**Alan’s Notes on the cases.**

**CASE 1 5 Decision-dilemmas (From WC p86) *general management***

These DD’s represent general management situations. They all come from WC book where WC claim that they help you “develop *self-*awareness”, which is a requirement for good leadership. I would prefer to say that these DD’s provide an opportunity to become “aware” of several very important facts “*out there*” (i.e. circumstances, not self) that you might not already know. ‘Knowing the circumstances’ is a primary requirement for good leadership (Sun Tzu). *The students who have already done 4770 will probably be willing and able to help those who have not*. That is how we will do ‘team development’ in this class; the class itself becomes a team, battling ignorance and ‘sheepishness’ (*aka* follower-ship and ‘htfwgtgut’-type behaviour). We will have 10 groups of 3 approx. Each does a justification for a position that I specify. See if you can refer to any of the ideas in the lecture.

**DD 1. Manager offered double pay to move to another company with ‘her knowledge’.**

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**Accept the offer from the other company:**

>In USA business is governed by law and contract (although there are many examples of employers violating contracts or ‘renegotiating’ them from positions of power). There is apparently no relevant non-compete (stand-down) clause in her current contract.

> She should show them the new offer and ask them to pay her more than the new offer, or perhaps to match it. They had evidently been underpaying her.

>Point out that the other company evidently has found a way of making better use of her skills in order to serve the market. or customer ‘needs’, that is, “to drive forward the industry of mankind “ for the common good; so she arguably has a moral obligation to accept it and move into that position.

> Take the moral high ground again: Tell them (truthfully) that she is going to give 15% of her new salary to a real charity like *Unicef, Medicens sans frontiers*, or “universal healthcare now” etc. She might also point out that the latter, in particular, would create ‘expected savings’ for her employer company, in the future.

>This last point is a good example of “Crocodile Dundee” negotiation. i.e. pacify the barking dog by projecting a spirit of light (the light surrounding you) and personal power.

>The point about her taking her knowledge with her lacks merit. When we help someone else to develop we help ourselves. If they think her knowledge is valuable they should pay her more now. If they have concerns about the knowledge being used against them they should file suit against the new company if and when there are evident patent violations. (In war, there is always a high risk that the enemy will obtain, copy and use your weapons against you. That, in turn, is a strong argument for de-militarization and for government projects that builds real security through kindness and enlightenment).

**Reject the offer and stay on.**

**>Loyalty** to individuals, the group or “the company” itself. . Loyalty is a good thing to the extent that is linked to friendship (a human good) and to habits of co-operation (possible evolutionary advantage for individual and group) and to the broader stability of society (which is in turn a requirement for balanced HG co-production. Inpoliticsone should always consider “will the centre hold? will we have anarchy?” However, loyalty arguments are only valid when the group as a whole is generally doing the right thing. The classic case regarding loyalty as a justification for behaving badly is the Nuremburg trials after WW2.

**> Gratitude** for the training she has received. OK I owe you something, a kind of ‘giving back’. The company might have invested in her “human capital” with a genuine expectation that she would stay on for several years; however, a proper analysis by the company would have taken into account the correct market value of her services (to the company itself). If she has indeed been paid at that correct “value to the current company” then her social-economic argument about the other company making better use of her is valid.

**>Expectations of future pay rise.** If the current company says we can pay her more in the future, she should insist the double or more pay be contracted right now.

**>Personal circumstances.** She might have personal reasons to stay where she is, such as a family that are seemingly settled. Then she has to really reflect on the details of what the move would mean for all involved. She should definitely explain the full details of the situation to her family (or other stakeholders) including all the points made so far. Would they improve their expected life-long well-being if she moved job now? A psychologically healthy teenage child might agree: “I am willing to move to a new school knowing mum is being paid so well and valued so highly; if I think about it, it makes me feel good. In any case, as Bob Dylan wrote “friends will arrive, friends will disappear..”. On the other hand we do tend to underestimate the stress of moving (e.g. Alan’s own history). It is a fairly difficult decision, but the move is very likely to be the best decision, all things considered “deliberate self-disruption as a winning strategy”.

