

**LGST 247-001**  
**The Value of Values:**  
**Contemporary Ethical Issues in Business**

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A Note about Covid, July 21, 2020:

- This syllabus is being adjusted to the Covid crisis. Some of the assignments and grading criteria will change.
- This class will be held entirely online. There will be no physical meetings.
- The format of the class will be “hybrid,” using a combination of synchronous and asynchronous elements.
- All synchronous, all-student sessions will be held at the time scheduled for the class, Eastern Time.
- Attendance of synchronous all-student sessions is encouraged, but in light of obvious challenges for some students, is not required.

**Course Overview and Objectives**

This course explores the concepts of value and values in economic life. All strategic and many tactical decisions begin with a value proposition of some kind. Investors, customers, employees, suppliers, and community members are potential sources of value in the creation, exchange, distribution and sale of a good or service. This course examines different conceptions of “value/values” in business life and the role they play in interpreting issues such as artificial intelligence, corporate governance, business and professional education, international business, value theory, and personal values. The class will utilize a combination of theoretical readings, class exercises, student presentations and case discussions. The materials and topics below will each take up roughly two weeks of the term, with the final weeks devoted to class presentations and reports.

Students will engage in class discussions and class exercises.

Topics to be covered (each for approximately two weeks) include:

1. Conceptions of values
2. Values in AI and online systems
3. Values in Corporate Governance
4. Values in Global Business Settings
5. Values in business and professional education
6. Personal Values in Business

## READINGS:

### 1. Conceptions of values

Concepts of values vary significantly both in law and moral theory. “Intrinsic” values are non-derivative, synoptic and impartial, whereas other forms are person-specific. Some values are subject to quantification, while others are difficult to quantify. Some theories of value are monistic; others are pluralistic. The question of the “commensurability” of different values arises in many business contexts, for example, when the dollar value of a human “life” is calculated as part of a firm’s cost-benefit analysis, or when the firm must defend its behavior in court. Moreover, “anti-commodification” advocates argue that some things ought never be traded on markets, for example, sex, organs, and babies. Markets are said to encourage certain kinds of personal virtues, such as enterprise, alertness, and the acceptance of competition, even as they are often criticized for encouraging self-interested behavior. This section investigates basic conceptual issues that surround definitions of “values/value” in order to prepare for a closer examination of specific issues later in the course.

- “Incommensurability and valuation in law.” Sunstein, C. R. *Michigan Law Review*, (1994). 92(4), 779-861
- “Reclaiming virtue ethics for economics.” Bruni, L., & Sugden, R. (2013). *Journal of Economic Perspectives*, 27(4), 141-164.
- “The economist manifesto.” Amartya Sen, (2010) *New Statesman*.
- “The Ford Pinto case”: slide version, Syed Kamran Haider, 2014.  
[https://www.slideshare.net/kamran\\_haider/ford-pinto-full-details-and-analysis-report-with-references](https://www.slideshare.net/kamran_haider/ford-pinto-full-details-and-analysis-report-with-references)
- “OrganJet and GuardianWings.” HBS 9-413-068: Case study

### 2. Values in AI and online systems

“Narrow” AI underpins many commercial services such as trip planning, shopper recommendation systems, and ad targeting, and is finding important applications in medical diagnosis, education, and scientific research. “General” AI (AGI), in contrast, reflects the possibility of future AI systems that exhibit intelligent behavior as advanced as a person. Both AI definitions raise values issues for business. For example, the substitution of AGI for human labor promises relief from dangerous and de-humanizing jobs, but inevitably begets new challenges. Assigning legal and moral accountability becomes more difficult when in the development of software the layers of creation and control multiply. The traditional legal/moral requirements of causality and *mens rea* are sometimes difficult to identify in harms in the context of AI systems, especially because of endemic programming features such as the inevitability of “bugs” and the problem of “many hands.” Other problems arise for racial and gender equality when designing algorithms. In addition, attempts to effect “ethical” behavior in robots, that is to design programs that effect what has been called “value alignment” (VA), risk committing what philosophers have called the “naturalistic fallacy.” Finally, values can be challenged by the phenomenon of “addictiveness” in the new “attention economy.” This section discusses these and other issues connected to values in values in AI and online systems.

