CRACKING THE CODE: USING CORPORATE CODES OF CONDUCT TO TEACH BUSINESS ETHICS

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ABSTRACT

Undergraduate business students are often introduced to ethical theory and decision-making models in their Legal Environment of Business course. Instructors typically provide students with case studies and problems that require them to apply these tools to resolve ethical dilemmas confronting employees. To deepen student understanding of ethics in the workplace, this paper proposes a series of homework assignments that require students to critically read, analyze, and evaluate a corporate Code of Conduct, as well as apply it to an ethical problem. After assignments are critiqued and returned, students then incorporate them into a paper that also assesses the effectiveness of the Code in guiding employees facing ethical choices at work.

INTRODUCTION

Undergraduate business students at xxxxx are introduced to ethical theory and decision-making models in their required sophomore-level Legal and Ethical Environment of Business (LEB) course, followed by problems and case studies that require them to apply these tools to resolve ethical dilemmas confronting employees in the workplace. The principal authors teach legal studies classes at xxxxx. In our LEB course, we use an Ethical Decision-Making Model that was produced by a xxxx task force and subsequently adopted for all business courses at the university.[1]

We developed a pilot study using the xxxxx model to assess our students' ethical reasoning in analyzing a vendor's offer of free furniture.[2] The results of our study have been encouraging and may lead to increased use of the model throughout the business curriculum, thereby exposing our undergraduate students to more discipline-specific ethical problems. As our course is their first introduction to business ethics, however, we believe they would benefit from an increased awareness of the broad array of ethical issues confronting today's workers and a

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[1] The Model for Ethical Decision-Making (Ethics Model) in Appendix D recognizes that ethical decisions are not easy, but instead pose complex problems that require ethical sensitivity (or moral awareness) that a dilemma even exists. The model also provides students with a conceptual framework that requires them to apply various ethical theories to justify their decisions.

[2] Susan L Willey et al., *Integrating Ethics Across the Curriculum: A Pilot Study to Assess Students' Ethical Reasoning,* 29 J. LEGAL STUD. EDUC. 263 (Summer/Fall 2012) (providing a broad overview of the history of ethics in the business curriculum and Association to Advance Collegiate Schools of Business (AACSB) standards relating to ethics, the development of the xxxx model, and the results of our pilot study).

deeper understanding of the role of ethics in the workplace. Accordingly, we have designed a semester-long ethics project that requires our students both to critically read, analyze, and evaluate a corporate Code of Conduct and to apply that Code to the same ethical problem we posed in our pilot study.

Part I of this paper briefly discusses various approaches to the teaching of business ethics. Part II looks more specifically at ethics codes and corporate codes of conduct and their impact on employee decision-making. Part III presents a series of homework assignments and the culminating paper that comprise our ethics project. This section explains how a structured, scaffolded approach is consistent with writing-to-learn theory and writing across the curriculum efforts. In writing the final paper, students must revise, edit, and reorganize the answers they researched and analyzed by completing the homework assignments and "cracking the code." We also discuss various implementations of the project. Finally, the full instructions for each component of the project are included so that they can easily be replicated and adapted for assignments in LEB courses at other institutions.

I. APPROACHES TO THE TEACHING OF BUSINESS ETHICS

Over the past decade, beginning with the Enron scandal, we have seen almost daily revelations of ethical violations in business – insider trading, backdating of stock options, concealment of corporate debts, and unauthorized payments. These front-page news stories, as well as the global financial crisis and the collapse of the housing bubble, provide current examples for teaching ethics in the LEB courses and intensify the call for more effective instruction on ethics.[3] In addition to issues reported in the press, students may have to deal with numerous ethical issues in the business world, including conflicts of interest, discriminatory employment practices, unsafe working conditions, untruthful marketing policies, kick-backs and bribery, and other anti-competitive practices. They will face immense pressure in today's highly competitive, highly complex global economy and they will wrestle with ethical dilemmas in the workplace every day. The challenge for those teaching law and ethics is how to best prepare them for the future. Students should be able to articulate their ethical point of view to others in the companies they join so that they serve those companies well, protect their careers, and elevate the lives of others.

Today business schools embrace the study of business ethics in hopes that this training will encourage a new generation of leaders to understand and to factor

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[3] *See, e.g.*, David L. Ikenberry & Donna Sockell, *Occupy Our Business Schools*, BLOOMBERG BUS. WEEK (Jan. 11, 2012) *available at* http://www.businessweek.com/business-schools/occupy-our-business-schools-01112012.html#fadetoblack (last visited February 8, 2013) (urging business schools to incorporate "ethics and social impact considerations" into every business school discipline, with particular focus on the 70% of business school graduates who earn an undergraduate degree).

ethics into their decisions and business strategy.[4] The LEB textbooks typically include a chapter on ethics with similar content: ethical theory, decision-making models, examples of unethical/illegal corporate conduct, corporate codes of ethics and corporate social responsibility.[5] These materials, case studies, and scenarios on business ethics provide a foundation for the study of ethics. [6]

There are many approaches for teaching ethics in the classroom so that students grapple with these issues and learn to articulate their points of view.[7] In the college of business, we focus on applied ethics,[8] that is, the application of our understanding of what is right and good to business transactions. After providing a foundation for understanding what is right and good, we can discuss the implications these principles have for business. Students develop the ability to analyze ethical issues in business through case problems, role playing, and end-of-chapter problems.

II. CORPORATE CODES OF CONDUCT

Since 1991, the Federal Sentencing Guidelines for Organizations[9] have used the existence of an "effective compliance and ethics program"[10] at a company as a

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[4] S*ee generally* David Scott Williams & Todd Dewett, *Yes, You Can Teach Business Ethics: A Review and Research Agenda*, 12 J. LEADERSHIP & ORG. STUD. 109 (2005) (providing a detailed discussion on the goals of awareness, moral development, and handling complex issues).

[5] Most recently we have been using, ROGER MILLER & FRANK B. CROSS, THE LEGAL ENVIRONMENT TODAY (Thompson West, 5th ed., 2013). Chapter 2 of this book is entitled, "Ethics and Professional Responsibility," *Id.* at 34-60.

[6] *See* MARIANNE M. JENNINGS, BUSINESS ETHICS: CASE STUDIES AND SELECTED READINGS, (Southwestern, 7th ed., 2012); *see also,* Murray S. Levin, *Reflections on Enhancing the Understanding of Law Through Ethical Analysis*, 27 J. LEGAL STUD. EDUC., 247 (Summer/Fall 2010) (presenting creative and innovative ethical scenarios that give students the opportunity to engage in ethical analysis).

[7] R. Edward Freeman, Lisa Stewart & Brian Moriarty*, Teaching Business Ethics in the Age of Madoff*, 41 CHANGE 37, 37 (2009); *see also* Richard T. De George, *A History of Business Ethics*, SANTA CLARA UNIV. MARKKULA CTR. FOR APPLIED ETHICS *available a*t
http://www.scu.edu/ethics/practicing/focusareas/business/conference/presentations/business-ethics-history.html
(last visited Jan. 27, 2013) (discussing the emergence of "social responsibility" of business courses in the 1960s, followed by business ethics as an academic field in the 1970s that "sought to provide an explicit ethical framework within which to evaluate business, and especially corporate activities."); Lisa Newton & Walter G. Ryba, Jr., *Integrating Ethics Into Business Education,* 3 J. LEGAL STUD. EDUC. 1 (1985) (discussing the implementation of ethics into a business curriculum); Lucien J. Dhooge, *Creating a Course in Global Business Ethics: A Modest Proposal,* 28 J. LEGAL STUD. EDUC., 207 (Summer/Fall 2011) (observing that notions of ethical behavior may not be the same in all cultures and discussing the need for and design of a course in global ethics).

