior, **managers** can strengthen the relationships and **reputations** that their companies depend on.

163

38. Industrial Evolution, *Business Week*, April 8, 2002

Bill McDonough is winning over big names in corporate America with ideas that help companies grow bigger and stronger by going **green**.

172

39. 100 Best Corporate Citizens, Mary Miller, *Business Ethics*, March/April 2002

In this article, Mary Miller ranks America's most profitable and **socially responsible** major public companies.

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