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SKU: 9781285860381-SOLUTIONS

Chapter 2

ETHICS AND CORPORATE SOCIAL RESPONSIBILITY

Suggested Additional Assignments

Research

Ask students to bring to class a newspaper, magazine, or internet article that raises ethical issues regarding a US company doing business overseas. They should be prepared to identify the ethical issues and discuss them using the checklist in the chapter.

Interview: Business people on Ethics

Each student (or group of students) can interview a business person about ethics dilemmas they have faced? How did they handle them? Did they make the right decisions? Do they wish they had made a different choice? What were the impacts of their decisions on their companies? On their lives?

Role Play: Rienzi Plaza

Landlord Sheldon Baskin faces a decision. His rent-subsidy contract with the federal government has expired and he can raise rents at Rienzi Plaza by as much as 500 percent. If he raises rents to market rates, then 140 poor and elderly tenants will have to leave. Divide students into groups to represent various stakeholders: the landlord, the tenants, investors, and the government officials who administer the rent subsidy program. Students should brainstorm the business and ethical issues facing their stakeholder and devise negotiating positions, then engage in an all-stakeholder discussion moderated by the instructor.

Chapter Overview

Quotes of the Day

"The one and only social responsibility of business is to increase its profits." –Milton Friedman (b. 1912), Nobel laureate in economics. "The business of business is serving society, not just making money." –Dayton Hudson corporate constitution.

Chapter Theme

Ethical behavior refers to how people *should* behave. Ethical behavior offers significant advantages. Society as a whole benefits; executives who behave ethically have happier, more fulfilled lives; and unethical behavior can destroy a company and the individuals who engage in it. An important point to remember is that while laws represent society's view of basic ethics rules, some laws permit behavior that some feel is wrong and criminalize acts that some feel are right.

It is also important for students to examine ethical issues from a variety of points of view and for them to develop their own Life Principles—the rules by which they live their own lives. They should always remember that every ethics decision they make shows their *actual* Life Principles, even if this doesn't match what they *say*.

Life Principles should include personal rules on:

1. Lying
2. Stealing

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3. Cheating
4. Applying the same or different standards at home and at work
5. Your responsibility as a bystander when you see other people doing wrong

The Role of Business in Society

There are two main beliefs about where corporate managers' primary responsibility resides. Some argue their responsibility is to the shareholders, while others argue they should consider all company stakeholders – employees, customers, and the community. These beliefs influence the actions executives take when they encounter an ethical dilemma. In an ethical dilemma, the profitable choice is not always the most ethical one and vice versa. If an executive's *only* concern is maximizing profits, they will likely find themselves making unethical choices.

Why Be Ethical?

Key Issue

"Doing the right thing" may not generate the greatest profit but over the long run it will lead to the greatest personal and community satisfaction and fulfillment.

Question: What do you need to be happy in life?
Answer: Sometimes students give pretty outrageous answers: $1 billion, fancy car, a mistress; etc. It is useful for instructors to talk about the kinds of non-monetary experiences that bring them satisfaction. Although students may joke about these sorts of "sappy" things, they are listening. Many times, they will come up to us later in the semester and say, "I would have done such-and-such yesterday, but I remembered our discussion about ethics, so I didn't."
General Question: Is money an accurate measure of happiness? Are they willing to make a trade-off between reducing their earnings to spend more time with their friends and family? What trade-offs did their parents make?
Question: What if, after making purchases at the local drugstore, you realize that the cashier forgot to charge you for an item? Or suppose a waitress forgets to charge you for the drink you ordered with your meal?
Answer: It is useful to begin the ethics discussion with small, personal issues such as these because they seem more real to students than abstract business issues. Virtually everyone has had an experience such as these. Usually, at least one student will have been a waiter who has had to pay for items she forgot to charge to the customer. In this way, students can see that their decisions have an impact on real people. It impresses students if instructors give examples of how they behaved [ethically] in such situations. It is also useful if the instructor can give examples of situations in which they behaved unethically and regretted it.

Society as a Whole Benefits from Ethical Behavior

Mutual trust is a vital part of a successful society. No society will survive long if the people constantly have to protect themselves from dishonesty and the government is compelled to regulate businesses severely to ensure fairness. John Akers, the former chairman of IBM, puts it this way:
"There is no escaping this fact: the greater the measure of mutual trust and confidence in the ethics of a society, the greater its economic strength." [2]

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People Feel Better When they Behave Ethically

What kind of person do you want to be? In what kind of world do you want to live? All businesspeople must ask themselves these questions when facing opportunities to be dishonest.
Managers want to feel good about themselves and the decisions they have made; they want to sleep at night.