**DD 2. Wendys hamburgers. All got similar votes for ‘juicy’. So it’s a case about false advertising (quite like Joe Camel case in 4770). Tests are unreliable, image important (normal blue response).**

**Stop advertising (Red).**

* The claim is false, it’s a type of lie: one that is intended to mislead and impose costs on the customer/citizen/public in order to benefit the company. Therefore it is ‘obviously’ unethical (Red = MOMA). Adverts are only justified if they provide correct information (because that helps to overcome one of the klmbs).
* Tactically, it might backfire by encouraging customers to try or test other burgers for themselves.
* In any case, eating burgers (like cigarettes|) is a clear example of appealing to customer preference over wellbeing, making it harder to achieve a reasonable balance of the human-goods for self and others. The mere mention of “juicy” entices and attracts customers to this unhealthy and harmful product. (Klmbs; humans not yet evolved highly enough; remember the ‘Creation of Adam’ picture in the Sistine Chapel: there is a gap between the fingers of the images of God and Adam, but we should strive to close the gap)
* Another well-known reason that ‘burgers are bad’ involves environmental harms: a huge amount of water used in the production of a burger, compared to other types of nutrition. Futhermore, if the meat is real the cows involved are a major source of greenhouse gas. If it has GMO components, that might be even worse but no-one knows for sure what the long term consequences of production and consumption might be. An ethical company would include all this info in the burger adverts (or brochure!), whilst offering safe and healthy alternatives.

**Continue to advertise (Blue)**

* Our tests validate our claim and our ads refer to our tests only. It obviously depends how you measure the ‘juice’, so to speak.
* These adverts work, they increase demand, and so we are behaving competitively which is quite proper in a business-as-usual context or capitalist *system*. There are numerous historical and moral-philosophical justifications for this type of “game-playing” business behaviour (the blue side of the table, the blue ethical-theories, the blue economic thinkers like Adam Smith, John Locke, etc.)
* What these trouble-making anti-business NGO’s can’t get their head around is that the very idea that ‘a burger is juicy’ creates a psychological pre-disposition and appetite which we then satisfy with our tasty well-researched market offerings. This provides the public with cathartic pleasure and some happiness, in a sad and tough world. Pleasure and happiness are also human goods, by the way (…so suck on that, you hippy-commie-socialist-losers).

**DD3. BC Organic vitamin co. for sale.**

It appears that Bob owns all the stock. The customer-market is growing so he can expand and maintain share, vs. stay the same and lose share, whereupon he is also likely to lose profitability as the larger players gain relative market power. Normally, this strategic situation makes BCOV a likely takeover target in the future and Bob might actually want that; but it’s generally a risky strategy. Better to sell now and go sailing. In this case, however, he already has offers to buy the company. Gifts offered to family and free sailing for him. Accept or not?

**Proper (ok) to accept:**

* I think its ok to accept the gifts if they can be reasonable interpreted as personal gifts, but he should try hard not to be influenced by them in determining the best strategy for the shareholders.
* If the buyer is ‘aggressive’ it might be because (they) can see genuinely see potential synergies and opportunities that will result in benefits to their stakeholders. They might not want to reveal all those plans to Bob (although he can probably figure it out).

**Not proper to accept (decline the gifts).**

* He is already wealthy and one might therefore say that it is a matter of distributive justice. Tell them to give the gifts to charities instead.
* Tell them that he knows himself all too well (self-awareness) and feels that gifts like the free use of the yacht might induce him to act in a biased way in the future, or against the shareholders (or stakeholders) best interests. This is a good idea. It demonstrates self-awareness and self-control. It would probably impress the bidders and make them even more interested, perhaps attracting another higher bid, or an even better job for Bob. Many wealthy people like to feel that they are part of the moral high ground. In any case, if Bob really likes sailing he can easily afford to rent a yacht.

The ‘Sell or not’ question is unanswerable, indeterminate, it depends on the ownership structure and on Bobs personal plans in relation to the strategic situation. If he is a manager (CEO) and not a major shareholder he should “rise above it” (i.e. set aside his own personal ambitions and plans) and sell if the current best offer is good for the other shareholders, that is, it includes a ‘premium’ over the fundamental (expected) value of the company. Also, he should discuss with shareholders (especially if closely held) about the risk that a buyer might drop the ‘organic vitamin’ products in favour of less healthy offerings. Their “*values*” might then make them vote against acceptance of the offer.

**DD4. JW coach of the year. “clean up cheating”. Gifts from alumni “booster” to his athletes, which they had denied.**

In 2013 WCOB had a conference on ethics in sports that revealed all kinds of questionable financial and tactical practices (see the ‘ethical issues in sports’ ppts). I would say that the ethics of sports had become a systemic problem in which right and wrong on issues like gifts has become blurred (quite like right and wrong within capitalism itself).