[8] *See* Ronald Simms & Sabrina Simms, *Increasing Applied Ethics in Business School Curricula*,10 J. BUS. ETHICS 211 (1991) and Richard T. George, *The Status of Business Ethics: Past and Future*, 6 J. BUS. ETHICS 201 (1987).

[9] United States Sentencing Commission, Organizational Guidelines *available at*
http://www.ussc.gov/Guidelines/Organizational_Guidelines/guidelines_chapter_8.htm (last visited Jan. 27, 2013).

[10] *Id.* at § 8B2.1. This section, revised in 2004 in response to the Sarbanes-Oxley Act of 2002, states that such a program requires the organization to "exercise due diligence to prevent and detect criminal conduct

mitigating factor that can reduce corporate sentences for criminal activity.[11] Subsequent cases implied that a code of ethics should be a component of such an effective compliance program. Following the scandals at Enron, WorldCom, Adelphia, and other companies between 1999 and 2001, Congress enacted the Sarbanes-Oxley Act of 2002,[12] which requires publicly held companies to disclose whether they have an ethics code for senior financial officers and if not, the reason why they do not.[13] The New York Stock Exchange goes further, requiring that all "listed companies adopt and disclose a code of business conduct and ethics for officers, directors, and employees and promptly disclose any waivers of the code for directors or executive officers."[14] As a result, virtually all publicly traded companies have an employee Code of Conduct and many have additional codes for Directors and Executive Officers and/or for Senior Financial Officers.[15] To demonstrate compliance, companies typically post their ethics policy, code of conduct, mission and values, corporate governance information, and/or corporate social responsibility statements on their websites.

Ethics codes do more than merely satisfy these statutory and regulatory mandates. They also provide management with a mechanism to proactively instruct and guide employees in resolving "undefined" ethical dilemmas they may confront in the workplace, consistent with company values, corporate citizenship and social

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and otherwise promote an ethical culture that encourages ethical conduct and a commitment to compliance with the law."

[11] *Id*. at § 8C2.5(f)(1).

[12] Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat. 745 (July 29, 2002).

[13] *Id*. at §406. Of course, many of the companies embroiled in these scandals had an ethics code at the time their officers, directors and/or employees engaged in illegal and unethical conduct. Perhaps the most notorious example is the 65-page Enron ethics code, with a foreword in 2000 by then CEO Ken Lay that stressed the importance of conducting business in compliance with "all applicable laws and in a moral and honest manner." Even a comprehensive code of conduct will have little influence on employee behavior if expectations of ethical behavior are not built into the culture of a company and reinforced by a strong commitment from management. The full Enron Ethics Code is *available at* http://www.bennettlawfirm.com/enron.pdf (last visited on Jan. 27, 2013). **THIS PAGE NO LONGER AVAILABLE, EVEN AFTER A GOOGLE SEARCH.**

[14] N.Y.S.E. Listed Company Manual, §303A.10 (amended Nov. 25, 2009) *available at* http://nysemanual.nyse.com/LCMTools/PlatformViewer.asp?searched=1&selectednode=chp%5F1%5F4%5F3%5F11&CiRestriction=ethics+AND+code&manual=%2Flcm%2Fsections%2Flcm%2Dsections%2F (last visited Jan. 27, 2013).

[15] *See, e.g.,* The Boeing Company, which has three Codes of Conduct: The Ethics and Business Conduct Code for all Boeing Employees (http://www.boeing.com/corp_gov/conduct_employee.html); The Code of Conduct for Finance Employees (http://www.boeing.com/corp_gov/conduct_finance.html), which complements but does not replace obligations imposed by the employee code; and The Boeing Company Code of Ethical Business Conduct for Members of the Board of Directors (http://www.boeing.com/corp_gov/conduct_for_directors.pdf) (last visited Jan. 27, 2013)..*See also, e.g.*, Delta Airlines' two codes: The Employee Code of Ethics and Business Conduct (http://images.delta.com.edgesuite.net/delta/pdfs/CodeofEthics_021004.pdf) and The Delta Board of Directors Code of Ethics and Business Conduct (http://www.delta.com/about_delta/investor_relations/corporate_governance/directors_code_ethics/index.jsp) (last visited Jan. 27, 2013).

responsibility commitments, and policies to avoid or reduce potential liability.[16] But is the guidance provided by codes of conduct effective in promoting more ethical employee conduct?

Several empirical studies have examined whether corporate ethics codes actually promote ethical decision-making by employees,[17] with most generally concluding that the existence of corporate codes of conduct is not a significant factor in influencing behavior.[18] Using information economics to explain these discouraging results, John Lere and Bruce Gaumnitz suggest that ethical individuals will make the ethical decision, even in the absence of a code, while those inclined to choose the unethical action, are likely to do so, whether or not their company has an ethics code. The presence or absence of a code will have little, if any, impact on employee conduct.[19] Nevertheless, they suggest several features in a code that may give it greater impact in deterring unethical behavior by employees: inclusion of enforcement mechanisms and penalties (up to dismissal) and mandating compliance with the code, drafting code provisions to address "ethical issues unique to the organization" that are less likely to be "covered by generally held positions" of the employees, and providing more specific guidance to "less experienced members" of the organization (i.e., new employees).[20]

In contrast, some studies suggest that there are situations when a code of conduct can affect employee decision-making. For example, Janet Adams, Armen Tashchian, and Ted Shore conclude that the presence of an ethics code can impact both employee conduct and perceptions of ethics in the workplace.[21] They conducted extensive interviews of 766 subjects across a range of industries and company sizes over a two-year period. Subjects who worked for a company with a code of ethics viewed themselves, co-workers, subordinates, and supervisors as more

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[16] Mark S. Blodgett & Patricia J. Carlson, *Corporate Ethics Codes: A Practical Application of Liability Prevention,* 16 J. BUS. ETHICS 1363, 1368 (1997).
[17] *See, e.g.,* Margaret Cleek & Sherry Leonard, *Can Corporate Codes of Ethics Influence Behavior?* 17 J. BUS. ETHICS 619 (1998); Mark Somers, *Ethical Codes of Conduct and Organizational Context: A Study of the Relationship Between Codes of Conduct, Employee Behavior and Organizational Values,* 30 J. BUS. ETHICS 185 (2001); Janet Adams, Armen Tashchian & Ted Shore, *Codes of Ethics as Signals for Ethical Behavior,* 29 J. BUS. ETHICS 199 (2001); Thomas Wotruba, Lawrence Chonko & Terry Loe, *The Impact of Ethics Code Familiarity on Manager Behavior,* 33 J. BUS. ETHICS 59 (2001) (hereinafter, "the Wotruba survey"); John Lere & Bruce Gaumnitz, *The Impact of Codes of Ethics on Decision Making: Some Insights from Information Economics,* 48 J. BUS. ETHICS 365 (2003) (hereafter, *Impact of Codes*); and John Lere & Bruce Gaumnitz, *Changing Behavior by Improving Codes of Ethics,* 22 AM. J. BUS. 7 (Fall 2007).
[18] *See, e.g.*, Cleek & Leonard, *supra* note 17 at 627 (explaining what happened when150 undergraduate and graduate business students were asked to respond to several ethical dilemmas covering a variety of business situations; half were given a Code of Conduct to use, while half were only told that the company had a code); Lere & Gaumniz, *supra* note 17 at 366-67 (reviewing several empirical studies conducted between 1998 and 2001 involving students, tax preparers, British bank managers, CFOs and employees at four large Canadian companies).
[19] *Impact of Codes* at 367-70.
[20] *Impact of Codes* at 371-73.
[21] *Adams*, *et al., supra* note 17 at 207.

