

Description of the Course: International Business Ethics

Author: Piotr Boltuc, Professor SGH (copyright Piotr/Peter Boltuc)

The Author holds a named professorship (and is a full professor) in Liberal Arts and Sciences at the University of Illinois, Springfield. He developed and taught classes in **business ethics** at Bowling Green State University (Ohio, USA); University of Illinois Springfield (Illinois, USA); Warsaw School of Economics (Warsaw, Poland, EU), Adam Mickiewicz University (Poznań, Poland) as well as teaching related disciplines: **applied ethics** (St. Olaf College, Minnesota, USA); **Social Environment of Business; Social Capital and Values; Rationality and Moral Choice** at University of Illinois Springfield (Illinois, USA). He is also an international expert in online learning and in the area of new technologies, especially machine consciousness. He is the editor of the Newsletter on Philosophy and Computers of the American Philosophical Association.

Description of the course.

The class will be offered from the Platform of the Warsaw School of Economics and Prof. Boltuc will coordinate delivery on the EU side. Pacific National University will be able to mirror the class on its website. Both institutions can invite partner institutions to provide students or other input, as needed and practical. For instance Pacific National University may invite other partners from Russia, and Warsaw School of Economics, University of Illinois at Springfield (its partner in online programs, which will contribute to some content at no cost to EU) as well as some EU institutions. Pacific National University may deliver this course and may prepare its own added-on explanatory content on its platform as long as this content does not run counter to the content prepared by SGH. Faculty members at PNU involved with this project:

1. Coordinator of the team from Russia: Julia Leonova, Head of Research & Engineering Program Department, Department for International Affairs, Pacific National University Russia 680035, 680035, Khabarovsk, Tikhookeanskaya Street, 136, Tel/fax: +7 (4212) 72-07-12; juleonova@rambler.ru
2. Elena V. Murashova, Associate Professor, Ph.D. in Economics, Department of Economics and Management. Expert Analyst, Center for Strategic Development of PN, E-mail: elena.murashova898@gmail.com
3. Ivan V. Kylik, Associate Professor, Ph.D. in Economics, Department of Economics and Management, Deputy Dean for Training activities, School of economic and management, E-mail: Ivan.Kulik@mail.khstu.ru
4. Tatyana G. Motovits, Associate Professor, Ph.D. in Economics, Department of Economic theory and National economy, Deputy Dean for Training activities, School of economic and management, E-mail: motovits.t@gmail.com

Prof. Boltuc will be involved with delivery of the course within the SGH course 'International Business Ethics' and will coordinate the efforts of the international team while working on future sources of funding for this and related projects.

Guest lecture for Module 2: **William Kline**, Associate Professor, Chair, Liberal Studies Program, University of Illinois at Springfield.

Structure of the course: The class has two delivery modes: short undergraduate and standard graduate.

In its shortened delivery mode the class is equivalent to 15-20 contact hours at the BA level. Instructors cover sessions 1-7 (in two weeks each), and section 10 (part 2) as a sum up. Some of the more advanced issues may be left out or bracketed. This gives 15 weeks of 1h each = 15 credit hours. Discussion and other projects can add up to 50 credit hours depending on one's institutional practices.

In its standard delivery mode the class is equivalent of 30 contact hours at the MA level. Advanced undergraduate students may be admitted by partner institutions. The class consists of 10 topic-modules; if covered thoroughly, with extra focus on the most intricate topics, they are worth 3 credit hours each. There are also two micro-modules: housekeeping that helps students understand their obligations in the class and the review module at the end. Graduate students may cover those modules as a pre-assignment and a review so that – under normal circumstances – no extra credit hours would be assigned. Main modules can usually be taken in one or two weeks of time. (Modules 1 and 3 are relatively long due to a lot of philosophical content that would be usually placed in a textbook. For students who took no philosophy before they should probably be scheduled for two weeks each; hence, those modules are divided into Part I and Part II that may be taken in separate sessions). At most universities a semester is 14-15 weeks, which may give one week for preparation at the beginning, one week for review and evaluation at the end, 10 weeks for classes + the two extra weeks /one for module 1 and one for 2/).

