



ROBERT H. SMITH
SCHOOL OF BUSINESS

BUSI 758L

MANAGERS IN SOCIETY:

ETHICAL LEADERSHIP

SYLLABUS

INSTRUCTOR: Dr. Shreevardhan Lele
4347 Van Munching Hall
E-mail: sLele@rhsmith.umd.edu
Office hours:

COURSE DESCRIPTION AND OBJECTIVES

This course examines the responsibilities of the manager in today's market-oriented globalized society. In doing so, we present a specific conception of ethical leadership.

In the first three weeks, we establish a framework that borrows from the fields of ethics (moral philosophy as well as moral psychology) and political economy. In the next three weeks, we apply this framework to examine managerial responsibilities to a variety of stakeholder groups. In the last week, we examine the ability of corporate governance systems to meaningfully bear ethical responsibilities and the consequent implications for the socio-political system.

The learning goals of this course are:

1. To recognize the scope of *managerial agency* as covering economic, legal *and* ethical responsibilities
2. To conduct elementary ethical analyses using the principal schools of *ethical reasoning*
3. To recognize the *market mechanism* as a part of society rather than apart from it, and to understand the necessity of regulation for the successful functioning of a market
4. To understand the historical rationale for the *corporate* form as well as competing contemporary conceptions of the corporation such as the *shareholder* and *stakeholder* models
5. To examine managerial responsibilities to *primary* stakeholder groups such as investors, employees, and customers
6. To examine managerial responsibilities to the *broader society* such as commitments to human rights and environmental sustainability
7. To examine *political-economic systems* and *governance structures* that promote the carrying out of these responsibilities
8. To recognize *ethical leadership* as the exercise of managerial agency in *changing existing values and practices* and to develop *personal goals* for ethical leadership.

COURSE MATERIALS

Please visit <http://cb.hbsp.harvard.edu/cb/access/> to download the course-pack. Additional readings (some required, some recommended) are posted on Canvas.

DELIVERABLES AND OVERALL GRADE

Your final grade for the course will be determined according to the following weights:

Classroom Participation	35%
Seminar (in teams)	25%
Final Examination	40%

THE CASE METHOD AND CLASS PARTICIPATION

In this course, we will make significant use of the case method. The case method presents unique challenges as well as opportunities for learning:

- A case is a situation that requires *interpretation*. It is more meaningful to evaluate an interpretation of a case on the basis of its *insightfulness* rather than its *correctness*.
- **Students are individually and collectively responsible for all learning that may occur in this course.**
- The two main ways in which learning takes place with the case method are (a) pre-class readings (including cases), and (b) classroom discussion.
- As the instructor, my main role is (a) to identify the pre-class readings and (b) to lead the classroom discussion.
- It is imperative that you complete the pre-class readings in a comprehensive matter. Since students are collectively responsible for learning, an ill-prepared student is an embarrassment not only to himself or herself, but also to the rest of the class.
- For each session, I will post a set of questions on Canvas. Your written responses to these questions will be neither graded nor collected. Active reading goes significantly beyond (a) thoroughly understanding the *facts* of the case to (b) *analyzing* the facts using pre-established frameworks, (c) creatively exploring linkages to *other bodies of knowledge*, and most importantly, (d) *synthesizing insights* from the combination of facts, analyses, and linkages to other bodies of knowledge.
- Many students report benefitting from an informal study group (about three students) in preparing for class. I will leave this matter to your individual preference and convenience.
- In the process of leading the class discussion, I will “cold call” on students. Cold calling is not intended, and so, should not be perceived, as an act of hostility. Instead, it should be viewed as an essential part of learning with the case method.
- *Quality* of class participation is far more important than *quantity*. However, if you rarely contribute, you will not score well on the class participation component.
- **The sole purpose of your classroom participation** – and consequently, the main criterion on which your classroom participation is evaluated – is **to improve the learning of your fellow-students.**
- In evaluating your class participation, I will look favorably on the following traits:
 - ⊕ Relevance of comments to topic under discussion
 - ⊕ Evidence of prior analysis
 - ⊕ Insightfulness
 - ⊕ Ability to listen to fellow-students and intellectually interact with them through acknowledgement, extension and/or questions
 - ⊕ Respect for your fellow-students’ contributions
 - ⊕ Ability to escort the class discussion into previously unexplored areas
 - ⊕ Willingness to admit error, when necessary.

- The following classroom behaviors will be penalized:
 - ⊗ Gratuitous “air time” (seemingly irrelevant remarks; repeating what has already been said *without* acknowledging that it has already been said)
 - ⊗ Belligerent argumentativeness
 - ⊗ Intensity of feeling as a substitute for explaining your reasoning
 - Please note that intensity of feeling is not discouraged. In fact, emotional arousal is sign of healthy engagement with the subject matter of this course. However, it cannot be used as a substitute for explaining your reasoning.
 - ⊗ Invocation of rank, credentials or length of work experience as a substitute for explaining your reasoning
 - Please note that drawing on your experience is strongly encouraged. Indeed, your experience and credentials are absolutely vital for the success of our MBA program! However, for your experience to be useful to your fellow-students, you must constructively articulate your reasoning.
 - ⊗ Interrupting or speaking without being recognized by the instructor
 - ⊗ Ridiculing a fellow-student’s input through subtle and, possibly, unsubtle, means.