ethical than subjects who worked for an employer lacking an ethics code. The authors posit that the presence of such a code may promote discussion of ethics issues within the organization, helping to create an ethical climate that encourages ethical behavior and "signal[s] that unethical behavior will not be tolerated."[22] They suggest that ethics codes serve to "heighten awareness and sensitivity to the importance of ethical behavior … [and] legitimize ethical behavior for those already inclined in that direction."[23]

In another study, Mark Somers surveyed 613 management accountants working for U.S. companies in a wide range of industries. Somers concluded that the Institute of Management Accountants' code of ethics had little relationship to "employee awareness of wrongdoing in organizations" or that it influenced "employee propensity to report observed wrongdoing,"[24] yet significantly fewer respondents who worked for companies with formal codes of ethics were "aware of wrongdoing" at their companies than were respondents who worked in companies lacking such codes.[25] Thus, he argues that corporate ethics codes may reduce "wrongdoing" by establishing ethical guidelines for employee behavior.[26]

Based on surveys completed by 286 officers and directors of companies listed in the directory of the Direct Selling Association, the Wotruba survey concluded that as managers become "more familiar with the specific contents" of their corporate codes of ethics, those codes are "more useful" in influencing the ethical climate of the organization and in guiding ethical decision-making.[27]

Many undergraduate business students are employed, and those who work for larger employers have often received an Employee Handbook from their employer. Casual inquiries suggest that many have also received their company's Code of Conduct, and some have even completed online ethics training, yet few have really examined that code or appreciate its potential role in influencing employee conduct. Despite the empirical data suggesting that codes of conduct have little influence on employee behavior, students should be able to analyze and evaluate corporate codes of conduct so that they are more aware of the broad array of ethical issues in the business world, as well as company expectations regarding appropriate, ethical responses to dilemmas they may confront as employees. Perhaps this awareness will impact their decision-making in business and lead to more ethical behavior.

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[22] *Id.* at 208.
[23] *Id.* at 207.
[24] Somers, *supra* note 17 at 190-91.
[25] *Id.* at 189.
[26] *Id.* at 193.
[27] Wotruba, et al., *supra* note 17 at 66-67.

III. THE ETHICS PROJECT: CRACKING THE CODE

A. "WRITING TO LEARN" WITH A SCAFFOLDED ASSIGNMENT

The Ethics Project has been structured as a series of shorter homework assignments that require students to demonstrate their comprehension, analysis and evaluation of the corporate code of conduct they are researching. (See Appendix A, Instructions for the Ethics Project.) By maintaining the students' focus on ethics throughout the semester, the project also is designed to reinforce and deepen students' understanding of the ethical theories and decision-making models introduced at the beginning of their LEB course. Assignments are critiqued and returned to the students, with the expectation that they will expand, revise, rearrange, and edit their homework answers before ultimately incorporating them into the finished project. According to writing-to-learn theory, such an approach can facilitate student learning; through the process of writing, revising, and clarifying their thinking, students transform the content to make it their own.[28]

Since Janet Emig set out the theory in her seminal 1977 work "Writing as a Mode of Learning,"[29] compositionists have understood writing as a method for learning, an act that makes meaning and creates knowledge, rather than as a mechanical transcription of thought that is fully formed. In contrast to transactional writing that produces a formal product instructors evaluate to determine what students know, writing-to-learn focuses more on discovery learning that is characterized by informal, exploratory writing, student-focused expressive writing and/or short-scaffolded papers.[30]

In a scaffolded project, students learn through writing by completing a series of writing activities that lead up to a final product and through activities that ask students to comprehend, analyze, synthesize, and/or evaluate the concepts they are learning—in essence, writing that asks students to explore, manipulate, or

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[28] Roselmina Indrisano & Jeanne R. Paratore , LEARNING TO WRITE, WRITING TO LEARN: THEORY AND RESEARCH IN PRACTICE (2005). The chapters in this collection bring together the perspectives of university researchers and classroom teachers making the connection between writing theory and practice explicit. Changing the way you teach writing requires changing the way you understand the process of writing. *See also* Dan Berrett, *An Old-School Notion: Writing Required,* CHRONICLE OF HIGHER EDUC. (Oct. 15, 2012), *available at* http://chronicle.com/article/An-Old-School-Notion-Writing/135106/?cid=at&utm_source=at&utm_medium=en (last visited Jan. 27, 2013) (quoting Duke University's associate director of undergraduate studies, Julie Reynolds, that writing "make[s] thinking visible," and notes that well-constructed writing assignments that require students "to construct meaning through their writing" are also effective in promoting "deep and sustained learning.").

[29] Janet Emig, *Writing as a Mode of Learning*, 28 COLL. COMPOSITION AND COMMC'N 122 (1977).

[30] *See generally*, JAMES BRITTON, T. BURGESS, N. MARTIN, A. MCLEOD & H. ROSEN, THE DEVELOPMENT OF WRITING ABILITIES, 11-18 (Macmillan Educ. 1975); ART YOUNG, TEACHING WRITING ACROSS THE CURRICULUM (Prentice-Hall 3rd ed. 1999); Toby Fulwiler, *Writing: An Act of Cognition*, 1982 NEW DIRECTIONS FOR TEACHING AND LEARNING 12, 15 (1982); and C. Williams Griffin, ed. TEACHING WRITING IN ALL DISCIPLINES*,* 15-26*, (*Jossey-Bass, 1982*).*

transform course concepts and content.[31] Because students can explore ideas and receive feedback *before* the first draft of a formal paper (which in too many cases is the only draft), writing-to-learn can improve students' disciplinary understanding and critical thinking skills, enabling students to write highly developed and complex formal papers.[32] Through appropriately designed writing-to-learn assignments, instructors can provide students with the opportunity to accumulate and manipulate discipline-specific knowledge throughout the semester.

In teaching the graduate LEB class, two of the authors developed a series of short papers that required their MBA students to research SEC filings and corporate governance documents, including bylaws and codes of conduct, to enhance the students' understanding of legal concepts and their appreciation of the role that law plays in the corporate world.[33] The Ethics Project proposed in this paper is loosely based on the short paper those MBA students wrote after researching the ethics codes of the Georgia Fortune 500 companies assigned to them.

B. PEDAGOGICAL OBJECTIVES UNDERLYING THE ETHICS PROJECT

The undergraduate Ethics Project has been designed as a student-centered project that serves numerous pedagogical objectives related to research, writing, and critical thinking, as well as enhancing awareness of and sensitivity to ethical issues.

First, undergraduate business students need more opportunities to conduct research using primary source materials. The Ethics Project requires them to research a Fortune 100 company's website to locate its ethics code or code of business conduct for employees, as well as information about the company's Corporate Social Responsibility (CSR) activities and its environmental sustainability initiatives, if any. The instructions for Homework Assignment One[34] advise students that many companies have more than one code and that they may have to search a variety of locations on the corporate website such as "About Us," "Investor Relations," "Governance Documents," or "Governance Policies" just to find all posted codes. Because companies give their ethics codes a variety of titles,[35]

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[31] Young, *supra*, note 30; *see also* Päivi Tynjälä, *Writing as a Tool for Constructive Learning: Students' Learning Experiences During an Experiment*, 36 HIGHER EDUC. 209 (1998); Lisa Vernon, *Considerations: The Writing Process: A Scaffolding Approach*, COLL. WM & MARY SCH. EDUC. TRAINING & TECH. ASSIST.ANCE CTR, R. *available at* http://education.wm.edu/centers/ttac/documents/packets/writingprocess.pdf (last visited Jan. 27,2013): and Lehman College, *Scaffolding High-Stakes Writing Assignments*, WRITING ACROSS THE CURRICULUM available at http://www.lehman.edu/academics/wac/effective-writing-assignments.php (last visited Jan. 27,2013).

