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Fall 2013

### **BETH 701: Ethical Leadership and Corporate Accountability**

Michael J. Garrison

Kenneth Goodpaster

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# *BETH 701: Ethical Leadership and Corporate Accountability*

Michael Garrison, Professor of Business Law and  
Associate Dean for Faculty and Scholarship

Kenneth E. Goodpaster, Professor and  
Koch Endowed Chair in Business Ethics

Fall 2013



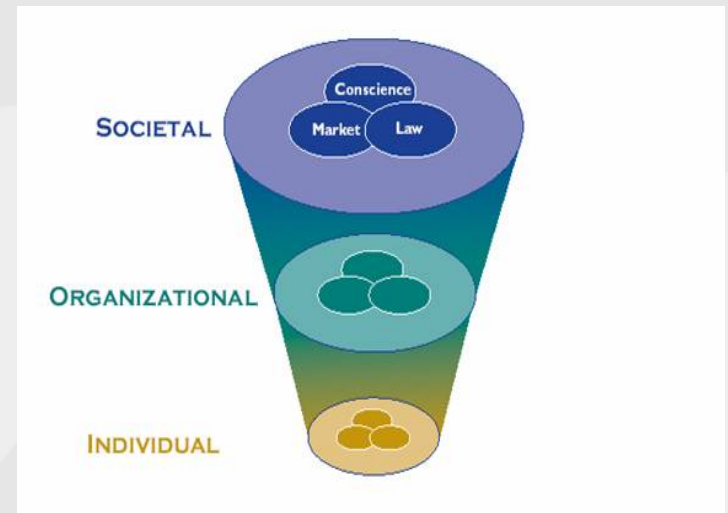
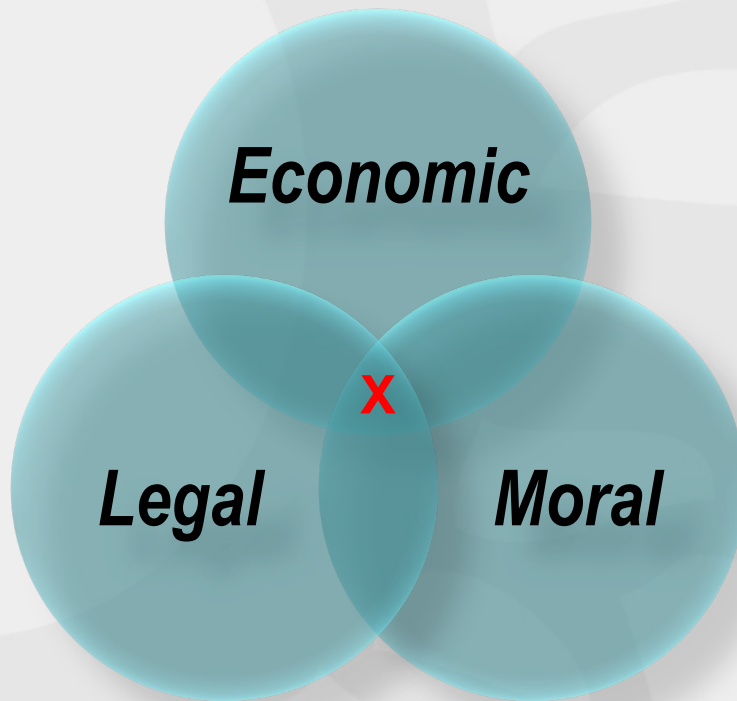
UNIVERSITY *of* ST. THOMAS  
MINNESOTA

OPUS COLLEGE OF BUSINESS

## Opus College of Business Mission

*Inspired by Catholic intellectual tradition, the Opus College of Business develops effective, principled business leaders who think globally, act ethically and create enduring value for society.*