SEMINARS

- The objective of the seminars is to *cooperate* in learning as a class and, thereby, cover a greater breadth and depth of topics than would be possible with individual study.
- Seminar topics are listed in the Schedule at the end of this syllabus. At the first class meeting, we will randomly assign students to teams and teams to seminar topics.
- For each seminar, I will provide the seminar presenters with learning objectives for that seminar and some suggestions for resources to help you get started. Your research for the seminar should extend significantly beyond my suggestions.
- You are urged to demonstrate creativity in attaining the learning objectives. In addition to the traditional PowerPoint presentation, please consider games, role-plays, skits, and other ways of actively engaging the class in the learning process. Each seminar should be prepared for 30 minutes, including participation from the rest of the class.
- Handouts to accompany the seminar are useful. If you want me to make photocopies for the class, please send me your handouts at least one day before your seminar.
- In addition to the presentation, each team must submit a paper on the assigned topic (limit to five pages). The paper is due on the day of the presentation.
- Each team’s presentation and paper will be posted on Canvas.

FINAL EXAMINATION

The final is an open-notes take-home exam, to be done on an individual basis. It will be posted on Canvas by 5:00 PM on XXX. It is due in my office by 11:00 AM on XXX.

CLASSROOM POLICIES

- Do not miss any part of any session. Absence from class prevents (a) your own learning, as well as (b) your fellow-students' learning from your class participation.

Under truly unavoidable circumstances, if you have to miss class, you must ask *and receive* permission from me to do so. ***Please note that merely informing me that you will miss class is not sufficient.*** Any request for permission to miss class must document all steps you have taken to avoid the conflict.

- Your fellow-students and I need 100% of your attention and mindshare while the class is in session. Toward this end:
 - Please be punctual in arriving at each session. ***Please do not walk in, around, or out of, the classroom while class is in session.***
 - You are not permitted to use laptops, tablets or phones (smart and otherwise) while class is in session. All electronic gadgets must be turned off (not turned to vibrate, but actually turned off!) while class is in session. For the purpose of this bullet, if your gadget has an on/off switch, it is an electronic gadget.
 - Disruptions caused by late arrivals, early departures and by cell-phones or beepers will be penalized via the class participation grade

OTHER COURSE POLICIES

- **Academic Integrity:** The University's Code of Academic Integrity is designed to ensure that the principles of academic honesty and integrity are upheld. All students are expected to adhere to this Code. The Smith School does not tolerate academic dishonesty. All acts of academic dishonesty will be dealt with in accordance with the provisions of this code. Please visit the following website for more information on the University's Code of Academic Integrity: <http://www.studenthonorcouncil.umd.edu/code.html>.
- **Special Needs:** If you have a disability and/or special needs, you should bring this to my attention *before the second week of class*.
- **Inclement Weather:** Please check the University's home page or call 301-405-SNOW for announcements regarding class cancellations due to inclement weather. In the event that a class has to be cancelled, we will have a make-up class.

ABOUT THE INSTRUCTOR

Shreevardhan Lele is Ralph J. Tyser Distinguished Teaching Fellow of Business Administration at the Smith School of Business. He teaches in the MBA and Executive MBA programs in three distinct areas: (a) ethical leadership and the role of managers in society, (b) the economics of incentives and strategic coordination using game theory, and (c) business analytics using statistics and management science. His current work centers on issues at the intersection of business and society, and on MBA curriculum development.

Dr. Lele served as the Academic Director of the Smith MBA Program from 2003-2006. Before joining the Smith School in 1997, he taught at the University of Michigan's Ross School of Business and at Georgetown University's McDonough School of Business.

Dr. Lele's personal webpage is <http://www.rhsmith.umd.edu/faculty/slele/lele.html>.

SCHEDULE

All readings are from the course-pack unless otherwise noted.