Unethical Behavior Can Be Very Costly

Unethical behavior does not always damage a business, but it can potentially harm the bad actors and even entire industries and countries. So why take the risk? What is the cost of a lost reputation?

Unethical behavior can also cause other, subtler damage. One survey showed that unethical behavior in their workplace has reduced productivity, job stability, and profits. Unethical behavior in an organization also creates a cynical, resentful, and unproductive workforce.
Although there is no *guarantee* that ethical behavior pays in the short or long run, there is evidence that the ethical company is more *likely* to win financially. Ethical companies tend to have a better reputation, more creative employees and higher returns than those that engage in wrong-doing.[3]

But if we decide that we want to behave ethically, how do we know what ethical behavior is?

Theories of Ethics

When making ethical decisions, people sometimes focus on the reason for the decision—they want to do what is right. If they think it is wrong to lie, then they will tell the truth. Other times, people think about the outcome of their actions. They will do whatever it takes to achieve the right result. This choice—between doing right and getting the right result—has been the subject of much philosophical debate.

Utilitarian Ethics

Under utilitarian ethics, a correct decision is one that tended to maximize overall happiness and minimize overall pain. Risk management and cost-benefit analyses are examples of utilitarian business practices.

The critics of utilitarian thought argue that it is difficult to "measure" utility accurately. It is also difficult to predict benefit and harm accurately.

Deontological Ethics

Proponents of deontological ethics believe that utilitarians have it all wrong, and that the results are not as important as the reason for which the decision is made. To a deontological thinker, the ends do not justify the means.
The best-known proponent of the deontological model was an eighteenth-century German philosopher Immanuel Kant. He believed in the categorical imperative. He also thought that human beings possess a unique dignity, and that no decision that treats people as commodities could be considered just. The problem with this belief if that the ends *do* matter.

Rawlsian Justice

The circumstances people are born in to dramatically affect their outcomes. American philosopher John Rawls referred to these circumstances as life prospects. In his view, luck matters as much as hard work.

Moral Universalism and Relativism

[3] For sources, see "Ethics: A Basic Framework," Harvard Business School case 9-307-0509.

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Some people believe that particular acts are always right or always wrong, regardless of what others may think. This approach is called **moral universalism**. Alternatively, others believe that it is right to be tolerant of different viewpoints and customs. And, indeed, a decision may be acceptable even if it is not in keeping with one's own ethical standards. This approach is referred to as **moral relativism**.

Ethics Traps

Ethics traps create great temptation to do what we know to be wrong or fail to do what we know to be right. These traps include:

- Money
- Competition
- Rationalization
- The fact that we can't be objective about ourselves
- Conflicts of interest
- Conformity
- Following orders
- Euphemisms and reframing
- Being lost in a crowd
- Short-term perspective
- Blind spots

Avoiding Ethics Traps

Three practices can help you avoid these pitfalls. 1) Slow down. 2) Do not trust your first instinct. 3) Remember your Life Principles.

Lying: A Special Case

We are taught from an early age that we must tell the truth. Yet research shows that we tell between one and two lies a day.[4] Is honesty the best policy? The consequences of lying can be severe: Students are suspended, employees are fired, and witnesses are convicted of perjury. Sometimes the problems are more subtle but still significant: a loss of trust, a loss of opportunities.

When is lying acceptable though? Sometimes lying is an accepted part of a game, such as in poker. Other times white lies make others feel better. Kant felt that any lie violated his principle of the categorical imperative. He preferred people tell a Kantian Evasion or palter, or a truthful statement that is still misleading. Is this really more ethical than a lie?

Applying the Principles

Having thought about ethics principles and traps, you now need to apply them to situations that are similar to those you are likely to face in your life.

******See the Ethics cases in the textbook. Students should be encouraged to state their opinions and support their positions with material from the text.***

Personal Ethics in the Workplace

[4] Bella M. DePaulo, Deborah A. Kashy, Susan E. Kirkendol, and Melissa M. Wyer, "Lying in Everyday Life," *Journal of Personality and Social Psychology,* 1996, Vol. 70, No. 5, 979–995.

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Should you behave in the workplace the way you do at home, or do you have a separate set of ethics for each part of your life? What if your employees behave badly outside of work—should that affect their employment?

The Organization's Responsibility to Society

Many products can potentially cause harm to customers or employees. Does it matter if they willingly accept exposure to these products? What constitutes informed agreement? What is the company's responsibility to those who are *unwittingly* harmed by its products?

The Organization's Responsibility to Its Employees

Organizations cannot be successful without good workers. In many circumstances the shareholder and stakeholder modules agree that employees should be treated well. Disgruntled workers are likely to be unmotivated and unproductive. But sometimes, looking out for employees may not lead to higher profits. In these cases, does an organization have a duty to "take care" of its workers? The shareholder model says no; the stakeholder model takes the opposite view.