Most modules consist of: Two or three short lectures (up to 1 credit hour each) and some case studies. In an online class each contact hour translates into 6-10 standard pages of text with extra bibliography and self-test at the end of each module. It is advisable to offer a graded test after every five modules: the midterm and the final exam *to be graded and prepared by the instructor at a given partner institution*. The rest of the grade may include: Student participation in online discussion; final exam and/or a paper. Online sessions 1-10 may also be used as a part of a blended course that offers some instruction on campus.

It is expected that the course will be offered as an inter-institutional, international cooperation between Warsaw School of Economics, Pacific National University and potentially other partners. Faculty would teach together and students would meet and work together in online discussions.

Goals of the Class

The goal of the class is to show business students how moral considerations can fit in the framework of business in a competitive environment. In this context we present realistic, even pragmatic options, based on the main author's long experience of teaching business ethics that ethics need to fit with business reality more closely than with abstract philosophical ideas. We teach students how to seek consensus rather than divisiveness. We plug in the values of professionalism, long-term strategic planning and civility into the framework of competitive business strategy and practical rational thinking. The goals is

also to use the international perspective including Russia, Europe, United States (where most business ethics literature comes from) and to include the view of Developing World. Some local legal and cultural perspectives should be added within add-on modules for local educational partners.

Books and other external resources

No textbook is required since this course plays a role of a short textbook and it may be printed separately, provided copyrights of its author are honored. Some standard articles will be heavily referenced and every effort should be given of making some version of them to the students, if practicable.

There will be recommended readings (for instructors and students working on certain specific topics, for instance on a student's MA thesis). Some of those readings, for Russian students, may come in Russian.

Description of the content of each module.

Module Number: 0. The main goals of the class are presented to students in part A: Why should I take this class: Course educational objectives. In part B students learn how to take this course. This is called: Detailed housekeeping notes

Module Number: 1. Business ethics within business strategy

Sub-module A: How business ethics is applicable:

The three relationships between ethics and business are presented as the philosophical backbone of the course:

- a. Ethical business is good business
- b. If one faces nearly equal strategies in terms of business factors, we have additional reasons to choose those with morally better outcomes (in terms of employment, honoring promises, environment etc.)
- c. In some instances one is morally obligated to go against business interests (e.g. whistleblowing). In a well-ordered society such cases are rare; this is one of the reasons to build a well-ordered society.

Further we make the following point: Ethics as a way to lower transaction costs: this leads rejecting narrow viewpoint of some business-people and idealism of some ethicists.

We finish sub Module A by presenting ethical intuitionism based on our recent discoveries about the brain.

Sub-module B: The outline of strategy on oligopolistic markets

Philosophical backbone of this sub-module consists of the following claims, argued in detail:

- a. Competition is morally ok. if it is fair and if it does not destroy people (and other irrecoverable valuables).
- b. Adam Smith's perfectly competitive markets as an instructive idealization, but it does not apply directly to today's economy
- c. We need to understand how business really works in order to understand the ethics that would fit with its realities. For this we discuss the classic Porter's business strategy: price leadership; quality; focus. Methods of gaining those strategic advantages.
- d. Luck is a part of life and of business. However, business ethics may be needed to ameliorate some aspects of lack (the way a bit similar to the workings of an insurance policy).

Module Number: 2. The goals of business

We present the main theories of the aims of business.

A. Stockholder ownership (Friedman) The theory claims that business is owned by stockholders. Yet, contemporary economists point out that – with rare exceptions – stockholders own stock, not the company.

B. Stakeholder analysis (Freeman, Goodpaster): The idea is that the company is supposed to work for the society, and in particular for certain specific groups called stakeholders. We discuss:

- a. Levels of stakeholder
- b. Moderate and radical stakeholder theories

(This module has an extended audio-video part: Dr. William Kline, Associate Prof. at UIS gives us a recorded lecture as a gift-contribution from UIS.)