- “Amazon scraps secret AI recruiting tool that showed bias against women.” *Reuters*, October 9, 2018.
- “Preparing for the future of artificial intelligence.” Executive Office of the President National Science and Technology Council Committee on Technology, October 2016

- “The nature, importance, and difficulty of machine ethics,” Moor, James H. *IEEE Intelligent Systems*, 08/2006, Volume 21, Issue 4
- “Robot Camel Jockeys.” <https://www.cs.ox.ac.uk/efai/2017/01/03/robotcameljockeys/>
- “Computing and accountability.” Nissenbaum, Helen. *Communications of the ACM*, 01/1994
- “Particularism and the classification and reclassification of moral cases. Marcello Guarini, *IEEE-Intelligent Systems*. 2006, pp 22-28
- “Moral decision making frameworks for artificial intelligence.” Conitzer, Vincent; Sinnott-Armstrong, Walter; Borg, Jana Schaich; More... 31st AAAI Conference on Artificial Intelligence, AAAI 2017, 2017
- “Automated health care” Case Study-Princeton University-AI-Ethics  
<http://www.aiethics.princeton.edu>
- “The ethics of the attention economy” Bhargava Vikram and Manuel Velasquez. Unpublished paper.
- “The History of Technological Anxiety and the Future of Economic Growth: Is This Time Different? Joel Mokyr; Chris Vickers; Nicolas L. Ziebarth. *The Journal of Economic Perspectives*, 07/2015, Volume 29, Issue 3.

### 3. Values in Corporate Governance

The last two decades have witnessed sharply rising interest in the configuration of corporate governance and purpose. Earlier we examined the issue of the commensurability of values, and explored differences between monistic and pluralistic theories of value. These same issues arise starkly for new approaches to corporate purpose advocated by business strategists and economists. The strategist, Michael Porter, encourages companies to pursue the dual goals of profit for investors and social value (“shared value”). Similarly, economists such as Oliver Hart and Luigi Zingales defend a more complex interpretation of shareholder primacy, one that includes values other than financial value within the idea of shareholder value. Managers can find it difficult to pursue multiple conceptions of value, something that theorists such as Jensen and Karnani explain. Abandoning a monistic conception of corporate “purpose,” they argue, damages efficiency. Finally, we explore the possibility of moving beyond the old “stakeholder”/“shareholder” debate through the adoption of a broader definition of “business.”

- “Principles of Corporate Governance.” OECD 2015
- "Value Maximization, Stakeholder Theory, and the Corporate Objective Function." Jensen, Michael C. 2002. *Business Ethics Quarterly* 12: 235-47.
- “Clients Worried About Goldman's Dueling Goals”: Business/Financial Desk by Gretchen Morgenson and Louise Story *New York Times*, May 19, 2010. Case Study.
- “Doing well by doing good: The grand illusion.” Karnani, A. 2011. *California Management Review*, 53: 69-86.
- "Companies Should Maximize Shareholder Welfare Not Market Value." Hart, Oliver, and Luigi Zingales. 2017. *Journal of Law, Finance, and Accounting* 2017: 247–74.
- "Serving Shareholders Doesn't Mean Putting Profit above All Else." Hart, Oliver, and Luigi Zingales. <https://hbr.org/2017/10/serving-shareholders-doesnt-mean-putting-profit-above-all-else>.
- “Tata: Leadership with Trust.” Case Study. *Aspen Case Competition- Ivey Management Systems* 2010. (Additional media articles will also be provided.)
- "Creating Shared Value." Porter, M. E., and Mark R. Kramer. 2011. *Harvard Business Review* 89: 62-77.
- “Should business put purpose before profit?” Edgecliffe-Johnson, A. (2019) FT.Com
- "Shared Values That Are Lost in Translation." Donaldson, Thomas. 2014. *Financial Times* FT.com.

“Premise of ‘creating shared value’ risks misleading MBA students,” *Financial Times* FT.com  
"Toward a Theory of Business." Donaldson, Thomas, and James P Walsh. 2015. *Research in Organizational Behavior* 35: 181-207.

