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The Ethical Dilemma

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Course Purpose

This course is about responding effectively to the ethical challenges you will face in your future career. Part I builds on the core course “Business & Society: Ethics” by exploring ethical dilemmas and individual ethical decision-making in more depth, as well as why ethics increasingly demands our attention in business. Going beyond ethical analysis and decision-making, it uses the “Giving Voice to Values” (GVV) pedagogy to examine ethics implementation, the strategies and tactics by which we can increase the likelihood of realising the desired ethical outcomes despite the conflicting pressures of the organizational context. The focus in Part II shifts from the individual to the organization as we explore the drivers of (un)ethical conduct and how individuals and organizations can respond to the ethical implications of cross-cultural differences. There will be an optional “Ethical Dilemma Movie Night” if schedules permit.

Learning Goals (see Appendix A for a detailed guide)

Ethical decision making in business is increasingly critical to business success as well as the right thing to do, not least given the reputational risk for firms and individuals of perceived unethical conduct. This course cannot turn sinners into saints, but it can provide insight on some of the ethical issues that arise in business and how they can be managed effectively. After completing the course you will be better prepared to:

- Develop a deeper understanding of the ethical dimensions of business conduct and the analytical frameworks helpful in identifying and resolving the ethical and social responsibility issues that arise;

- Develop responses to common ethical issues by applying the Giving Voice to Values framework, including “scripting” and action planning for managing them.
- Identify and understand the drivers of (un)ethical conduct in organizations and the steps that can be taken to strengthen organizational resilience to misconduct;
- Examine the values and assumptions brought to business decisions by yourself and others, including cross-cultural differences.

Course Overview

Session	Subject	Readings	Assignments
PART I: ETHICS & THE INDIVIDUAL			
1	<i>Business & Ethics: The Ethical Dilemma</i>	“WebTeb case” Beauchamp and Bowie, “Ethical Theory and Business Practice: Fundamental Concepts and Problems”	Prepare case study Submit on-line poll
2	Giving Voice to Values: Responding to Values Challenges	“Man in the Mirror (A)”	Prepare case study Submit on-line poll
3	Giving Voice to Values: Dealing With Bribery and Corruption	Man in the Mirror (B)” (issued in prior class)	Prepare case study
4	Giving Voice to Values: Tale of Two Stories	AGentile, “A Tale of Two Stories”, “Starting Assumptions for Giving Voice to Values”, “Ways of Thinking about our Values in the Workplace” (pp. 2-3, 22-27).	GVV memo: “A Tale of Two Stories”
5	Giving Voice to Values: Scripting	Gentile, “Ways of Thinking about our Values in the Workplace”	Group Work
PART II: ETHICS & THE ORGANISATION			
6	What Leads to Organizational Misconduct? How Do We Promote Good Conduct?	“Uber and the Ethics of Sharing” Case Fowler, “Reflecting on One Very, Very Strange Year at Uber” Trevino and Nelson, Chapter 5	Prepare case study Submit on-line poll
7	Ethics in Organizations Cross-Cultures: When in Rome?	“Google in China (A)” “Values in Tension: Ethics Away from Home”	Donaldson, Prepare case study Submit on-line poll



Course Sessions, Readings, Assignments, Deliverables

PART I: ETHICS & THE INDIVIDUAL

Session 1: Business & Ethics: The Ethical Dilemma

The session will start with a prototypical ethical dilemma and then explore the type of ethical conflicts that arise in business, including those commonly experienced by INSEAD MBAs, as well as what we mean when we speak of ethical conflicts and ethical dilemmas. It will also briefly review the key messages from the core course on Ethics. Our first case, “WebTeb”, is about the experience of a recent INSEAD MBA graduate in the Middle East.

Case: “WebTeb: A Very Palestinian Dilemma (A)”

This is the story of Majed Abukhater, a recent INSEAD MBA student. On graduating, Majed found his dream job: high-tech, entrepreneurial, senior – and contributing to the economy of Palestine, a cause close to his heart. WebTeb was an exciting, online, consumer medical-information service in Arabic, based in Palestine—and Majed was the new CEO. Reality, however, proved challenging. Recruiting IT talent in Palestine was particularly tough. Eventually, Majed and his team found the android developer they needed for their new launch, but then came the fateful phone call.