C. The different kinds of ownership:

Dr. Boltuc develops his idea that the kind of stakeholder analysis appropriate in respect to different businesses depends to a large degree on the kind of ownership – those are explained in much detail:

- a. Private business (business is a part of one's property)
- b. Limited liability (single and multiple-owner) businesses
- c. Public corporations (publically traded); based on corporate charters.
- d. Not-for-profit businesses
- e. Governmental and social property

Module Number: 3. The Basics of Ethics

This module is a standard introduction to ethical theories. Students who have no background in philosophical ethics may need some extra guidance but the module is self-explanatory. It covers the following main points:

A. Ethics based on duties (deontology)

B. Ethics based on consequences (consequentialism, utilitarianism)

C. Virtue ethics and egoism.

D. Special obligations and ethics of care.

E. Intuitionism and mixed frameworks of moral evaluation (A. Sen). Prima facie moral duties (W.D. Ross).

Module Number 4: How ethics and moral psychology are global.

In this module we tie-in the ethical theory from module 3 with the more practical considerations of human psychology. In part A we cover the following topics:

A. Normative moral psychology.

- a. Justice
- b. Benevolence
- c. Loyalty
- d. Respect for authority
- e. Cleanliness (or, higher-lower relationship)
- f. Liberty

In part B we zero in on the topic of liberty, which is essential to many topic in applied ethics:

B. Liberty – J.S. Mill’s three categories

We discuss the following three aspects of liberty, viewed as essential by J. S. Mill; yet, very few Western philosophers accept all the three of them to the same extent:

- a. Political (freedom of speech, assembly, petition)
- b. Economic – Locke’s right to the land if you fence it and ‘mix your labor with it’ – limitations such as the only water source.
- c. Experiments in Living

We also discuss (d.) academic freedom on the basis of the speech given by Dr. Boltuc to the Trustees of the University of Illinois in his role as the vice-chair of the senate of that university in 2013.

This class as a brief third sub-module, which ties in directly with the conclusions of module 3:

C. Mixed Ethical Theories that are most applicable in applied ethics

- a. W.D. Ross ethics of *prima facie* moral reasons
- b. A. Sen’s consequence based model of moral evaluation
- c. Universalism vs. the concentric circles morel of ethics

Module Number: 5. How ethical issues in business are international.

This is a less theoretical module that brings in the standard issues of business ethics. We focus on the international aspects of those topics, which is what most business ethics textbooks disregard – such books are predominantly focused on the Western perspective (and the few exceptions tend to have anti-business focus):

A. Outsourcing: the view from different perspectives

We show the issue of outsourcing not just from the view-point of the workers in the West, but also of those in the Developing countries. We zero-in on global development.

- a. From the Trade Unions in the West
- b. From the workers in Developing World

B. Global ethical norms in business: an emerging paradigm

This is a sub-module that focuses on the business ethics for /and within/ international business:

- a. International environmental and worker-rights protections
- b. Professionalism [the issue is developed in Module 8].
- c. Similarities and differences in moral psychology of business (International comparisons of moral paradigms: for instance the yin and yang approach predominant in applied dialectics of China)
- d. Psychological and cultural issues in international business
- e. Ethics codes. *In this last topic, students are asked to look or the ethics codes relevant to their specific region and the branch of industry. Special attention of the local instructors is required.*

Module Number: 6. Employee rights and duties

Those are the standard topics in the rights and duties of employees. Again, we try to focus on international and multi-cultural aspects – *though this approach needs to be further emphasized by local instructors of each group so as to make the course relevant to the students of Siberia or any other region.*

A.. Kant's categorical imperative as the lowest denominator for employee rights

This is a very easy way to tie-in philosophy with applied ethics: What does it mean to treat other persons always also as means in themselves (and never merely as means to our ends)?

B. Contractual employment versus employment at will (*Here specificities of EU, Russian, US and other employment practices need to be explored by students in their homework*).

C. Discrimination based on:

- a. race
- b. gender
- c. age
- d. sexual orientation
- e. religion
- f. national origin

g. social caste, family status and other factors.

h. disability

Importantly: *Instructors need to focus on the fact that no-region is free of discrimination. For instance there is still discrimination against persons of a different origin in the EU and the US, while some aspects of discrimination are more rampant in the more traditional countries of developing world.*

B. Affirmative action

The issues of affirmative action are very prominent in US textbooks in business ethics (and gender discrimination also in the EU). We try to make them relevant to our partners in Siberia and around the world.

a. group claims or individual claims based on group membership

b. other ways to make up for past discrimination

c. claims of reverse discrimination

Cases are essential in this module.

