

# International Business Policy (21147)

**Degree/study:** IBE

**Course:** 3<sup>rd</sup> & 4<sup>th</sup>

**Term:** Third

**Number of ECTS credits:** 5

**Hours of student's dedication:** 125 hours

**Language or languages of instruction:** English

**Professor:** Marc Le Menestrel

**Webpage for the course:** <http://www.econ.upf.edu/~lemenestrel/-University-Pompeu-Fabra-.html>

## 1. Presentation of the subject

The course addresses international business policy in an ethical perspective.

In recent years ethical issues have become increasingly manifest and pervading in the business world. In the future, managers will have to deal with ethical dilemmas in the course of their career. The course introduces participants to international business issues and provides them with tools to effectively address business ethical dilemmas. Teaching is systematically illustrated with examples of real business ethical dilemmas,

The global context in which social and environmental issues have become a major issue for international business is analysed. The specific trade-off pertaining to the relation between business value on one hand and human, social and environmental values on the other hand is structured. A framework based on different ethical traditions – including philosophical, institutional and cultural – is proposed. Tools and strategies to analyse business ethical dilemmas are presented. Issues of reputation, credibility and communication are specifically addressed. In this manner, participants shall develop their knowledge of environmental, social and personal values and their understanding of the place and role of business in society.

This increased awareness, coupled with the methodology, constitutes a basis for efficient and responsible management, as participants will be better prepared to act in situations involving tough ethical issues.

## 2. Competences to be attained

**G1** Understand and interpret relevant and rationally texts of academic character.

**G2** Being able to justify their own consistent arguments, and to defend them publicly.

**G3** Being able to communicate properly orally and written in either of the two official languages of Catalonia, ie in Catalan and Castilian, in front of expert and inexpert audiences.

**G4** Being able to use English in all areas of work (read, write and speak in a high register)

**G6** Being able to work in teams, participating actively in the tasks and dealing with different views to reach consensus.

**G7** Develop the ability to reason with distance on self-critical issues or controversial issues.

**G8** Embrace diversity of point of view as a fundamental ingredient of academic life and integral to contemporary society, and be able to present their own opinions while respecting different ones.

**G9** Having consolidated habits of self-discipline, excellence and rigor in the development of academic work and in the organization and its own schedule.

- G10** Be proactive in the desire to know what unknown, essential in any learning process and in any professional activity with projection.
- G11** Being able to apply with flexibility and creativity the acquired knowledge in order to adapt it into new situations and contexts.
- G14** Use the appropriate information in the formulation of proposals and solving problems.
- G16** Identify the key factors of a problem
- G17** Demonstrate a critical approach to different situations
- G18** Demonstrate a multidisciplinary approach in the problem solving process.
- G19** Identify the key factors of a problem
- G20** Demonstrate a critical approach to different situations

### **3. Methodology**

The course is built on preparation and required readings prior to class, lectures, videos, case studies, active discussions of business ethical issues, individual and group work and presentations. All required readings can be found in the course website. The readings and assignments required for a particular session must be completed BEFORE coming to class that day. For those who want to go further, optional readings are also proposed and can help the understanding of the issues.

### **4. Assessment**

Students receive a grade for each class (theory and seminars).

At the beginning of each theory session, one or two questions will have to be answered in writing. They should demonstrate that the students have read the required material and thought about it. This also ensures that each student is able to have a discussion on the issue at stake. Each theory session is graded over 5 points.

For each seminar session, an assignment is proposed. These assignments build on required reading and work (individual or in group) during the class. Each seminar assignment is graded over 5 points.

Students present a group work that is uploaded on [www.WeDreamBusiness.Org](http://www.WeDreamBusiness.Org). These presentations are graded over 30 points.

There is no exam. Given the participative nature of the course, there is no possibility to pass the course without attendance. In case of failed course, it has to be taken again in its entirety (no recuperation).