[32] *Britton*, *supra* note 30 and *Young*, *supra* note 30.

[33] xxxxx, *Mining for Gold: Utilizing SEC Filings to Promote MBA Students Understanding of Legal Concepts,* 27 J. LEGAL STUD. EDUC. 321, 343-44 (2010).

[34] *See* Appendix B, *infra*.

[35] For examples of employee ethics codes with different titles, s*ee e.g.,* Walt Disney Company, *Standards of Business Conduct available at* http://cdn.media.ir.thewaltdisneycompany.com/forms/Disney_SBC-

students may also have to open many links and documents to locate the ethical materials needed to complete the assignments. Students then analyze the corporate codes of conduct, sustainability, and/or CSR reports, instead of secondary material about their company's response to these issues. Moreover, as students progress through the homework assignments they build upon their earlier research as they summarize, analyze, and evaluate additional topics within the code of conduct that require them to drill deeper and deeper into the code.

Second, several recent studies and reports conclude that a majority of college graduates lack adequate written communication skills to succeed in the workplace.[36] Thus, the second objective is to improve students' writing skills by creating a semester-long structured writing assignment. Consistent with a scaffolded approach, the larger project is broken into a sequence of shorter, more manageable writing assignments that build on one another. Students submit one homework assignment approximately every two or three weeks, allowing the instructor sufficient time to critique and return each assignment before students complete the next one. By assessing each step of the project, instructors are able to detect research errors and inadequate writing earlier, allowing students to correct, revise and edit their homework assignments (writing to learn) before they write the formal paper (transactional writing). Instructions for the paper and a suggested Grading Rubric appear in Appendix C.

CM_external.pdf; General Electric, *The Spirit and The Letter available at* http://files.gecompany.com/gecom/citizenship/pdfs/TheSpirit&TheLetter.pdf; General Motors, *Winning with Integrity: Our Values and Guidelines for Employee Conduct available at* http://www.gm.com/content/dam/gmcom/COMPANY/Investors/Corporate_Governance/PDFs/2012-WWI-Final-Version-7-30-12-English.pdf; and Proctor & Gamble, *We Do the Right Thing: Our Worldwide Business Conduct Manual available at* http://www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf (all last visited on Jan. 27 2013).

[36] *See, e.g.,* The Conference Board, Corporate Voices for Working Families, Partnership for 21st Century Skills, and Society for Human Resource Management, *Are They Really Ready to Work: Employers' Perspectives on the Basic Knowledge and Applied Skills of New Entrants to the 21st Century U.S. Workforce* (2008) (hereinafter, *Ready to Work) available at* http://www.p21.org/storage/documents/FINAL_REPORT_PDF09-29-06.pdf (last visited on Jan.27, 2013).. This in-depth survey of more than 400 employers in 2006 noted that while more than 93% of employers rated "Writing in English" by four-year college graduates as very important for successful job performance (*Ready to Work* at 20), respondents rated only 15.5% of these graduates as "excellent" in writing, 58.4% as adequate, and 26.2% as deficient in this "applied skill" (*Ready to Work* at 34). *See also, e.g.*, Richard Arum & Josipa Roksa, ACADEMICALLY ADRIFT: LIMITED LEARNING ON COLLEGE CAMPUSES (The University of Chicago Press, 2011) at 143 (reporting on a 2008 study commissioned by the Association of American Colleges & Universities where corporate employers rated 26% of college graduates as "very well prepared in writing.") As a result, a survey of 120 major U.S. corporations affiliated with the Business Roundtable reported that American businesses spend an estimated $3 billion annually on training their employees to write. Joanne Addison & Sharon James McGee, *Writing in High School/Writing in College: Research Trends and Future Directions,* 62 COLLEGE COMPOSITION & COMMUNICATION 147-179 (Sept. 2010), at 15.

Third, ongoing research and analysis of a code of conduct throughout the entire semester will reinforce the ethics unit taught in the second week of the term. Analyzing a "real world" ethics code within the context of ethical theory and decision-making models will enable students to see beyond the specific content of their code to its underlying ethical foundation and principles. As students "crack" their company's code, they should gain practical insights into the types of ethical issues that confront employees in today's corporate world, as well as a better understanding of the role ethics and legal compliance play in governing workplace conduct.[37]

Finally, the Ethics Project serves as a mechanism to assist students in their future career search and to interface with available campus career management services. Students need direction in planning, exploring and accelerating their career options. Often they do not see a direct link between the courses they are taking and the ultimate goal of finding a high-quality job. We encourage our students to use the Ethics Project as an opportunity to hone the "company research" component of their job search skills. As they research and "crack the code," they not only expand their knowledge of a particular Fortune 100 firm, they also become more adept at researching company information that is critical in preparing for a job interview.

C. IMPLEMENTING CRACKING THE CODE: AN ETHICS PROJECT FOR UNDERGRADUATE STUDENTS

The Ethics Project is versatile and provides instructors with considerable flexibility in tailoring the assignment to meet the needs of each course and instructor – the number of students in the class, the burden of grading the required assignments, and the instructor's overall learning objectives for the semester.

The first task in implementing the Ethics Project is identifying the companies that students will research. Collectively, the authors taught 210 students in five sections of the required undergraduate LEB course in the Fall 2012 semester, with class sizes ranging from 36 to 44 students. In an attempt to make the grading more manageable, the authors decided to assign the same companies in each section, which allowed the development of a common "answer key" for each assigned company.[38] To reduce the potential for unauthorized collaboration, the authors did not allow more than two students in any section to research the same company.

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[37] Increasing student awareness of the importance of ethical behavior and integrity in the workplace is consistent with the conclusions of *Are They Really Ready to Work, supra* note 36. In that study, more than 85% of employers surveyed considered Ethics and Social Responsibility as "very important" for successful job performance by four-year college graduates entering the work force. *Id*. at 25. Employers rated only 18.1% of recent graduates as having excellent ethics -- 70.9 percent were rated as having adequate ethics, while 11.1% were rated as deficient in Ethics and Social Responsibility. *Id*. at 34.

[38] We strongly recommend preparing an "answer key" before beginning to grade the homework assignments to more easily determine if a student is using the appropriate Code of Conduct, citing to the appropriate code provisions, and accurately summarizing the contents of those provisions.

With these objectives in mind, the authors started with the April 2012 Fortune 500 list and quickly narrowed our search to the top 100 companies, ultimately selecting 25 companies from a variety of industries, deliberately excluding the heavily regulated financial services industry. The authors also included four companies headquartered in their home city. Other instructors may apply different criteria depending on their objectives and enrollments. For example, instructors may select companies within a particular sector that corresponds to their discipline, e.g., companies that sell retail goods for marketing classes; banks, insurance companies, and other companies in the financial services sector for finance classes; technology and communications companies for computer and information systems courses. See Table 1 for the 25 companies that we selected for the Fall 2012 semester.