Case Preparation Questions:

1. Why has the request to “let the developer go” been made?
2. What is the ethical dilemma here?*
3. What would you do if you were Majed?*

Required Reading/Preparation:

- WebTeb case (INSEAD pre-release case)
- Tom L. Beauchamp and Norman E. Bowie, “Ethical Theory and Business Practice: Fundamental Concepts and Problems,” *Ethical Theory and Business* (Upper Saddle River, NJ: Prentice Hall 2001), pp. 1-38.



Session 2: Giving Voice to Values: Responding to Values Challenges

How do you respond when faced with business situations that challenge your values? “The Man in the Mirror” is a case about bribery and corruption in defense contracting in the Middle East. It's a true story and an all too common scenario in some business environments.

Case: “The Man in the Mirror (A)”

Sebastian is an experienced Program Director, recently recruited to work for MidCo, a defence contractor in the Kingdom of Sumeria and a subsidiary of EuroCorp, a large European defence company. He is expected to oversee a \$3.25 billion military telecommunications modernisation programme being managed for Sumeria by the British government. On taking up the role, he notices a number of anomalies, from the behaviour of his fellow directors, to company processes and relationships with subcontractors. He finally comes to the realization that MidCo has been paying bribes to Sumerian public officials. He believes that he is expected to ‘turn a blind eye’ or at least not ask awkward questions when he signs off on project authorisation. Without his sign-off, the project cannot progress and the whole programme seems doomed to fail. Sebastian feels something should be done. He has the option to quietly leave the country or take action – what should he do?

Case Preparation Questions:

1. Does Sebastian have the situation correctly analyzed?
2. Who are the key stakeholders? What are their interests?*
3. What would you do, as Sebastian?*

Required Reading/Preparation:

- Man in the Mirror (A) (INSEAD case study # 05/2015-6073)

Session 3: Giving Voice to Values: Dealing With Bribery and Corruption

This session will explore what happened next at MidCo—as described in the (B) case and in a video interview with Sebastian—and will also look more broadly at strategies for responding to bribery and corruption, by individuals and firms, including whistleblowing.



Required Reading/Preparation:

- Man in the Mirror (B) (INSEAD case study—only to be issued after previous session)

Session 4: Giving Voice to Values: A Tale of Two Stories

In this session we move from ethical analysis to focus more on ethical implementation, recognizing in particular the constraints of the organizational context. We will draw on our own experiences in the “Tale of Two Stories” Giving Voice to Values (GVV) exercise. The idea here is to use your experiences rather than a published case study. You are asked to prepare “two stories”:

- In the first story, you should recall a time in your work experience when your values conflicted with what you were expected to do in a particular, non-trivial management decision/situation, and you spoke up and acted to resolve the conflict.
- In the second story, you should recall a time in your work experience when your values conflicted with what you were expected to do in a particular, non-trivial management decision/situation, and you did not speak up or act to resolve the conflict.

Required Reading/Preparation:

- Mary Gentile, “A Tale of Two Stories” (Babson School of Management).
- Mary Gentile, “Starting Assumptions for Giving Voice to Values” (Babson School of Management).
- Mary Gentile, “Ways of Thinking about our Values in the Workplace” (Babson School of Management), pp. 1-3, 22-27.
- “Tale of Two Stories” GVV memo: Write up your **two stories for submission** (via the course platform, by email or, if you prefer for confidentiality reasons, in hard copy only and in a sealed envelope) **by/on the day of the second class**. Avoid using actual names of organizations/other people in your write-ups (and their discussion). Each story should be no more than 750 words and one page only (don’t forget to include your name in the upper right corner of each page of your submission; there should be no cover page). Give some thought to your answers to the four questions of each story as provided in the reading (“A Tale of Two Stories”). These answers do not need to be submitted. You may be asked to share your successful story and your answers to these



questions for both stories with the class and/or your assigned GVV group. Stories are shared in confidence to the group and class. However, nobody will be required to share their story, successful or otherwise, if they prefer not to (further briefing to be issued in session 2).