### **5. Content**

#### **Introduction: Is Business Ethical? (Lecture 1, April 16, 2012)**

In this first meeting, the course and course method will be explained. Additionally, it will be communicated to students how to achieve a successful participation and learning outcome. An overview of the topics to be dealt with will be provided and students will be sensitized to the issues we will be touching upon.

#### **Required readings**

Banaji, M.R., Bazerman, M. H., & D. Chugh: “[How \(Un\)Ethical Are You?](#)”, Harvard Business Review, December 2003

Chandler, Geoffrey. [The global corporation: provider or parasite?](#) Amnesty International UK Business Group.

### **Content pending (Seminar 1, 18th of April 2013)**

### **Corporate Social Responsibility: The Bhopal Gas Tragedy (Lecture 2 with Video, Case Study & Discussion, April 15, 2013)**

Video: “A Cloud Over Bhopal”

The Bhopal tragedy is a landmark in industrial history, for the consequences it had inside and outside the industry. We identify the responsibilities of business and discuss the handling of this responsibility by Union Carbide in the subsequent, and still pending, legal procedures.

#### **Required readings**

Dutta, Sanjib, “[The Bhopal Gas Tragedy](#)”, ICFAI Center for Management Research, Hyderabad, India, 2002.

Visit [www.bhopal.org](http://www.bhopal.org) and [www.bhopal.net](http://www.bhopal.net)

### **Social vs. Legal Responsibility: What should Dow Chemical do? (Seminar 2, April 18, 2013)**

We discuss the responsibility of Dow Chemical, now owner of Union Carbide, the action it has taken, the campaigns it faces and work out concrete proposals to move ahead.

#### **Required readings**

Dow: “[Statement of The Dow Chemical Company Regarding the Bhopal Tragedy](#)”.

Michael Meacher, [The planet’s polluters should be put in the dock](#), The Guardian, October 2003.

Frankental, P. “[Corporate social responsibility - a PR invention?](#)” in Corporate Communications: An International Journal, 14 February 2001, vol. 6, no. 1, pp. 18-23(6).

#### **Assignment (300 to 500 words to be handed out in class):**

The CEO of Dow Chemical asks you whether he should consider that Dow Chemical has responsibility with regards to the Bhopal tragedy. Thinking of the Legal Limited Responsibility proper to such a corporation and the Corporate Social Responsibility, what is your analysis and what do you propose?

## **Business, Ethics and Profit: Economic Approaches (Lecture 3 with Discussion, April 22, 2013)**

Nobel Prize laureate Milton Friedman argues that the sole social responsibility of companies is to maximise profits. We discuss the foundations of the argument, its practical implications in business situations, its historical context and its current relevance. Building on the work of Nobel Prize laureate Amartya Sen, we then discuss how economic approaches have progressively separated economics from ethics.

### **Required readings**

Friedman, Milton, "[The Social Responsibility of Business is to Increase its Profit](#)", New York Times Magazine (September 13, 1970).

Sen, Amartya. "[Moral Codes and Economic Success](#)", in Brittan, S. & Hamlin, A. (eds) Market Capitalism and Moral Values, Aldershot UK: Edward Elgar, 1993, pp. 23-34.

## **Science, Ideology and Propaganda (Seminar 3 with Debate, April 25, 2013)**

Participants present their opinion about the text of M. Friedman that is proposed in [lecture 3](#).

### **Required Reading**

Friedman, Milton, "[The Social Responsibility of Business is to Increase its Profit](#)", New York Times Magazine (September 13, 1970).

### **Preparation**

Based on the definitions proposed in the previous theory class ([Lecture 3](#)) and/or on your own research about these terms, read the M. Friedman text and write down your opinion (300 to 500 words) whether the text is **science**, **ideology** or **propaganda**.

## **Marketing Practices: The Tobacco Business (Lecture 5 with Video & Discussion, April 29, 2013)**

Video: "Making a Killing: Philip Morris, Kraft and Global Tobacco Addiction" – Infact.

The behaviour of tobacco companies is now an archetype of unethical business behaviour. Behind the statistics that half of long-term smokers die from their addiction, we identify and analyze the secret and sophisticated tactics tobacco companies have been implementing to sustain their profit.