## DECISION-MAKING PERSPECTIVES



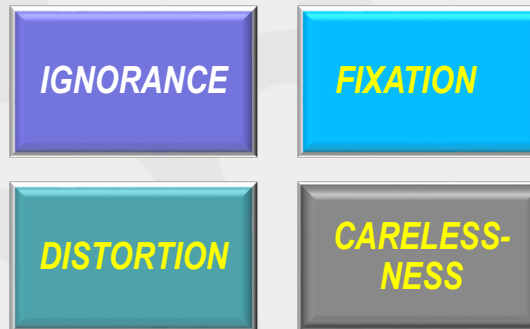
## LEARNING OBJECTIVES

1. Learning fundamental principles, generalizations, and theories.
  - Avenues of Ethical Analysis (interests, rights, duties, virtues)
  - Three Groups of Psychological Judgment Distortions (theories about the world, about others, and about self)
  - Legal Principles (Common Law tradition, Contracts, Torts, Governance, ADR, Agency, Employee Rights, Intellectual Property)
2. Learning to apply course material (to improve thinking, problem solving, and decisions).
  - CAT Scan Tool for Ethical Analysis
  - Legal Case Analysis
3. Developing a clearer understanding of, and commitment to, personal values.
  - Case Method Preparation and Interaction with Peers
4. Learning to analyze and critically evaluate ideas, arguments, and points of view.
  - Ethics Paper
  - Legal Analysis
  - Integrative Team Presentation