#### 4. Values in professional education

The American pragmatist philosopher, William James, once argued that professional training belongs in the university, but that other values should not be sacrificed. What is the history of professional training in modern universities, and of business education in particular? One’s answer to William James’ assertion turns in part on whether graduates of business schools are counted as “professionals” in the same way as graduates of law and medical schools are. This section discusses these and other issues connected to values in professional education.

“The Social Value of the College-Bred.” William James, 1907

“Just think: The challenges of the disengaged mind.” Wilson, Timothy D; Reinhard, David A; Westgate, Erin C; More... *Science*, 07/2014, Volume 345, Issue 6192

“From social control to financial economics: the linked ecologies of economics and business.” Marion Fourcade; Rakesh Khurana *Theory and Society*, 03/2013, Volume 42, Issue 2

"Are Business Mangers "Professionals?" Donaldson, Thomas. 2000. *Business Ethics Quarterly* 10: 83-93.

“Professional Quandaries” *HBS* 9-800-371

#### 5. Values in Global Settings

Sociologists point out that a culture’s economic history can condition its values. For example, some have noted that societies with a history of rice cultivation currently display more *interdependent* values than societies with a prior a history of grain cultivation. The latter display more *independent* values. These and other cultural differences may be explored not only in macro-societal terms, but through each person’s self conception. Philosophers define the “self” in terms of a locus of experience. But psychologists have shown that one cannot be a self by one’s self. Selves develop through interaction with others and the social environment. In the arena of moral behavior, attempts to find common denominators of cultural values have converged on moral minimums, in particular, on the notion of a “human right”. Are such attempts be successful? If so, what are the implications for business?

“Wheat people vs. rice people.” Luhmann, T. M. (2014, Dec 04). *New York Times*

"Cultures and Selves: A Cycle of Mutual Constitution." Markus, Hazel Rose, and Shinobu Kitayama. 2010. *Perspectives on Psychological Science* 5: 420–30.

“Entertainme Worldwide,” Case Study. 1995. Thomas Donaldson

"Moral Minimums for Multinationals." Donaldson, Thomas. 1989. *Ethics and International Affairs* 3: 163-82.

“Gift giving and the African elder.” Case Study. *Edwin M. Hartman* 2005.

“Coca Cola India.” Case Study. *Aspen Institute*

“CSR and the Debate on Business and Human Rights: Bridging the Great Divide.” Wettstein, Florian. *Business Ethics Quarterly*, vol. 22, no. 4, 2012, pp. 739–770.

#### 6. Individual/Personal Values

The class closes with an exploration of personal and individual values and their role in business life.

Philosophers and psychologists have identified persistent values structures that characterize both political and economic activity. Moral psychologists have challenged the simple and perhaps overly simple models that moral philosophers have advanced over the ages, even as they have retained many of those models' underlying distinctions. Models of moral development, for example, map neatly upon traditional categories of normative ethical decision-making. Moreover, in ethics, just as in financial decision-making, agents exhibit two kinds of thinking. They make decisions both at an automatic level and at a level where attention and mental engagement are required. Moral errors can occur as a result. Because of their moral self-image, individuals can recognize the conflicts of interest of other people, but fail to see the ones that apply to themselves. This section explores these and other issues in the realm of personal values.

"Moral Psychology for the Twenty-First Century." Haidt, Jonathan. 2013. *Journal of Moral Education* 42: 281-97.

"Mann Gulch Fire": Case Study T.W Klaus 2012.

"How Honest People Cheat From February." Dan Ariely 2008, Harvard Business Review Web Site (Accessed 8:21 AM Tuesday January 29, 2008)

"The Dishonesty of Honest People: A Theory of Self-Concept Maintenance." Nina Mazar, On Amir and Dan Ariely. *Journal of Marketing Research*. Vol. 45, No. 6 (Dec., 2008), pp. 633-644

"Jack Ryan and Palisades Produce: Tough Decisions at Pacific Trust." Case Study (A) Darden UV1917 (available in the Study.net folder)

"The claim to moral adequacy of a highest stage of moral judgment." Kohlberg, L. (1973). *The Journal of Philosophy*, 70(18), 630