Session 5: Giving Voice to Values: Scripting

We continue with our discussion of our “two stories”, focusing more on our unsuccessful stories and the strategies and tactics that would increase the likelihood of a successful outcome. Key questions informing this session are: What if I were going to act on my values? What would I say and do? How could I be most effective?

Required Reading/Preparation:

- Group work to “re-script” one of your stories
- Mary Gentile, “Ways of Thinking about our Values in the Workplace” (Babson School of Management). This reading contains advice on scripting that will be helpful as you “re-script” one of your stories.

PART II: ETHICS & THE ORGANIZATION

Session 6: What Leads to Organizational Misconduct? How Do We Promote Good Conduct?

What explains the many various allegations of misconduct at Uber, including but not limited to sexual harassment? This session will examine key drivers of ethical and unethical conduct in organisations. What can be done to increase the likelihood of good conduct in organizations and reduce the likelihood of misconduct? The class will also explore broader societal impacts of sharing economy business models, including their implications for workers in a gig economy. There will also be short presentations (“elevator pitches” only) and discussion of group projects.

Case: “Uber and the Ethics of Sharing: Exploring the Societal Promises and Responsibilities of the Sharing Economy”

In seven years, Uber grew from an implausible Silicon Valley start-up to become the one of most highly-valued, privately-held companies in the world with more than 8 billion dollars in investment capital. The company is credited with creating a data-driven ride-hailing app that is more efficient in nearly every way than traditional taxi systems. Yet, with its brash, no-holds-barred business practices, Uber has caused controversy at every turn. The company founders proudly hailed it as a societal “disrupter.” But critics complained it was undermining social norms, such as employee protections, fair business competition and transportation safety.

Case supplement: “Reflecting on One Very, Very Strange Year at Uber”

Case Preparation Questions:

1. Who are the winners and who are the losers from the introduction of Uber?*
2. Why was Susan Fowler’s year at Uber “very strange”?*
3. What do you think about how Uber has acted with regulators thus far?
4. Is it okay for Uber to violate local laws, if it truly provides better service than taxis?
5. What are the implications of business model’s like Uber’s on the future of employment?
Do “sharing economy” companies have a responsibility in protecting their workers (or contractors?)

Required Reading/Preparation:

- Uber and the Ethics of Sharing (INSEAD case # 05/2017-6209)
- Susan Fowler, “Reflecting on One Very, Very Strange Year at Uber”. See: <https://www.susanifowler.com/blog/2017/2/19/reflecting-on-one-very-strange-year-at-uber>
- Linda K. Trevino and Katherine A. Nelson, *Managing Business Ethics: Straight Talk About How To Do It Right* (John Wiley, 2014), Chapter 5, pp. 150-206.

Recommended Reading/Viewing:

- Annie Lowry, “The Uber Economy Requires a New Category of Worker, Beyond ‘Employee’ and ‘Contractor,’” *New York Magazine*, July 9, 2015, <http://nymag.com/daily/intelligencer/2015/07/uber-economy-requires-a-new-category-of-worker.html>



Session 7: Ethics in Organizations Cross-Cultures: When in Rome?

Our final session examines the ethical implications of cultural differences for individuals and organizations when operating across cultures. There will also be further short presentations (“elevator pitches” only) and discussion of group projects.

Case: “Google in China (A)”

In January 2010, Google threatened in a public statement to stop censoring its search results on its google.cn website, as required by Chinese authorities. Should Google exit China? Or attempt a compromise with the Chinese government?

Case Preparation Questions:

1. Why did Google issue the statement of January 12?*
2. Can Google take comfort from the reaction of stakeholders so far?
3. Would you expect Google to exit China? Why? Why not?*

Required Reading/Preparation:

- “Google in China (A)” (HBS case # 9-510-071)
- Thomas Donaldson, “Values in Tension: Ethics Away from Home,” *Harvard Business Review*, September-October, 1996.