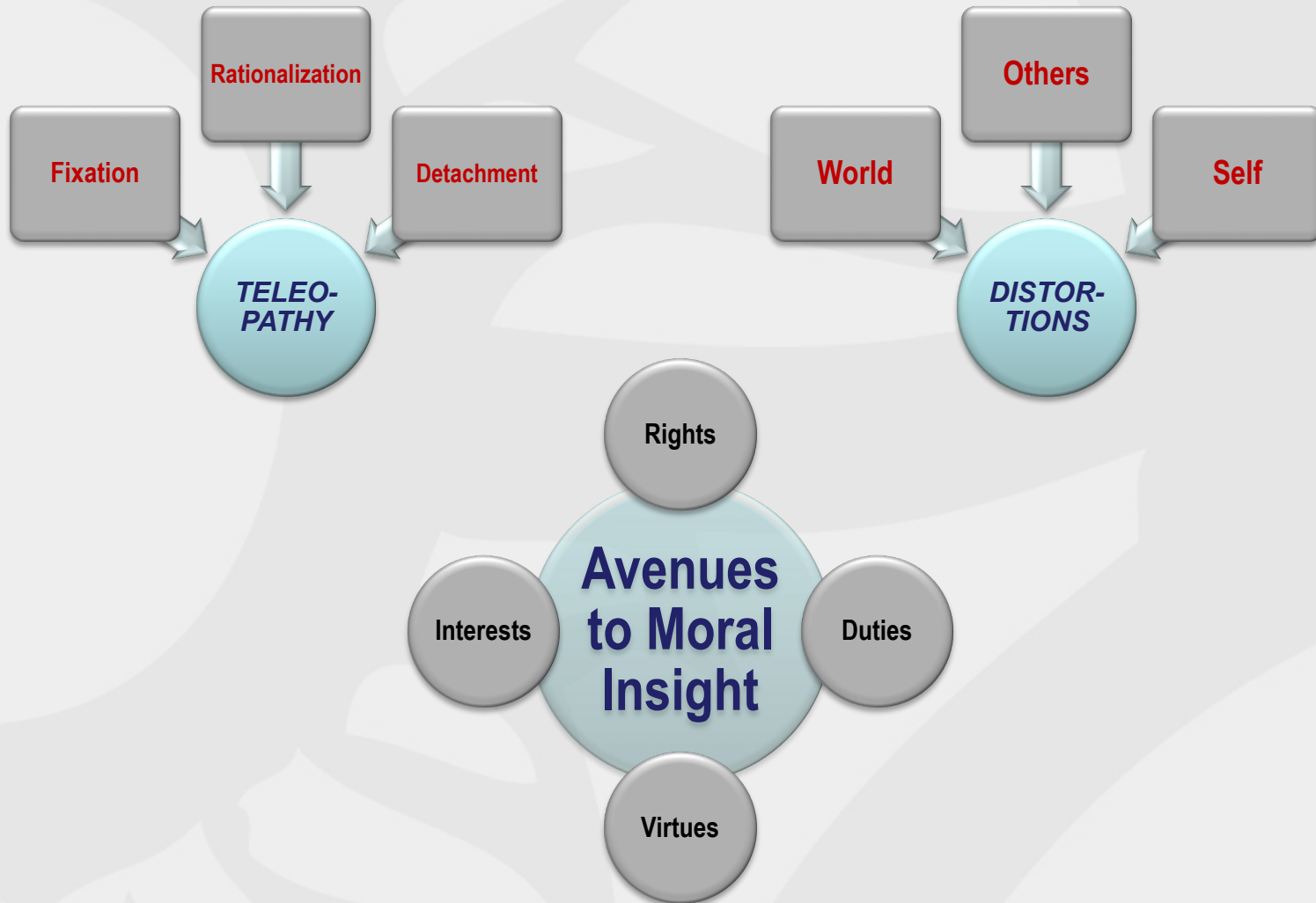
## LEARNING OBJECTIVES

1. Learning fundamental principles, generalizations, and theories.
  - Teleopathy (fixation, rationalization, detachment)
  - Avenues of Ethical Analysis (interests, rights, duties, virtues)
  - Three Groups of Psychological Judgment Distortions (theories about the world, about others, and about self)
  - Legal Principles (Common Law tradition, Contracts, Torts, Governance, ADR, Agency, Employee Rights, IP)

### Obstacles to Conscience



# Ethical Leadership and Corporate Accountability





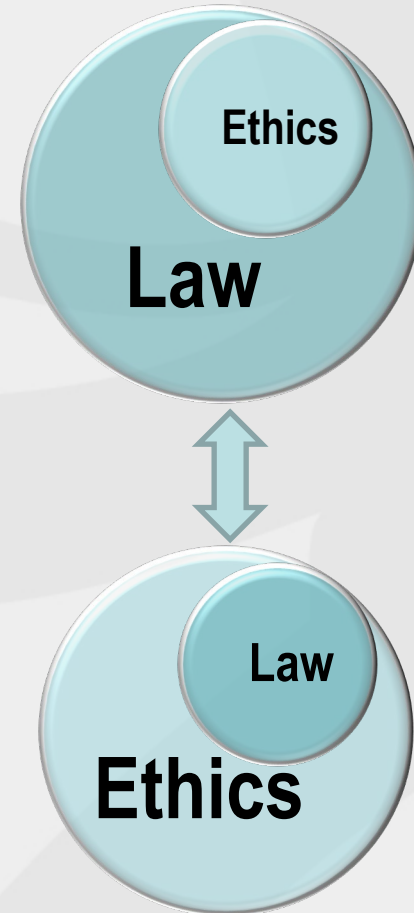
# Ethical Leadership and Corporate Accountability