"The Ring of Gyges." Case Study. Excerpt from Plato's *Republic*, Bk II (359a-360d) (Jowett Translation)

- **Illustrating value in corporate behavior:** You will have an opportunity to track down a relevant illustration of the issue of enlightened versus abusive corporate behavior. Some of you will find an example of how a firm's enlightened behavior might boost its performance. You can share your example of this seemingly "enlightened" behavior on one of three days early in the course. Others of you will do this same exercise later in the course (also on three days). The difference is that I would like you to shift gears and find examples of abusive corporate behavior. Look for examples of the sometimes harmful and dangerous effects that corporate practices can have on its employees, customers, and community.

Your analysis can be prepared either in PowerPoint or Word format. Your remarks should be submitted online no later than one week after you verbally present it in class. During class, you will summarize your findings verbally in no more than three minutes and will not be able to use visual aids. The example you chose should be related in some way to the class's current topic of discussion. For example, if the topic of discussion is artificial intelligence and online systems, your example should relate to business behavior dealing with artificial intelligence or online systems.

- **Stakeholder Analysis:** We will select two interesting companies, Facebook and Alibaba, to examine as a class and share our stakeholder analyses with each other. With partners, you will look at the company of your choice through the eyes of one of its stakeholders. I will assign partners and the specific stakeholder groups in class. As you do your analysis, be sure to give us a) some sense of the history of the relationship between the stakeholder and the corporation; b) a review of the stakeholder's contemporary interests; c) a clear sense of the stakeholder's power; and in the case of all but the senior management, d) appraise the senior managers' likely

view of them. Prepare a one-page executive summary of your analysis and an 8 minute formal presentation to share with the class.

- **The Great Debate-the Purpose of the Firm:** We will hold our own debate about the purpose of the firm sometime during the first month of class. I have indicated many of the classic readings to help you prepare. I will split the class in half and then ask you to work with a group of your colleagues to synthesize the various arguments and develop a compelling outline that captures the major points that support your assigned point of view. A two-page annotated outline is sufficient. The outlines will be collected in class.
- **Your PechaKucha Point of View:** We will close the course with you sharing your point of view about some issue or topic we considered in class ... or one not considered but one where your opinion is inspired by our time together. “PechaKucha 20x20 is a simple presentation format where you show 20 images, each for 20 seconds.” Therefore, using these images as presentation aids, you will have 6 minutes and 40 seconds to articulate your point of view. The PechaKucha webpage describes the structure for your talk: <http://www.pechakucha.org/faq>.  
We will share some of our early thinking with each other in class on Monday, November 18 and Wednesday, November 20. Your final thoughts will be due by Sunday, December 14th. Please submit using either PowerPoint or Word format, placing everything in a single file and submitting on Canvas.
- **What I believe:** Originated in the 1950s, National Public Radio brought the “This I Believe” radio series back to life. Each student will write a 500-word pass/fail essay for the series. This assignment asks you briefly to articulate your fundamental beliefs. I hope that the class experience to date will inform what you have to say. But your essay will not about the course per se. Rather, it is about you. Reflect upon our course experience and think about your fundamental beliefs. This is due by midnight on [date, month]. I will collect them all in a single document and place on Canvas for everyone. We will reflect on our essays during the following class session. You can access the “This I believe” website at: <http://thisibelieve.org/>. Sample essays written by students around the world are available at <https://thisibelieve.org/feature/student-essays/>.

### Grading:

Your contribution to our learning will be assessed in two different ways. In addition to a midterm exam, I will broadly evaluate the quality of your work on the various assignments and also your overall contribution to class. And at the end of the course, your peers may also take stock of your contributions to our learning.

### Components of grade:

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|--|--------------------------|
| • Pecha Kucha presentation and write-up (your analysis of one of the issues covered in class): | 25%                      |
| • Midterm exam   | 35%                      |
| • Participation (including your “Stakeholder analysis” and “Great Debate analysis”)            | 30%                      |
| • Illustrating value in Corporate Behavior   | 5%                       |
| • “What I believe” write-up  | 5% (graded as pass/fail) |