### **Preparation for the lecture assignment**

Read the required documents and at least have a look at the optional readings. Try to formulate clearly the impression they make on you and think about why tobacco companies may act like this.

### **Required readings**

Hurt R.D., Robertson C.R.: “[Prying Open the Door to the Tobacco Industry’s Secrets About Nicotine](#)”, The Minnesota Tobacco Trial”, JAMA, 1998 – Vol. 280, N° 13.

Yach D. and Bettcher D.: “[Globalization of Tobacco Marketing, Research and Industry Influence: Perspectives, trends and impacts on human welfare](#)” Development, 1999, 42:4; 25–30.

### **Optional readings**

Carter S.M.: “[Mongoven, Biscoe & Duchin: destroying tobacco control activism from the inside](#)”. Tobacco Control, 2002.

Zelltner, D.A., Martiny, A., Randera, F., 2000, [Tobacco companies strategies to undermine tobacco control activities at the World Health Organisation](#), Report of the Committee of Experts on Tobacco Industry Documents.

## **International Business and National Politics: Royal Dutch/Shell in Nigeria (Seminar 4 with Case Study and Discussion, May 2, 2013)**

Should companies get together with governments to control or even fight activists movements that are trying to disrupt their activities? We discuss the context of Shell operations in Nigeria in the 1990s, and the business strategies implemented prior, during and after the death of Ken-Saro-Wiwa. We then debate the relationships between international business and national politics.

### **Required reading**

EarthRights International, “[Wiwa v. Royal Dutch Petroleum](#)”, Complaint submitted to U.S. District Court for the Southern District of New York (edited) (2000-2002).

### **Optional readings**

Boele, R., Fabig, H. and Wheeler, D. “[Shell, Nigeria and the Ogoni. A Study in Unsustainable Development: I. The Story of Shell, Nigeria and the Ogoni People – Environment, Economy, Relationships: Conflict and Prospects for Resolution.](#)”, in Sustainable Development, 9, 2001, pp. 74-86.

UNEP, “[Environmental Assessment of Ogoniland - Executive Summary](#)”, August 2011.

### **Video to be shown in class**

The Guardian’s George Monbiot fierce encounter with Jeroen Van De Veer - CEO Shell on the oil giant’s damaging activities in Nigeria.

## **Assignment**

Choose one accusation against Shell presented in the complaint presented to the New York District. Suppose it is true and try to identify as precisely as possible what could have been the rational motives to engage in such action.

## **Financial and/or Ethical Crisis: Values and the Future of Business (Seminar 9 with Case-Study with Discussion, May 6, 2013)**

The C.E.O. of the Big Bank has to decide about his strategy in the face of an international effort to regulate financial markets. Will he

- 1) aggressively fight the politics and work on public opinion in order to avoid regulation?
- 2) wait and see while communicating good intentions?
- 3) align with the political effort and turn it into an opportunity to meet stakeholders' expectations and re-invent the Big Bank?

During the meeting, the Big Bank is the subject of an international grass-root campaign from activists who fight against financial injustice and for increased accessibility of the poor to financial services. Media and financial analysts are already asking for the Big Bank's reaction

## **Required reading**

Le Menestrel, M. and Rode, J.: "[A Day at the Big Bank](#)", Case-Study, 2008.

[Can You Teach Ethics to the Big Bank?](#)

## **Assignment**

Suppose you are the CEO of the Big Bank. Describe the strategy you would propose to the board (Approx. 300 words).

## **Business and Global Environmental Issues: The Oil Industry and Climate Change (Seminar 5 with Discussion, May 9, 2013)**

What strategy can a major company design and implement in the face of global environmental issues? In this case-study about oil industry and climate change, we identify different types of strategies and implementation tactics, with a specific emphasis on communication strategies.

We then discuss in details the strategies of three multinational oil corporations in the face of climate change: ExxonMobil, TotalFinaElf and BP Amoco. We emphasize the similarities and the differences among strategies, in particular in the communicational and managerial dimensions.