Module Number: 7. Family, private life and business (The topic of work-life balance).

A. Work-Life balance

The big topic is what should the role of work in one's life be? Here, a bit surprisingly, Marx, many conservative authors and business theory in the fastest developing regions are on one side of the issue whereas the Club of Rome and some EU theoreticians are on the other side. Both groups have valuable points to contribute:

a. French, German styles

b. Corporate and Asian styles

B. Gender discrimination and age discrimination revisited

This is a short sub-module that links the topic from module 6 to the broader issues of work-life balance:

a. Discrimination against women of reproductive age in employment

b. Favoritism towards good looking people. (Should pictures be allowed on CVs?)

C. Mammy/daddy track

This topic focuses on the role of parenthood and the need to accommodate it internationally within business practices.

This ends the standard part of the business ethics topics. In Module 8 we cover the issues of professional ethics as well as elements of the theory of social capital. In Module 9 we focus on environmental ethics,

which is sometimes covered as a part of business ethics but is often viewed as a different branch of applied ethics. Also some topics of new technologies and business ethics are discussed in this module. The author deems those topics very relevant and important for contemporary business as is the topic covered briefly in Module 10: The influence of social philosophy.

Module Number: 8. Ethics, professionalism and social capital

The gist of the argument of this module is that professional virtue can play a very positive role in business ethics. In particular, professionalism plays a stabilizing role and enhances the social capital, which helps improve human lives as well as business (the latter by reduction in transaction costs).

A. Ethics in the professions:

We define professional ethics in a broad manner so that professionals are both representatives of the traditional guilds as well as some members of the support personnel (though professionalism is a matter of degrees). We focus on the main topics in professional ethics of:

- a. accounting
- b. healthcare and other professions
- c. the topic of professionalism

B. Social capital

The second sub-module discusses social capital and its relevance for the society.

- a. Social Capital as a mode of interacting (Coleman, Putnam)
- b. Social Capital as networking (Burt, Lin)

Kinds of Social Capital

- a. vertical/horizontal
- b. thick and thin
- c. bounding and bridging

C. Social Capital and Professional Ethics

In this short sub-module we tie in the issues of social capital and of professionalism. According to Dr. Boltuc's thesis, in a modern society professionalism results in stabilizing and the enhancement of social capital.

Module Number: 9. Growth and sustainability – the issues in business and environmental ethics

This module presents the opportunities of business development in enhancing environmental causes (*this is the approach explored by Porter*); it also shows the limits of this very optimistic approach (especially in the areas such as species preservation)A. Environmental Ethics

We start from the so-called bottle-necks in development:

- a. Water shortages. Desalination.
- b. Global warming. Air pollution
- c. Other shortages (bottlenecks)

B. Sustainability and Growth

In this sub-section the topic of sustainable development is scrutinized:

- a. Does sustainability always require an economic stagnation?
- b. The options how technological growth benefits the environment (Porter)
- c. Those ecological issues that are not taken care of by just business.

A part of the lecture follows the line of argument developed in Dr. Boltuc's article (co-authored with Tsvi Bisk) on 'sustainability as growth'.

Module Number: 10. Social philosophy as the background for business ethics

This module shows how social philosophy influences human thinking about the role of business. We analyze:

A. The graph of political theories – economic distribution/re-distribution vs. individualism/collectivism

- a. Liberalism
- b. Libertarianism
- c. Communitarianism
- d. Conservatism as a right-wing communitarianism
- e. Equality without egalitarianism as a solution to the problems of abovementioned theories.
- f. Social philosophy in business ethics: social environment of business

B. Conclusions of the class

This sub-module should be covered even in the undergraduate courses that skip modules 8-9 and 10A.

C. The principle of responsible recommendation (Miller and Ahrens).

D. Final Review: Assorted final topics and Review