TABLE 1

Fortune 500 Company	**2012 Fortune 500 Placement**	**Revenues ($ millions)**	**Profits ($ millions)**
Exxon-Mobil	1	452,926	41,060
Wal-Mart Stores	2	446,950	15,699
General Motors	5	150,276	9,190
General Electric	6	147,616	14,151
Hewlett-Packard	10	127,245	7,074
AT & T	11	126,723	3,944
Verizon Communications	15	110,875	2,404
Apple	17	108,249	25,922
CVS Caremark	18	107,750	3,461
International Business Machines	19	106,916	15,855
Proctor & Gamble	27	82,559	11,797
Home Depot	35	70,395	3,883
Microsoft	37	69,943	23,150
Boeing	39	68,735	4,018
Pfizer	40	67,932	10,009
PepsiCo	41	66,504	6,443
Johnson & Johnson	42	65,030	9,672
Dow Chemical	47	59,985	2,742
United Parcel Service	52	53,105	3,804
Amazon.com	56	48,077	631
Coca-Cola	59	46,542	8,572

Cisco Systems	64	43,218	6,490
Walt Disney	66	40,893	4,807
Google	73	37,905	9,737
Delta Air Lines	83	35,115	854

As the authors began grading the ethics homework assignments, they quickly realized codes of conduct vary considerably in name, format, length, and specificity. Some companies have more than one code, which proved confusing for some students. While many have a separate ethics code for officers and directors that typically is shorter and limited to fewer topics, others have codes of conduct for users[39] or business partners.[40] Although many ethics codes are called the Code of Business Conduct or simply the Statement of Ethics,[41] some had more unusual names, such as Proctor and Gamble's "We Do the Right Thing."[42] Thus, it is important to remind students that they are to research the code that applies to employees, noting that it may also apply to managers, executive officers, directors, subsidiaries, and joint ventures. Because codes available only in HTML format, such as the Google and Microsoft[43] codes, proved more difficult for students to provide citations to specific provisions, the authors recommend selecting companies whose codes are available as Word documents or in PDF format.

Although the Ethics Project is comprised of four homework assignments that are then incorporated into a formal paper, instructors may choose to use any of the homework assignments or the paper as a stand-alone ethics project. Instructors wanting to introduce their students to the content of corporate codes of conduct may choose to require only the second homework assignment. To complete this assignment, students are asked to identify stakeholders mentioned in the code and sanctions imposed for violating code provisions, as well as to evaluate whether the

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39 Microsoft has a Code of Conduct for users who post content on MSN, Windows Live, and other services. (http://windows.microsoft.com/en-US/windows-live/code-of-conduct) (last visited Jan. 27, 2013). Students who found this code were puzzled that it focused on prohibiting posting of obscene or inappropriate content that could harm minors, instead of bribery, kickbacks, and intellectual property.

40 In addition to its Business Conduct Guidelines (http://www.ibm.com/investor/pdf/BCG2012.pdf), IBM has a Code of Conduct for its business partners to govern their relations with IBM and its subsidiaries (https://www-304.ibm.com/partnerworld/wps/servlet/ContentHandler/pw_com_jnw_code_conduct). Both codes address bribery, antitrust and competition laws, intellectual property, and respect, so students need to be reminded to research the Business Conduct Guidelines, as it is applicable to employees. (both last visited Jan. 27, 2013).

41 The Wal-Mart Statement of Ethics, a 36-page code of conduct, is available at http://cdn.walmartstores.com/statementofethics/pdf/U.S_SOE.pdf (last visited Jan. 27 2013).

42 The Proctor & Gamble Worldwide Business Conduct Manual (or "We Do the Right Thing") is available at http://www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf (last visited Jan. 27 2013).

43 Microsoft Standards of Business Conduct is available at http://www.microsoft.com/About/Legal/EN/US/Compliance/Buscond/Default.aspx#standards. (last visited on Jan. 27, 2013).

code effectively communicates the company's values. To assist them in assessing the scope of the code, the assignment also requires them to locate specific ethical topics in their codes: bribery and kickbacks, gifts and entertainment, confidentiality and privacy, conflicts of interest, intellectual property and employment law issues, insider trading, and anti-competitive issues.

Many of these topics relate directly to the LEB class and provide an excellent opportunity for students to link code provisions to course content. For example, when studying the Foreign Corrupt Practices Act in class, instructors can ask students how their companies' codes address bribery of foreign government officials,[44] while rules against insider trading[45] can be used to supplement their textbook's treatment of securities fraud. Similarly, when examining the duty of loyalty and other fiduciary duties in discussing agency law or the duties of officers and directors, students can be asked to illustrate these legal doctrines with specific examples from the codes they have researched that relate to conflicts of interest[46] or the receipt of gifts.[47] Many codes of conduct also contain numerous provisions related to employment law, from workplace health and safety provisions to diversity in the workplace, anti-discrimination and harassment policies, drug and alcohol policies, prohibitions against violence at work, and even use of child labor in foreign manufacturing facilities.

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[44] See, e.g., the Delta Code of Ethics and Business Conduct *available at* http://www.delta.com/content/dam/delta-www/pdfs/about-financial/CodeofEthics_021004.pdf at page 32 (last visited Jan. 27, 2013) and Pfizer's code called The Blue Book at http://www.pfizer.com/files/investors/corporate/blue_book_english.pdf at page 20, which also compares the FCPA to the United Kingdom's Bribery Act (last visited Jan. 27, 2013).

[45] General Motors code, "Winning with Integrity," not only prohibits employees from trading in GM stock if they are "in possession of material, nonpublic information," it also defines "material information" and provides examples of the types of information that would be considered material. The insider trading provisions are available at http://www.gm.com/content/dam/gmcom/COMPANY/Investors/Corporate_Governance/PDFs/2012-WWI-Final-Version-7-30-12-English.pdf on page 15 (last visited Jan. 27, 2013).

[46] General Electric refers to circumstances that give rise to actual conflicts of interest, as well as the appearance of such conflicts, The Spirit and the Letter, *available at* http://files.gecompany.com/gecom/citizenship/pdfs/TheSpirit&TheLetter.pdf, 56 (last visited Jan. 27, 2013). Proctor and Gamble's Worldwide Business Conduct Manual defines conflicts of interest as a "personal relationship or a financial or other interest that could interfere with your obligation to act solely in the best interests of P&G, or when you use your position with P&G for personal gain" and then provides numerous examples of potential conflicts *available at* http://www.pg.com/en_US/downloads/company/governance/Policy_Worldwide_Business_Conduct_Manual.pdf, 23-24 (last visited on Jan. 27,,2013). These examples should help students better understand the fiduciary duties employees, officers, and directors owe to their companies.

[47] In analyzing the Tyler Hughes problem in Assignment 4, students are required to research their company's gift policies in order to determine whether the vendor's offer of free furniture would violate the company's ethics code. Wal-Mart's Statement of Ethics, for example, both states the company's policy and notes that acceptance of gifts may create a conflict of interest. While some companies expressly prohibit the receipt of any gift or gifts exceeding a threshold amount, Wal-Mart's code explains that while the "Wal-Mart culture" generally prohibits the acceptance of gifts and gratuities as contrary to the "value of maintaining Every Day Values." See page 16 of the code *available at* http://cdn.walmartstores.com/statementofethics/pdf/U.S_SOE.pdf (last visited Jan. 27, 2013).

If instructors want their students to be able to distinguish between ethical values, principles, and rules, they can require only the third homework assignment, which asks students to identify several examples of ethical principles and rules in their code of conduct.[48] One of the four assignments is an ethical dilemma that requires students to research their code to see if it provides the employee with specific guidance for resolving the problem.[49] This assignment can also be used effectively as a separate exercise for instructors only wanting to assign one component of the larger project. Instructors can also substitute this ethical dilemma with a different problem that highlights other ethical issues that may be of greater interest to their students or more relevant to their content area.