Finally, we discuss how the Peak Oil theory can help us to understand the strategies of Oil companies.

### **Preparation (300 words)**

If the Peak Oil hypothesis is valid, which strategy of the three presented in the article is the most appropriate? Why?

### **Required readings**

van den Hove, S., Le Menestrel, M. & de Bettignies, H.-C. (2002): “[The oil industry and climate change: strategies and ethical dilemmas](#).” Climate Policy 2(1): 3-19.

Pedro de Almeida & Pedro D. Silva (2011), [Timing and future consequences of the peak of oil production](#). Futures 43.

## **Values, Ethics and Rationality: A theoretical Framework (Lecture 6, with Discussions, May 13, 2013)**

In this lecture, we learn about values, what they are and how they influence rational behavior. We contrast economic and ethical values to structure the classical approaches to rational behavior and propose a meta-framework to better understand their articulation

### **Required reading**

Le Menestrel, Marc: “[Economic Rationality and Ethical Behaviour: ethical business between venality and sacrifice](#)”, in Business Ethics: A European Review, Vol. 11, No. 2 (2002).

## **Global Labor Markets: Child Labor in Asia (Seminar 6 with Case Study and Discussion, May 23, 2013)**

Video: “The Big One” – Michael Moore (Excerpt).

To which extent companies should lower the cost of their human “resources”? In fact, companies do produce a lot of their products in countries where wages are much lower than in Europe or in the United States. We study the production of soccer balls by children in Pakistan and the policy towards child labour adopted by companies of the sporting goods sector. Finally, we discuss the promises and pitfalls of global labour standards.

### **Preparation (300 words)**

Looking at the video proposed and building on the required reading, what would be a honest discourse from multinationals of the textile industry? Could this be rewarded?

### **Required reading**

Meyers, C. “[Wrongful Beneficence: Exploitation and Third World Sweatshops](#)” in Journal of Social Philosophy, vol. 35 No. 3, Fall 2004, pp. 319-333.

### **Optional readings**

Consult UNICEF "[Child Labor Today](#)" 2005.

Rothstein, Richard. "[The Global Hiring Wall: Why we Need Worldwide Labor Standards](#)", in The American Prospect, Vol. 5, No. 17 (March 21, 1994).

Dahle, C.: "[Gap's New Look: The See-Through](#)". Fast Company, Sept. 2004.

### **The Dilemma of Closing a Factory: a lived experience (Lecture 7 with debate, May 27, 2013)**

We receive David Cabaro, General Manager of BIC, Spain & Portugal, who speaks about his experience of closing a plant in Greece.

#### **Preparation 300 words max**

BIC is a major international company, famous for its products, history and management. Based on the material you can encounter on the web, what is your opinion about the ethics of BIC?

### **Corruption & Obedience (Case Study and Discussion) (Seminar 7, May 30, 2013)**

#### **Summary**

As a newly appointed manager of a production facility in Asia faces a corruption request from an official, he is not very sure about the practices and the consequences of carrying out the bribe. How should he behave in such a situation? Why? We follow this case study with a discussion on corruption, its perception, methods and consequences.

#### **Required reading**

- Butler, Charlotte & de Bettignies, Henri-Claude. "[The Changmai Corp.](#) (R)", Insead Case Study N° 4504, 2007.

**Assignment:** According to you, what is the best way for Mc Leod to avoid corruption in this case? What would you need to make sure you have the courage to do it?

#### **Optional Readings**

- De George, Richard. "[Ethics, Corruption, and Doing Business in Asia](#)", in Asia Pacific Journal of Economics & Business, Vol. 1, No. 1 (1997), pp. 39-52.
- Anand, V., Ashforth, B.E., and Joshi, M. (2004) "[Business as usual: the acceptance and perpetuation of corruption in organizations](#)", Academy of Management Executive, 18 (2): 39-53.