Evaluation

Participants will be evaluated based on class participation and responses to an on-line poll for each of the four case studies (at 40% weighting), their Tale of Two Stories (GVV) memo (20%), and a group project (40%). There is no exam.

The quality, quantity and consistency of your contributions to class discussions will determine your class participation grade. You can expect to be called upon, at random, to open a class or to contribute during the subsequent discussion. You should be guided in your preparation for class by the case preparation questions (below). The class participation grade is supplemented by a short on-line poll for each of the cases. Absence from class or failure to



submit responses on time to the on-line poll (due 24 hours in advance) will be sufficient to adversely affect your class participation grade.

Your 2-page Tale of Two Stories (Giving Voice to Values) memo is due by/on the day of the second class meeting (uploaded to the course website or emailed to the course assistant and/or me or submitted in hard copy only in a sealed envelope in the second class). Further details are provided below. Each story should be no more than 750 words and on one page only (there should be no cover page).

The group project assignment is due the Friday of the week following the final class meeting (uploaded to the course website or emailed to the course assistant). It provides an opportunity to examine a recent ethical issue (from primary research, prior experience and/or published sources). This is where you can explore topics that you find especially interesting or important beyond what we cover in the course. Each group (of minimum two members, maximum five) should identify itself and submit for approval a one-paragraph proposal no later than session 4 (email to me with course assistant on copy please). Groups will be asked to briefly present (“elevator pitches” only) on their projects in the penultimate and final classes. Your paper should be 1,500-2,000 words.

Participation & Online Survey for Each Case Study	40%
Tale of Two Stories Memo	20%
Group Project	40%

Classroom Norms and Course Policies

In order to share and acquire knowledge and master skills together, please be prepared for class and arrive on time. In accordance with school policy if you arrive after class has started, please do not enter the classroom.

Please note that if you are absent for more than three sessions of a full credit course (or more than one session of a half credit course), you will automatically receive a failing grade. You cannot graduate with a failing record.

The general policies outlined in the MBA Code of Conduct (Academic norms) apply.

Professor Smith

N. Craig Smith



Professor N. Craig Smith has been on the INSEAD faculty for the past ten years as the INSEAD Chair in Ethics and Social Responsibility at INSEAD in Fontainebleau, France. He is also the Academic Director of the CSR & Ethics Research Group in the INSEAD Social Innovation Centre. He was previously a marketing professor on the faculties of London Business School, Georgetown University, and Harvard Business School. His research is at the intersection of business and society, encompassing business ethics, corporate social responsibility, and sustainability. As well as a broad interest in organizational or managerial good and bad conduct, at the core of much of his research is a focus on developing understanding of corporate accountability. His current projects include research that examines different conceptions of the purpose of the firm; whether (and which) employees will sacrifice pay to work for more socially responsible firms; stakeholder judgments of value; and strategic drivers of corporate social responsibility/sustainability, including sustainable consumption. He is the author, coauthor or coeditor of seven books and over thirty academic articles in journals such as *Business Ethics Quarterly*, *Business & Professional Ethics Journal*, *California Management Review*, *Harvard Business Review*, *Journal of Business Ethics*, *Journal of Consumer Psychology*, *Journal of Marketing*, *Journal of Public Policy & Marketing*, and *MIT Sloan Management Review*. Smith has developed over forty case studies on business ethics and CSR/sustainability, including many award- winners and best-sellers. His latest book is *The Moral Responsibility of Firms* (with Orts; published by Oxford University Press, 2017). At INSEAD, he teaches MBA and executive courses in business ethics, compliance, and strategic corporate social responsibility and sustainability. He is also the Programme Director for the Healthcare Compliance Implementation Leadership Programme. As well as a regular speaker at international conferences, he conducts workshops with various organizations on business ethics and corporate responsibility/sustainability, including board level workshops on sustainability as part of the UN Global Compact Board Programme. He also serves on the Scientific Committee of Vigeo, the corporate social responsibility rating agency.