In addition to offering any assignment as a stand-alone project, professors have flexibility in determining "how many" assignments to use during the academic term. For example, at the authors' university, two of the authors assigned all four homework assignments, while another assigned three and eliminated the Tyler Hughes ethical dilemma paper after using it as an "in-class" exercise. Another professor in the authors' department adapted the project by assigning only the four- to six-page paper. Although such a research paper is not part of a scaffolded writing project, students are still required to address many of the same topics: the name of the company and a brief description of its business; an overview of the code of conduct, demonstrating its breadth and depth through detailed, specific examples; examples of code provisions that are rule-based, principle/value-based or a blend of principles and rules; enforcement mechanisms; and suggested revisions to make the code more effective in guiding employees facing an ethical dilemma at work.

Because the authors designed the Ethics Project as a series of homework assignments culminating in a polished paper, they limited each student to one Fortune 100 Company. Just as instructors may assign students the entire project or individual components as stand-alone assignments, they may also choose to assign students to research more than one company's code of conduct so that students can contrast the content, style and format of different ethics codes. Even if students research only one company, however, instructors can facilitate a robust class discussion of each assignment as it is submitted that can help make students aware of the similarities and differences among the codes being investigated. Assignment 2, for example, requires students to determine if the code they are researching has specific provisions related to bribery and kickbacks, intellectual property,

[48] Assignment 3 asks students to categorize the code(s) they are researching as rule-based, principle/value based, or a blend of principles and rules. Most codes are a combination of rules and principles – codes that articulate both general values of honesty, integrity and good faith (principles) and specific prohibitions, *e.g.,* you cannot accept gifts valued at more than $25 (rules). The assignment also asks them to identify which ethical theory or theories is illustrated by the principles and rules they select. In order to complete Assignment 3, students may need a quick review of ethical theory, as well as some guidance in distinguishing between principles and rules.

[49] See Appendix B, Assignment 4, for a sample problem, *The Tyler Hughes Dilemma*.

confidentiality and privacy, insider trading, and employment issues, among other topics. As students report their findings during class discussion, they can compare their company's code provision to those of other companies researched by their classmates.

The project also allows instructors to weigh the value of each assignment differently to reflect the level of difficulty of the assignment and the instructor's emphasis. For example, Assignment 1 requires less research and analysis to learn about the assigned Fortune 100 Company, so we have made that component worth the fewest points. In Assignment 2, students are asked to research and summarize a number of specific topics to demonstrate the depth and breadth of ethical issues addressed in their assigned code of conduct. Assignment 3 may be arguably the most difficult assignment because it requires more complex analysis of ethical values, principles, and rules in the code, as well as an overall assessment of the code; accordingly, instructors may choose to assign it a higher point value. The weights we assigned each component of the project appear in Appendix B.

Depending upon class size, course level, and the instructor's objectives, some may assign portions of the project to teams, rather than to individual students. The authors' LEB course is taught at the sophomore level and many of their students have had limited experience with team projects. If this project is used to introduce students to the issues and dynamics of teamwork – from dysfunctional team members and free riders, to the student who insists on dominating and controlling the process, instructors may need to supervise teams fairly closely. If the project is used toward the end of students' undergraduate career after they have had more opportunities to work on teams, less supervision may be necessary.

Although the authors designed "Cracking the Code" for undergraduate students in the LEB course, the project can also be adapted to different courses in different functional areas. For example, students in accounting and finance courses can be asked to research topics in codes of conduct for Directors, Officers and/or Senior Financial Employees, such as conflicts of interest, corporate opportunities, confidentiality, compliance, insider trading, bribery, and reporting illegal and unethical behavior. Management instructors might want their students to focus on employment issues such as diversity, workplace harassment, respect for customers, privacy, gifts, and social media topics, in addition to confidentiality and conflicts of interest. Instructors of Computer Information Systems courses could adapt Assignment 2 to focus on privacy, confidentiality, and intellectual property. Additionally, instructors in any functional discipline can substitute the ethical dilemma in Assignment 4 with one that is more pertinent to their content area, while still asking students to research a corporate code of business conduct to see if employees are provided guidance to "do the right thing."

CONCLUSION

The authors designed "Cracking the Code" as a student-centered Ethics Project to both improve students' research, writing, and critical thinking skills and to reinforce the introductory ethics unit by maintaining an emphasis on business ethics throughout the semester. The assignments in this versatile project are intended to promote deeper learning through scaffolded writing to learn exercises. In addition, they focus on enhancing awareness of business ethics by requiring students to critically read, analyze and evaluate a corporate code of conduct, and apply it to an ethical dilemma common in the workplace. The authors' hope is that by "cracking" a company's ethics code, students also will gain practical insights into the variety of ethical issues confronting employees in today's corporate world, as well as a better understanding of the role ethics and legal compliance play in governing workplace conduct.

APPENDIX A: INSTRUCTIONS FOR THE ETHICS PROJECT

BACKGROUND: Since 1991, the Federal Sentencing Guidelines for Organizations have used the existence of a "meaningful, voluntary compliance program" at a company as a mitigating factor that can reduce corporate sentences for criminal activity. Subsequent cases implied that a code of ethics should be a component of such an effective compliance program. Following the scandals at Enron, WorldCom, Adelphia and other companies between 1999 and 2001, Congress enacted the Sarbanes-Oxley Act of 2002, which requires publicly held companies to either have an ethics code or explain why they do not. The NY Stock Exchange makes such a code mandatory for all listed companies. As a result, virtually all publicly traded companies now have a Code of Conduct that usually applies to all employees. Companies typically post their ethics policy, code of conduct, mission and values, corporate governance information, and/or corporate social responsibility statements on their websites.

After an introduction to ethical theory and decision-making models (including the xxxxx Model for Ethical Decision-Making), you will use these tools to resolve one or more ethical problems commonly found in the workplace. To supplement the ethics unit, you will also complete a semester-long project (worth 200 points) that requires you to submit a series of four homework assignments based on your research and analysis of a Fortune 100 company's Code of Business Conduct. After I critique and return your assignments, you will incorporate your research into a polished paper that assesses the effectiveness of your company's Code in guiding employees who confront ethical dilemmas in the workplace.

ETHICS HOMEWORK

INSTRUCTIONS*:* To make grading easier for me, I have created a form (in Word) for each of the homework assignments, with the specific research topics for that assignment. Insert your "answers" into the form, expanding the space provided, as needed, to fully address the topic. Do not treat this as a "fill in the blank" exercise, but as a rough draft for a component of the bigger project. Accordingly, most items should be answered in complete and grammatically correct sentences. You will need to include page numbers (if researching a PDF or Word version of your company's Code) or headings/section numbers (if using an HTML version) for each answer so that you can find those sections of the Code again quickly and easily. This will also make it easier to provide the required citations in your final paper.

The assignments are listed below. You'll find the actual assignments following these instructions. Check your syllabus for due dates.

1) **Fortune 100 Company Profile and Introduction to the Ethics Code**
2) **Scope and Content of the Code of Conduct**
3) **Ethical Values, Principles and Rules in the Code; Assessment and Recommendations**
4) **The Tyler Hughes Dilemma**

PAPER INSTRUCTIONS (*100 points*): Incorporate your HW research into a polished paper that also assesses the effectiveness of your company's Code in guiding employees who confront ethical dilemmas in the workplace. Full instructions appear below.