### **We Dream Business (Lecture 7 with Students' Presentations, June 3, 2013)**

Groups upload on the WeDreamBusiness.org website an inspiring example of a business

Prepare with your group an inspiring example of an existing business that makes you dream because it successfully combines the creation of economic values with the promotion of ethical values.

[Click here for guidelines about Presentation: Presenting a New Ethical Business](#)

### **Required Reading**

Kelly, Marjorie : "[Not Just for Profits](#)", Strategy and Business magazine, spring 2009.

## **Dreaming and Deciding your life (Seminar 9, discussion with experiential exercise, June 6, 2013)**

Reason alone is not sufficient for taking the best decisions. In a world of profound transformation, a purely intellectual approach may even crowd out our most important values and lead us to unexpected negative consequences. At the individual level, or at the company level, it is becoming a must to integrate our values, emotions, imagination and intuition into our decision making. Teaching to take better decisions becomes experiential as participants are actors of their learning process. Intimate dialogues, respectful conversations, meditation and day-dreaming techniques are typical examples of processes that open minds and hearts towards taking the decisions that a situation may require. Guided visualization exercises are especially useful to clarify and empower our dream beyond our goal and to ensure continuity and value of the process.

### **Preparation (300 words)**

Take 15 minutes of your time that you spend in a place where you feel safe and comfortable. Remembering people, places or experiences of your past, connect with who you were before becoming the student you are now and ask to yourself, "What were my dreams about university?". Write down a few private words about them.

## **WeDreamBusiness, Conclusion and Sharing of Key Learning (Lecture 9 with Discussion, June 10, 2013)**

After the remaining presentations of the students, we share key learning from the course and discuss how this learning can be effectively embedded in the future career of the students.

### **Assignment**

Prepare a short synthesis (300 words) of the key ideas or concepts that you have learned in the class. Identify one reason for which this can be useful in your future career. Note that you can either bring a printed assignment or, if you want, upload your work on the forum of this class.

## **6. Bibliography and teaching resources**

### **6.1. Basic bibliography**

CHRYSSIDES, G.; KALER, J. Essentials of Business Ethics. Londres: McGraw-Hill, 1996. Pàg.1-21.

ELKINGTON, J. Cannibals with Forks: Triple Bottom Line of 21st Century Business. Capstone Publishing Limited, 1999. (Paperback).

ELKINGTON, J. The Chrysalis Economy: How Citizen CEOs and Corporations Can Fuse Values and Value Creation. Capstone Publishing Limited, 2001.

KELLY, M. The Divine Right of Capital. San Francisco: Berrett-Koehler Publishers, 2003.

KELLY, M. Owning our Future. San Francisco: Berrett-Koehler Publishers, 2012.

KORTEN, D. The Post-Corporate World. San Francisco: Berrett-Koehler Publishers, 1999.

KORTEN, D. When Corporations Rule the World. 2a. ed. San Francisco: Berrett-Koehler Publishers, 1996.

LAPIERRE, D. i d'altres. It Was Five Past Midnight in Bhopal. Full Circle Publishing Ltd., 2001. (Paperback).

MARTINEZ-ALIER, J. The Environmentalism of the Poor: A Study of Ecological Conflicts and Valuation. Edward Elgar, 2003. (Paperback).

MATTHEWS, J.; GOODPASTER, K.; NASH, L. Policies and Persons: A Casebook in Business Ethics. Nova York: McGraw-Hill, 1997.

NORMAN, Richard. The Moral Philosophers. 2a. ed. Oxford University Press, 1998.

RAMPTON, S.; STAUBER, J. Trust us, we are experts!. Nova York: Penguin Putnam, 2002. (Paperback).

SINGER, Peter (ed.). A Companion to Ethics. Blackwell Companions to Philosophy, 1993.

### **6.2. Teaching resources**

[www.wedreambusiness.org](http://www.wedreambusiness.org)

## **7. More Information**

Please consult the Professor website for updated and more detailed information:

<http://www.econ.upf.edu/~lemenestrel/-University-Pompeu-Fabra-.html>