**Kick off the team**: given the extreme injustices associated with sports such as multi-million dollar salaries for coaches (up to 10m!!), enough employ 100’s of faculty to educate fee-paying students, this seems to me to be too drastic. After all, the players might not have initiated the gift-giving, merely accepted the offered gifts.

**Suspend them for several games**: this sends a signal that gift acceptance is not allowed. It’s a useful gesture that helps to block a ‘slippery slope’ towards ‘throwing the game’ for money.

**Warn them and do nothing**. The warning is justified, but the ‘fact’ is that the coach should not ‘do nothing’, that is, he should not accept the *status quo* with respect to collegiate sports in general.

He should, for example, give his salary to charity or back to the college (insist on being paid at the associate-prof level, for example), he should publicize the facts about the overall financial contribution or subsidy from college sports to academic education (i.e. according to the conference, it is nothing, beyond ‘brand awareness’ that attracts applications from fee-paying students; which I found very surprising and disappointing) and perhaps he should re-train as a STEM or language instructor. The KLMBS and the moral imperative to do something about them (compensate *vs* exploit) are very obvious in this larger context (e.g…..).

**DD5. Rogers Co not competive on cost and quality from Asian manufacturers. O/h rate too high. Close old plant, layoff decision. Only employer in ‘community’, public invested in roads, lighting etc.**

**Close.**

* All the blue arguments from the Table and the blue ethics-theories apply here to justify closure, including Schumpeters “creative destruction”.
* The ‘community’ should not have invested in this particular infrastructure without a full situation analysis. They should have discussed it in detail with Roger.
* The infrastructure is not necessarily wasted, because other employers are now a bit more likely to move to that location in future.
* The public (community) investment might have served the stakeholders better if it had gone towards ensuring better opportunities available for re-training, unemployment benefits, public health services, public transport, rather than street lights and roads (What’s the point of new roads if one can’t afford a car?). The problem here is not Roger, but arguably the reds who have not been sufficiently red nor active: For example, in much of Asia (and in all other industrialized countries) one finds much cheaper single-payer public health services that are not a compulsory overhead expense to the employer.
* Roger’s company could probably afford to re-assign some workers, offer voluntary redundancy and severance packages, perhaps minimizing the suffering that way (ethics).

**Do not close.**

* There are often alternatives, such as a gradual transition. Reduce pay, cost-reduction programs (o/h reduction), assign some suitable production to the plant
* Try to find a buyer for the plant (spin it off).
* The moral case (all the red side of the table, especially distributive justice) is made stronger here to the extent that the community had tried to assist the plant, so Roger should at least try to reciprocate.

**CASE 2 United wins approval to dump pension plans (DW p 363) *justice, inequality***

Blues: By securing the deal with the pension agency the senior management were showing good leadership under the circumstances and doing what was “necessary’

Reds: If Glenn Tilton (CEO) was a good leader, the first thing he’d do is cut his own $4.5m retirement plan to match the employees, then reduce his salary greatly, and thus save the company millions.

**CASE 3 Unkept promises hit retirees (DW p365 -7) *justice, inequality***

Blues: it is not the leaders’ role to make sure employee pensions are properly funded. The leader’s role is to serve the company’s shareholders and do whatever is necessary to avoid bankruptcy, including avoiding disclosures that might harm shareprices.

Red: The leaders at united should now be forced (by a good law) to reduce their pensions at least to the level of the pilots’ pensions, if not below. After all, the pilots do the actual job of flying the planes, which is what really matters.

**CASE 4 Education Pension Investments (EPI) P405 WC *managing* *conflict.***

Blues (at least the ‘new-right’): EPI should encourage Mike to stay

Reds (+ conservative Blues): EPI should encourage Mike to ‘move on’.

Both: Any suggestions for managing the issue more effectively?

**CASE 5 Foreign assignment (DW p409) *culture and managing the glass-ceiling***

Blues: Vitam was doing the right thing, he handled it well.

Reds: Vitam was behaving badly. As a manager/leader he should have refused to tolerate the clients’ comments and he should require a more formal dress code.

**CASE 6 “Tallahasse Democrat Elite team” (WC p519)** *t****eams***

All: Why didn’t the ‘top-management team’ perform well?

All: Why did the ‘Elite team’ perform well?

For both Q’s try to find several contextual and theoretical reasons (e.g. about human nature, motivation, organisations, etc.)