*"Separate Realms"  
View*



*"Organizational Integrity" View  
(Ethics-driven but Law-inclusive)*



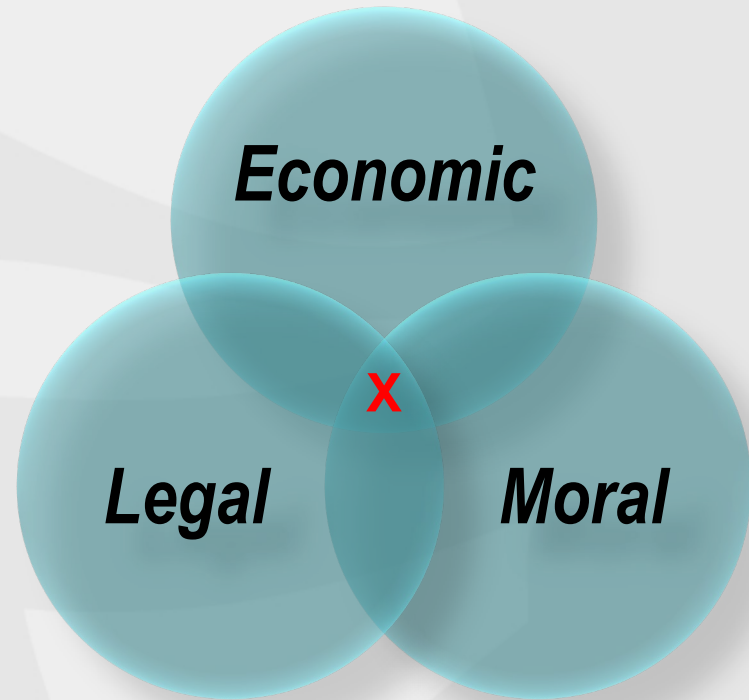
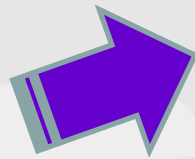
*"Congruence" or "Correspondence" View*



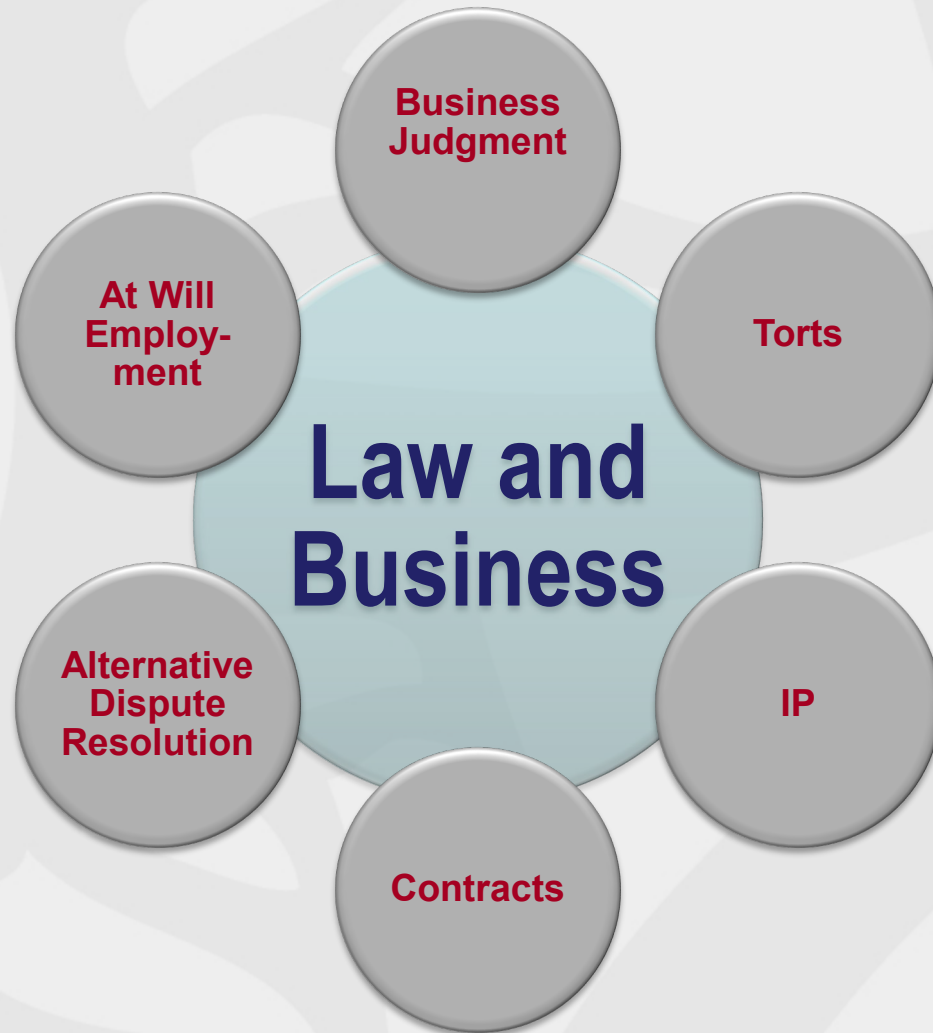
# *Ethical Leadership and Corporate Accountability*