APPENDIX B: HOMEWORK ASSIGNMENTS

ASSIGNMENT 1: FORTUNE 100 COMPANY PROFILE AND INTRODUCTION TO THE ETHICS CODE

This assignment requires you to learn more about the Company you have been assigned and to locate its ethics code. Note that companies use different names to identify their Codes – some call them the Code of Business Conduct, while others call them an Ethics Code. You may have to open many links until you correctly identify the document that serves as the company's code.

Companies post their codes in a variety of locations on their websites. Some provide a link to their Code of Business Conduct from the homepage, while others post their codes with Governance documents in the Investor Relations section of the website (which usually has a link from the homepage, frequently in small print at the bottom of the page). Some companies post their code in the "About Us" or "About the Company" portion of the website. If you don't find it in one of these locations, check the site map and/or search for "ethics code" or "code of business conduct" in the search box on the company's website. If you try to find it via a Google search, you may be taken to an older version of the code that is no longer in use, so only use a Code that you find on the corporate website.

Directions: This assignment is worth **15 points**. It requires you to learn more about the Company you have been assigned. Please answer the questions in complete sentences, providing more than a "minimalist" response for most items. Make sure to use your own words – do not copy and paste from the company's website, even if you use quotation marks!

1. What is the URL for the company's website?
2. What is the Company's 2012 Fortune ranking? According to Fortune, what were the company's revenues last year? Its profits? State these figures in billions of dollars (Fortune lists them "in millions").
3. Provide the address for the company's headquarters.
4. In 1-2 paragraphs describe what the company does and what products and/or services it provides.
5. Identify the CEO of the company and write a 1-2 sentence biography of the CEO. Identify the Chairman of the Board of Directors and indicate how many directors (including the Chair) currently serve on the Board.
6. Locate the company's Code(s) of Business Conduct or Ethics Code(s).
   a) What is the URL for the Code of Conduct (or Ethics Code) for Employees?
      i. Where is it located on the website, e.g., in Investor Relations, with Governance documents, or in "About us"? Describe how you found the Code.
      ii. Was it easy to find? Why or why not?
      iii. Is the Code available in multiple languages? How many (if easy to determine)?
      iv. Is the Code available in HTML format?
      v. Is the Code available in PDF format or a Word document? If yes, provide the URL and indicate the length of the code in total number of pages. [Check the actual code, as sometimes the number of pages in the PDF header does not reflect the number of pages in the Code.]
   b) If your Company has more than one Code, identify all other codes and provide the URL where each can be found.
   c) Research the Company's website to locate information on Corporate Social Responsibility and Environmental Sustainability. Describe how you found this information and where it is located by providing the appropriate URLs. In 1-2 paragraphs, summarize the information available the CSR and Sustainability sites. Note whether your company issues a CSR or Sustainability Report and if so, how often.

ASSIGNMENT 2: SCOPE AND CONTENT OF THE CODE OF CONDUCT

Directions: This assignment is worth **30 points**. It requires you to provide a fairly detailed overview of your company's Code of Conduct. Answer each item fully. Using your own words, summarize the pertinent provisions so that your reader understands what your company's policy is on each item. Do not simply copy and paste language from the Code, even if you use quotation marks! **For <u>each answer</u>, also make sure that you cite to the <u>page number</u> if you are using a PDF or Word document or to <u>section number</u> if using an HTML version.**

1) Identify the Code(s) you are using by **name** and **URL**.
2) Does the Code include a letter from CEO or chief compliance officer?
   a) If yes, who wrote the letter (name and office)? If it is dated, what is the date?
      i) Does this letter set priorities or identify the company's values? If so, what are they?
      ii) Briefly summarize its contents and the message the letter attempts to convey.
   b) If no, is there any other introductory page (e.g., preface or untitled page) that states the company's vision or values?
      i) Identify these values.
3) Identify the parties subject to the Company's Code.
4) Describe how the Code is organized, paying special attention to the following:
   a) Does the Code have a Table of Contents? If so, how detailed is it? Does it have thumbnails on the left side of the page or live links that allow you to return to the Table of Contents without having to scroll through the document?
   b) If the Code is organized thematically or by stakeholder, indicate those themes and/or stakeholders.
   c) Indicate if there is an index, glossary, appendix with other resources for employees, etc.
5) To demonstrate the breadth of the Code, please describe if and where the Code mentions the following topics. Summarize the content related to that topic in 1-2 sentences, indicating if the Code provides examples to illustrate permissible or prohibited conduct.
   a) Bribery (FCPA) and/or kickbacks
   b) Competition and anti-trust issues (e.g., price fixing)
   c) Confidentiality, privacy, and protection of employee or customer data
   d) Conflicts of interest
   e) Employment issues, e.g., Equal Employment Opportunity and harassment policies, Drug and Alcohol policies, wage and hour policies, worker health and safety, violence in the workplace no retaliation policy, restrictions on outside employment, social media policies, etc.
   f) Gifts and Entertainment (e.g., from or to vendors/suppliers, customers and clients)

   g) Insider trading
   h) Intellectual property (patents, trademarks, copyrights, trade secrets) and other proprietary information
6) Describe how employees can report violations of the Code or ask for guidance if they have questions about what is permitted or prohibited. Does the company provide a helpline, hotline, or compliance line for anonymous reporting?
7) Identify at least 4 stakeholders mentioned in the code, summarizing a provision that relates to each stakeholder. Common stakeholders are employees, customers and/or consumers, supplies or vendors, the government, or shareholders.

ASSIGNMENT 3: ETHICAL VALUES, PRINCIPLES AND RULES; ASSESSING THE CODE

Directions: This assignment is worth **30 points**. Corporate Codes of Conduct typically articulate both the company's values and ethical principles **and** specific rules that employees must follow. For this assignment, you will be identifying some of those values, principles and rules in your company's code. You will also be asked to assess the Code and whether you think it would be effective in guiding employees to "do the right thing."

1. Identify the Code you are using by name and URL.
2. Does the Code of Conduct effectively communicate the company's values to employees? Provide at least 3 examples.
3. Identify at least 3 ethics **principles** mentioned in the Code.
   a) To whom are they addressed?
   b) Which ethical theories are illustrated by the principles you have selected?
4. Identify at least 3 ethics **rules** found in the Code.
   a) To whom are they addressed?
   b) Are they mandatory? (Mandatory rules typically say that the employee **will** or **shall** do something or refrain from doing something.) Provide examples.
   c) Are the rules accompanied by examples of ethical (expected) or unethical (prohibited) behavior to guide employees? Be specific.
5. Overall, do you think the Code is more principle or rule-based? Be sure to explain your answer with examples.
6. Describe how the Code is enforced.
   a) Indicate what sanctions, if any, it specifies for non-compliance with these rules.
   b) Describe any mechanism for communicating violations.
7. Does the Code emphasize legal compliance? Compliance with the spirit of the law? Provide examples that illustrate the importance of complying with the letter and/or spirit of the law.
8. Does the Code permit waiver of any of its principles or rules? If so, under what conditions?

9. Assess how easy the Code is to use, addressing each of the following questions:
   a) Is it organized in a way to make it easy to find specific topics?
   b) How readable is it? Would lower level employees find it easy to read and use?
   c) Does its tone encourage compliance? Why or why not?
   d) Are the examples relevant and easily applied in the workplace?
10. Assess the comprehensiveness of the Code, answering each of the following questions:
    a) If you were an employee, do you think it establishes the Company's expectations for employee behavior? Provide examples.
    b) Do you think the Code would address most of the ethical issues an employee might confront? Provide examples.
    c) For situations not specifically addressed by the Code, does it provide a mechanism for employees to obtain ethical guidance? Would you feel comfortable taking advantage of that mechanism? Why or why not?
11. What recommendation(s) would you make to the company to improve the Code of Conduct?
    a) Are there sections of the Code that you think could be strengthened?
    b) Are there any sections that you think are irrelevant and should be eliminated?
    c) Are there any missing topics that you think should be included?