**CASE 7 Facing face (DW p437-8) (*termination /*** *termination***/ *culture/ ideology/ truth-telling*)**

Blues: Frank is correct, “if an employee isn’t cutting it he should be terminated and told why”

Reds: Frank is wrong. Ingrid has the right idea

Both groups: They are both wrong: the right thing would be to keep the employee and provide support, counselling, find what he’s good at and then re-deploy.

(i) Case is in China (Fusan). Draw picture of Wah = Chuck, Markland, Frank (35yrs in HR), employee potentially returning to village where his family might be shamed by others in the village.

Even if the employee is obviously not contributing, Ingrid’s approach is simply kind (‘so many paths that wind & wind, but just the art of being kind is all the sad world needs’) and it costs nothing. The employee and his family in the village will not suffer so much. Ingrid’s proposal can be justified by any of the ethical theories on the red side, including the normative stakeholder ‘model’. It might also be justified commercially (and to some extent ethically) with reference to the blue side.

(ii) Frank refers to ‘fraudulent’ perf evals, such as rating someone highly in the hope they will be able to move out. Yet p.e. is often highly biased, indeed in many contexts it is nearly-fatally flawed.

Eg (a) in another actual case, in retailing in Taiwan, a superior gave a (female) subordinate a 2/5 evaluation. When challenged by the employee, he explained ‘that’s the rating that *my* boss gave *me*’

(b) Often the fault lies with the evaluator for not putting the subordinate in a position that suits or ‘empowers’ them; everyone is good at something, sometimes they need a smart friend (or colleague or manager) to help them find out what that ‘thing’ is. Think of a school sports team: ‘John (who is hopeless at sports) have a go at doing the scoreboard, I’ll help you’. This is “ethical leadership’ because it reduces the chance of learned-helplessness, it reduces suffering and it gets the event or job done.

It can also be very destructive.

E.g. (a) substantial published research shows that student evals of teaching correlate with, or in some experiments cause, a lowering of academic standards (educational achievement), especially in ‘cognate disciplines’ like economics, STEM. This self-inflicted harm has been going on for about 40 years and it is part of a wider cultural shift (arguably linked to the klmbs: pref vs wellbeing).

(b) Good employees usually *know* they can do a good job, so they sometimes start looking for other jobs, if they receive low perf evaluations.

In psychological terms, Frank appears to be what Sigmund Freud described as an “anal retentive” character. A rigid rule-follower (like a 2 yr old who is afraid of making a mess!). He sees ethics as rule-following (with rules given by power, not justified by reflective reasoning). He fails to acknowledge, for example, that “white lies” can often be ethical (reduce suffering). E.g. (i) when a relative is dying it is very common to say “the doctor say’s you’ll be able to come home soon” etc. (ii) would you tell or txt your date “I can’t go out with you tonight cos you’re ugly” ? even if that were the actual fact of the matter. No, you would make an excuse, even if it’s merely “I’m washing my hair” (I always thought that was the ‘lamest’ F-to-M excuse imaginable, in part because guys often like scruffy hair). In similar vein, Kant famously justified lying to a thief about where the money is. This lie can *sometimes* also be justified using consequentialist reasoning (e.g. is the thief ‘packing heat’ or not)

I (Alan) genuinely think Frank does not deserve his 35 year position. I myself would not work for Motorola whilst he or others like him were around in positions of power. But how can any normal person afford to be so choosy? The answer is: first learn to live with minimal material needs (healthy food and medical care only), then you can be truly free (by the way, this is a fundamental reason for having a ‘free’ universal healthcare system). This type of commitment-to-self is a form of ethical self-leadership. For some, perhaps unfortunately, this is all too easy: they have an ‘endowment’ such as an inheritance (that is why Andrew Carnegie prescribed 100% estate tax) or a life at home with generous parents, or perhaps they are successful ‘gold diggers’.

In macro-politics, lack of flexibility and lack of empathy (as shown by Frank) are associated with Fascism (US fought against this often, in other countries, in the 20th century). Another dangerous tendency associated with fascism is when *communications* (rather than rules) become unclear or ambiguous, either by habit or deliberately in order to protect the powerful ‘speaker’ (George Orwell’s famous novel ‘1984’). There are many contemporary examples; by habit: “the plane is down”; or deliberately: “this type of passenger aircraft cannot *sustain* inverted flight” (emphasis added; so how long *can* a 757 really fly upside down at low altitude?’).

**CASE 8 What price safety? (DW p433-6) *Teams*/** *termination***/ *culture/ ideology***

Reds (?): Stan (head of HR) should do nothing now.

Blues (?): Stan should “buy out” Tommy and Victor.