*“Organizational Integrity” View  
(Ethics-driven but Law-inclusive)*



# **Ethical Leadership and Corporate Accountability**



## LEARNING OBJECTIVES (continued)

2. Learning to apply course material (to improve thinking, problem solving, and decisions).
  - CAT Scan Tool for Ethical Analysis
  - Legal Case Analysis
3. Developing a clearer understanding of, and commitment to, personal values.
  - Case Method Preparation and Interaction with Peers
4. Learning to analyze and critically evaluate ideas, arguments, and points of view.
  - Ethics Paper
  - Legal Analysis
  - Integrative Team Presentation

*C.A.T. Scan*

*Legal Cases & Analysis*

*Ethics Paper*

*Case Method Participation*

*Team Presentations*

*Final Integrative Exercise*

# Ethical Leadership and Corporate Accountability

## READINGS and KEY IDEAS

*"Because Wisdom Can't Be Told"*

*"Psychology of Fraud"*

*"The New Synthesis in Moral Psychology"*

*"Vocation of the Business Leader"*

The Case Method

Teleopathy and Other Obstacles

Conscience, Faith, and Reason

*"Avenues PowerPoint"*

*"On Trying Out One's New Sword"*

*"Law, Ethics, & Managerial Judgment"*

Framework for Ethical Analysis

Moral Relativism

Relating Law and Ethics

*"What's a Business For?"*  
-- Charles Handy

*"Social Responsibility: Increase Profits"*  
-- Milton Friedman

*"Is 'Liking' Something Protected Free Speech?"* –  
Washington Post

# Ethical Leadership and Corporate Accountability CASES

**Martha McCaskey**

**NWA vs. WCCO**

**Safety First?**

**Elli Lake**

Trade Secrets

Teleopathy

ADR

Workplace Safety

Moral Relativism

Common Law

**Hooters Case**

**Earth Web v. Schlack**

**Waterbee Toy Co.**

**WalMart v. Samara Brothers**

Unfair Contracts

Non-Compete

Breach of Contract

Employee Privacy

Intellectual Property

**Playskool Crib (Kolcraft)**

**Toro Company**

**Brehm v. Eisner**

**Reell Precision Mfg.**

Consumer Product Safety

ADR

Corporate Governance

Corporate Culture

Faith in the Workplace

**Medtronic in China**

**Allina Health Systems**

**Piper Jaffray Company**

**Best Buy and Social Media**

FCPA

Corporate Culture

Business & Gov't.

Marketing Practices

Conflict of Interest

Freedom of Speech

*Now, regarding the case method. . .*

## *What is a case?*

**". . . a case typically is a record of a business situation that actually has been faced by business executives, together with surrounding facts, opinions, and prejudices upon which executive decisions had to depend. These real and particularized cases are presented to students for considered analysis, open discussion, and final decision as to the type of action that should be taken."**

-- Charles Gragg, "Because Wisdom Can't Be Told." (1940)



# *Why Cases in Business?*

**"The outstanding virtue of the case system is that it is suited to inspiring activity, under realistic conditions, on the part of the students; it takes them out of the role of passive absorbers and makes them partners in the joint process of learning and furthering learning."**

-- Charles Gragg, "Because Wisdom Can't Be Told." (1940)