Week 1	<p>MANAGERIAL AGENCY</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> • “Moral Theory and Frameworks” by Andrew C. Wicks et al (UVA-E-0339) • “Moral Relativism” by R. Edward Freeman et al (UVA-E-0341) • Case: “The Individual and the Corporation: Kathy Levinson and E*Trade (A)” (HBS 301057)
	<p>AN INTRODUCTION TO MORAL PHILOSOPHY</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> • Case: “Cipla” (HBS 503085) <p><u>Recommended</u></p> <ul style="list-style-type: none"> • “Consequentialism” at Stanford Encyclopedia of Philosophy http://plato.stanford.edu/entries/consequentialism • “Kant’s Moral Philosophy” at Stanford Encyclopedia of Philosophy http://plato.stanford.edu/entries/kant-moral • “Virtue Ethics” at Stanford Encyclopedia of Philosophy http://plato.stanford.edu/entries/ethics-virtue
Week 2	<p>AN INTRODUCTION TO MORAL PSYCHOLOGY</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> • Case: “Conflict on a Trading Floor (A)” (HBS 394060) • “Is ‘Do Unto Others’ Written Into Our Genes?” by Nicholas Wade, <i>The New York Times</i> (on Canvas) • “Note on Human Behavior: Character and Situation” (HBS 404091) • Case: “Parable of the Sadhu” by Bowen H. McCoy, <i>Harvard Business Review</i> <p><u>Recommended</u></p> <ul style="list-style-type: none"> • “The Moral Instinct” by Steven Pinker, <i>The New York Times</i> (on Canvas) • Jonathan Haidt on The Moral Mind at TED Talks http://www.ted.com/talks/jonathan_haidt_on_the_moral_mind.html

<p style="text-align: center;">Week 2</p>	<p style="text-align: center;">MARKETS AND ECONOMIC REGULATION</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> • “Responding to Market Failures” (HBS 396344) • “The Truth About Drug Companies” by Marcia Angell, <i>New York Review of Books</i> (on Canvas) • Case: “U.S. Healthcare Reform: International Perspectives” (HBS 710040) <p><u>Recommended</u></p> <ul style="list-style-type: none"> • “Health Insurance: Clear Diagnosis, Uncertain Remedy”, <i>The Economist</i> (on Canvas) • “Uncertainty and the Economics of Medical Care” by Kenneth Arrow, <i>American Economic Review</i> (on Canvas)
<p style="text-align: center;">Week 3</p>	<p style="text-align: center;">SOCIAL VALUE</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> • “Creating Social Value” by Philip Auerwald, <i>Stanford Social Innovation Review</i> (on Canvas) • “The Rise and Fall of the GDP” by Joe Gertner, <i>New York Times</i> (on Canvas) • Executive summary (on pages 7-18) of “Report by the Commission on the Measurement of Economic Performance and Social Progress” by Joseph E. Stiglitz, Amartya Sen and Jean-Paul Fitoussi (on Canvas) <p><u>Recommended</u></p> <ul style="list-style-type: none"> • “Human Development” at http://hdr.undp.org/en/humandev/ • “Human Development Index” at http://hdr.undp.org/en/statistics/hdi/ <p style="text-align: center;">COMPETING CONCEPTIONS OF THE CORPORATION</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> • “The Social Responsibility of Business is to Increase its Profits” by Milton Friedman, <i>The New York Times Magazine</i> (on Canvas) • “Lessons from Stakeholder Theory for U.S. Business Leaders” by Ronald W. Clement, <i>Business Horizons</i> • “Corporate Social Responsibility” from SourceWatch (on Canvas)

Week 4	<p style="text-align: center;">RESPONSIBILITIES TO INVESTORS</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> Case: “Marriott Corp. (A)” (HBS 394085) <i>Seminar: Who “Owns” the Corporation?</i>
	<p style="text-align: center;">RESPONSIBILITIES TO EMPLOYEES</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> Case: “Kathryn McNeil (A)” (HBS 394111) <i>Seminar: A History of Work and the Workplace</i>
Week 5	<p style="text-align: center;">RESPONSIBILITIES TO CUSTOMERS</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> Case: “Beech-Nut Nutrition Corp. (A1)” (HBS 392084) <i>Seminar: Evolution of Customer Rights</i>
	<p style="text-align: center;">RESPONSIBILITIES TO SOCIETY: HUMAN RIGHTS</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> “Business and Human Rights” (HBS 309097) <i>Seminar: A History of Human Rights</i>
Week 6	<p style="text-align: center;">RESPONSIBILITIES TO SOCIETY: CORRUPTION</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> Case: “Corruption in Germany” (HBS 709006) <i>Seminar: Money in U.S. Politics</i>
	<p style="text-align: center;">RESPONSIBILITIES TO FUTURE SOCIETIES: ENVIRONMENTAL SUSTAINABILITY</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> “How Durable is Sustainable Enterprise?” by Leslie E. Sekerka and Derek Stimel, <i>Business Horizons</i> <i>Seminar: International Negotiations on Climate Change</i>
Week 7	<p style="text-align: center;">ORGANIZATION AND GOVERNANCE</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> Case: “Veridian: Putting a Value on Values” (HBS 406028) <i>Seminar: The Emergence of the B Corporation</i>
	<p style="text-align: center;">THE “SYSTEM”, ETHICAL LEADERSHIP AND YOU</p> <p><u>Required Reading</u></p> <ul style="list-style-type: none"> “Two and a Half Cheers for Conscious Capitalism” by James O’Toole and David Vogel, <i>California Management Review</i>