ASSIGNMENT 4: THE TYLER HUGHES DILEMMA

After graduating from Mythigan State University years ago, Tyler Hughes was hired by your Fortune 100 Company. Last year, he was promoted to assistant purchasing agent for the company, married his high school sweetheart, and bought a house. Tyler's supervisor has recently given him responsibility for buying furniture for fifteen executive offices that are being remodeled in the regional headquarters building. The purchase, which is likely to exceed $250,000, is Tyler's first purchase of this size. If he does a good job, Tyler hopes to be asked to help with remodeling in the company's other regions.

Tyler has narrowed his purchasing decision down to two dealers, one of who is local and the other only 35 miles away. Both dealers have the kind of furniture he needs at a reasonable price, though the price quoted by the local dealer is slightly more expensive. Tyler has dealt with both dealers a number of times in the past and knows them quite well.

Before he can make his decision, Tyler needs clarification from the local dealer on a couple of items, so he calls him. During the small talk at the beginning of their conversation, Tyler mentions that he is remodeling his home and is planning to convert a spare bedroom into a home office. Later, toward the end of their conversation, Tyler is surprised when the dealer says that he will be happy to provide him with a new desk, chair and file cabinet at no cost. **Should Tyler accept the free furniture? Why or why not?**

After using the xxxxx Model for Ethical Decision-Making and your company's Code of Conduct to analyze the problem, please write a thoughtful, cohesive and well-written 1-2 page essay in which you explain what Tyler should do. Your essay is worth up to **25 points**. Make sure that it addresses the following questions:

- What **ethical issues** confront Tyler?
- Who are the **stakeholders,** i.e., those individuals and groups who will be affected by Tyler's decision?
- What are Tyler's **options** and the likely **consequences** of each to the major stakeholders?
- What are Tyler's **duties** and **obligations**? To whom? Are there any principles or rules in your Company's Code of Conduct that would provide Tyler with guidance on how to respond to the offer of free furniture? Make sure you cite to the relevant Code provision(s) that would guide Tyler. Unless it is a lengthy provision, please quote the Code's language – make sure that you use quotation marks! (In a parenthetical, provide the URL to the Code and page number for this provision so that I can easily locate it.)
- Which **ethical theories** best justify Tyler's decision? Explain how.
- Is there any "**missing" information** that could affect Tyler's decision?

APPENDIX C: ETHICS PAPER (100 POINTS)

GENERAL GUIDELINES: You have completed nearly all of the research for this paper through the four ethics homework assignments previously submitted. Your goal is to now turn that research into a readable paper that analyzes the Employee Code of Conduct for the Fortune 100 Company you have selected. Do not simply copy and paste your homework answers into the paper, but edit, revise, and reorganize those answers to create a coherent, polished paper. Make sure that you have proofread it carefully to eliminate all spelling and grammatical errors. One of my colleagues encourages his students to submit all their work to www.paperrater.com before they turn it in. There is a free grammar check and a "plagiarism detector" so that you can identify and correct your mistakes *before* I find them and they result in a lower grade!

In writing your paper,

- Give specific **examples** that provide the reader with usable knowledge, e.g., actual provisions from the Code of Conduct that illustrate principles and rules (Assignment 3).

- Include a "**Works Cited**" at the end of your paper that provides **live links** to your Company's webpage, its Code of Conduct, and any other web-based research you have incorporated into the paper.
- When you are directly quoting material from the Code of Conduct or referring to various Code provisions in your paper, include a reference to the Code in a parenthetical that also identifies the document page number if your source is a PDF document or the section number if it is a HTML document. Example: (Code, p 12).
- Edit your paper to make sure that it reads like a cohesive, organized narrative and not a series of answers to the suggested questions. In summarizing and condensing material, feel free to create charts, tables or diagrams, but avoid bulleted lists.
- **Be careful not to plagiarize**. Do NOT take chunks of material directly from the company's website without the use of quotation marks or indented text to indicate that the material was directly quoted. Again, you can use www.paperrater.com to help you identify passages in your paper that need to be rewritten in your own words!
- Don't feel constrained by the questions asked in these guidelines; feel free to consider **other topics and issues** that arise during your research. Be creative!

SPECIFIC GUIDELINES: Although there is no minimum or maximum length, your Ethics Paper will probably be at least 4-6 pages in length. It should be double-spaced with a 10-point font and 1 inch margins. In writing your Ethics paper, you should address the following questions:

- Where is the company's ethics code or policies located? If there is more than one ethics code, identify all and make sure that you clearly link to the provision and code you are discussing throughout the paper. How easy were they to find? Does the company also report efforts toward sustainability, corporate social responsibility, or diversity on its website? Where? Are they linked to the ethics material?
- How comprehensive is this ethics information? Provide an overview of the Code, demonstrating its breadth and depth through examples. If there is CSR (corporate social responsibility) information available, also provide a brief overview, with examples.
- To whom does the ethics code or codes of conduct apply? (e.g., to all employees, executives, the board, etc) Does the Code permit waivers of its ethics requirements?
- Are the ethics codes rule-based, principle/value based, or a blend of principles and rules? Most codes are a combination of rules and principles -- codes with general provisions re honesty, integrity and good faith are considered more principles-based, while a rule-based code is one based on specific prohibitions, e.g., you can't accept gifts

valued at more than $25. Assuming that your companies' codes are based on both principles and rules, provide examples of each instead of trying to determine in which category your companies' codes belong.

- If there are rules, are they mandatory? Enforceable? How?
- Would these codes provide guidance to employees confronting an ethical dilemma? Use the Tyler Hughes problem as an example, but feel free to provide other examples.
- Do the codes (or corporate websites) mention or provide an ethics "hotline" or "helpline" that employees can call if they are concerned about something at the company? Is it only for reporting misconduct or can employees call it to obtain advice before they act?
- Do the corporate governance materials effectively communicate each company's values to shareholders and other interested parties? Do they emphasize compliance?
- As you evaluate the ethics codes, what is good, what is bad, and what seems to be irrelevant? Is there anything missing that you as a shareholder would expect to find in these sections of each company's website?
- What revisions, if any, would you suggest to the Codes of Conduct you evaluated?

GRADING RUBRIC:

Points	Grading Criteria
90-100	Exceptional paper. The research is thorough, addresses all the required topics and provides citations to subheadings and sections and/or page numbers within the Code of Conduct that enables the reader to quickly locate the reference. The paper is written as a cohesive narrative that goes beyond a mere summary of Code provisions to provide examples that support its analysis and conclusions. The paper is very readable, with few (if any) misspelled words, grammatical errors or misused words.
80-89	Although the research addresses all the required topics, the paper is not as well written as an excellent paper. Instead of a well-written, cohesive narrative with fully developed analysis of appropriate Code provisions, portions of the paper are choppy as if answers to the homework assignments have simply been copied and pasted into the paper without explanation, examples, or adequate transitions. Paper may also contain awkward wording or have too many grammatical/typographical errors.
70-79	The research doesn't address all the required topics **or** the paper, while adequately summarizing content, provides little analysis, conclusions, or recommendations. In addition, writing errors may be sufficiently numerous to interfere with the reader's ability to read and comprehend the text of the paper.
0-15	The paper demonstrates inadequate research, omitting discussion of many of the required topics and/or the paper is poorly written, with too many errors.

APPENDIX D: MODEL FOR ETHICAL DECISION MAKING