# Paradoxes

## *Some paradoxes of our time. . .*

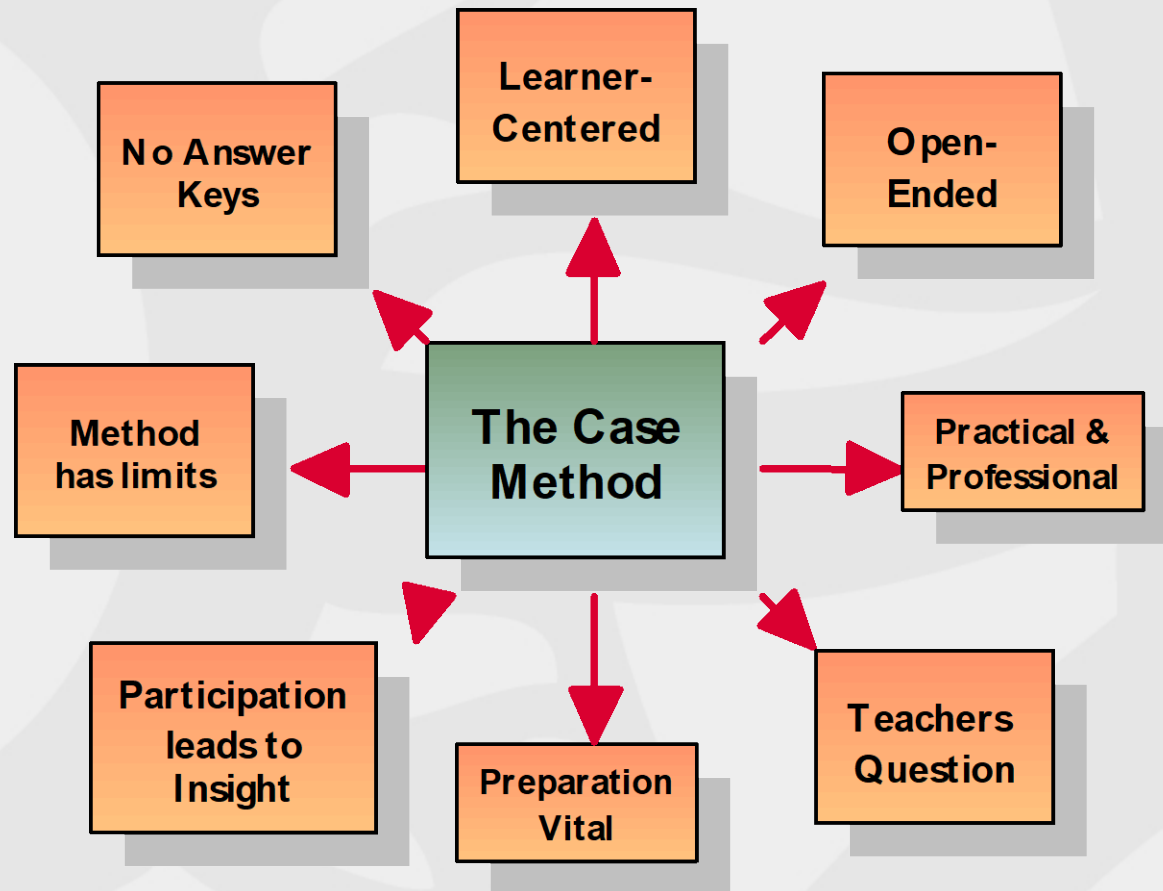
- We have bigger houses and smaller families;
- more conveniences, but less time;
- we have more degrees, but less sense;
- more knowledge, but less judgment;
- more experts, but more problems;
- more medicine, but less wellness.

We drink too much, smoke too much, spend too recklessly, laugh too little, drive too fast, get too angry too quickly, stay up too late, get up too tired, read too seldom, watch TV too much, and pray not enough. We have multiplied our possessions but reduced our values.

*-- George Carlin*

*The Case Method slows down time so that we can learn how to decide. . .*

# Characteristics



Eight Characteristics of the Case Method of Learning

# Case Preparation: The "5 Ds" Approach

**DESCRIBE**

- Describe the key factual elements of the situation.

**DISCERN**

- Discern the most significant ethical and managerial issues at stake.

**DISPLAY**

- Display the main options available to the decision maker.

**DECIDE**

- Decide among the options and offer a plan of action.

**DEFEND**

- Defend your decision and your moral framework.

*Case Preparation: The "5 Ds" Approach*