(color coding is complicated here, it differs by shade)

This case illustrates character or personality differences and to some extent, cultural-relativism. With regard to the latter, the main difference in value-priorities in such cases is often between *corporate* ‘culture’ *vs* the culture of the wider social life or the culture of other types of group (communities, teams, etc.)

**Stan should do nothing:**

* Tommy apologized (for not wearing the safety glasses) after Tommy slapped him. Victor apologized for slapping and gave Tommy some money**.**
* There is a tacit understanding between the two fighters and the other workers. It’s a done deal and they all want to move on.
* Sometimes a fight is a good way to ‘clear the air’ and the fighters respect each other afterwards.
* The US manager (Stan??) was behaving as if he were in the US and had to protect the company (Motorola) from litigation. This is far less relevant in other countries, whilst in many it is hardly a consideration at all. The employing corporation was a “Nambu”-registered subsidiary or associate. (There are technical legal issue here that might have a bearing: can a parent company or its executives be sued for harms caused by an associate/subsidiary in other jurisdictions?) In several countries the hurt worker (Tommy) might be able to claim accident-compensation or possibly file assault charges. (Note that the use of the word ‘assault’ in the case story is emotive and arguably pre-judges the issue). However, the latter would not be well-received by the other workers and it probably would create a bigger morale problem for the Nambu company and its managers. Also, given the context and details of the episode, it is highly unlikely that juries in Nambu or most other countries would find Victor guilty. There are obvious extenuating circumstances and he was simply trying to keep Tommy safe.
* With regard to the above point, the US is unusual in that people often seem to actively look for opportunities to litigate. This is itself a major ‘cultural’ and political issue. One might even argue that litigiousness is opportunistic and unethical in the “balanced HG” or “harmony-seeking” sense (although relativists claim that one cannot make valid moral judgements about cultures).
* As mentioned earlier, the use of language in the case-story is interesting. “A terrible thing happened”. Is it really so terrible? What do you think? Speaking for myself, I would rather get thoroughly punched up, take a really good payoff and then not have to work at all. I could then go skiing and windsurfing with only one ear working (so long as inner ear not damaged). There are large differences between individuals here; people fear different things (for example, I am claustrophobic) but they should generally strive to be fearless, brave. Also, the psychological damage from a hostile or oppressive work, social or institutional environment can be far worse than physical discomfort or pain, yet often there is no legal remedy for it.
* The case says that Stan found it ‘hard to believe” that there was no legal termination process applicable in Nambu to the Nambu subsisiary, because “Once an apology is offered and accepted the law determines that life should go on again..” . I myself think this law is prudent, civil and ethical (in several ways) so I do find it ‘hard to believe’ that Stan ‘found it hard to believe’ that particaulr Nambu law. This is a good illustration of how beliefs (and the associated value-priorities) can diverge and be greatly affected by culture or personal experience. Much the same can be said of the two main contrasting political-ideological “cultures” in the US (the red and the blue). One might then consider which culture (or society or ideology) is ‘better’ (once again, relativism argues that you can’t do this; but I suggest that you can. For example, which society would you rather live in?).
* This episode has done some good: you can be sure people will now wear the safety goggles etc. The story will become part of the company folklore.
* Willard’s offer to pay expenses but keep them on is very decent and kind.

**Stan should ‘buy out’ Tommy and Victor.**

* They both “violated the Motorola integrity code”, both its wording and the underlying ethics. One ought to look after oneself (the safety glasses) because this reduces suffering for self and it avoids imposing costs on others. One generally ought not to use violence to persuade people to do things, even if that ‘thing’ is in their interests. Persuade with words, then with money, but if that doesn’t work, then what? (Discuss why states sometimes use violence, or why violence might be ‘legitimate’)
* As previously mentioned, there might be technical legal considerations. Perhaps Tommy can bring a lawsuit later in the USA against the company, but not if he accepts a ‘buy-out’?
* If this episode is thought to be an indication of their character, they might do something similar again. But the story suggests this is not characteristic of Tommy nor Victor
* If violations are very frequent, then a ‘zero-tolerance’ approach might be ethically justified, using consequentialist reasoning. Similarly, there is the classical idea of “making an example’ of them, to deter others (often unjust, historically very nasty, public torture etc). However in this case the ‘several years pay’ might be quite a good deal for Victor and Tommy

**CASE 9 Gift giving and the African Elder (DW p462) *culture/ gift giving***

Blues (?): They should not give the gift.

Reds (?): They should give the gift.

***(color coding is complicated here)***