An Organization's Responsibility to Its Customers

Customers are another group of essential stakeholders. A corporation must gain and retain loyal buyers if it is to stay in business for long. Treating customers well usually increases profits and helps shareholders.

But when, if ever, does an organization go too far? Is a leader acting appropriately when she puts customers first in a way that significantly diminishes the bottom line? The shareholder model says no. What do you say?

Organization's Responsibility to Overseas Workers

Industrialization has always been the first stepping stone out of dire poverty—it was in England in centuries past, and it is now in the developing world. Eventually, higher productivity leads to higher wages.

When you look at the levels of infant mortality and education in Taiwan, South Korea, and India—three countries that started at the same economic level—you see that the countries that embraced sweatshops are in much better standing in these areas. In theory, then, sweatshops might not be all bad. But are there limits?

When the Going Gets Tough: Responding to Unethical Behavior

If you find yourself working for a company that tolerates an intolerable level of unethical behavior, you face three choices: loyalty, exit, or voice.

Loyalty

Just because someone's judgment is different from yours does not mean they are behaving unethically. Being a team player means allowing other people to make their own choices sometimes. However, the difference between being a team player and starting down the slippery slope can be very narrow.

Exit

Another option is to walk out the door quietly. This approach may be the safest for you because you are not ruffling any feathers or making any enemies. But a quiet exit leaves the bad guys in position to

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continue the unsavory behavior. In short, the braver and better option may be to exit loudly—reporting the wrong-doing on the way out the door.

Voice

While wrong-doing often occurs because everyone just goes along to get along, confrontation may not be the only, or even best, use of your voice. Learning to persuade, cajole, or provide better options are all important leadership skills.

Corporate Social Responsibility

We know companies have a duty not to cause harm. But do companies have a corporate social responsibility—that is, an obligation to contribute positively to the world around them? Do businesses have an affirmative duty to do good? Harvard Professor Michael Porter has written that CSR often benefits a company. However, in Porter's view, a company should not undertake a CSR project unless it is profitable for the company in its own right, regardless of any secondary benefits the company may receive from, say, an improved reputation.[5]

Suggested Additional Assignment Follow-up: Interview
If students conducted the interview with a business person, this would be a good time to discuss them.



Multiple Choice Questions

1. Milton Friedman was a strong believer in the _____ model. He _____ argue that a corporate leader's sole obligation is to make money for the company's owners.
   (a) shareholder; did
   (b) shareholder; did not
   (c) stakeholder; did
   (d) stakeholder; did not
   Answer: A. Milton Friedman believed that if shareholder and stakeholder interests conflict, the company should act in the best interest of the shareholders.

2. Which of the following wrote the book *Utilitarianism* and believed that ethical actions should "generate the greatest good for the greatest number"?
   (a) Milton Friedman
   (b) John Stuart Mill
   (c) Immanuel Kant

[5] Michael E. Porter and Mark R. Kramer, "The Competitive Advantage of Corporate Philanthropy," *Harvard Business Review*, December 2002.

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(d) John Rawls

Answer: B.

3. Which of the following believed that the dignity of human beings must be respected, and that the most ethical decisions are made out of a sense of duty or obligation?
   (a) Milton Friedman
   (b) John Stuart Mill
   (c) Immanuel Kant
   (d) John Rawls
   Answer: C.

4. Kant believed that:
   (a) it is ethical to tell a lie if necessary to protect an innocent person from great harm.
   (b) it is ethical to tell a lie if the benefit of the lie outweighs the cost.
   (c) it is ethical to make a true, but misleading, statement.
   (d) it is wrong to tell an outright lie or to mislead.
   Answer: C.

5. The following statement is true:
   (a) Most people are honest most of the time.
   (b) Even people who do not believe in God are more likely to behave honestly after reading the Ten Commandments.
   (c) When confronted with wrongdoing, most people immediately recognize what is happening.
   (d) People make their best ethical decisions when in a hurry
   Answer: B.



Case Questions

1. The Senate recently released a report on wrongdoing at JPMorgan Chase & Co. It found that bank executives lied to investors and the public. Also, traders, with the knowledge of top management, changed risk limits to facilitate more trading and then violated even these higher limits. Executives revalued the bank's investment portfolio to reduce apparent losses. JPMorgan Chase & Co.'s internal investigation failed to find this wrongdoing. Into what ethics traps did these JPMorgan Chase & Co.'s employees fall? What options did the executives and traders have for dealing with this wrong-doing?

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Answer: JPMorgan Chase & Co.'s employees fell into the ethics traps of money, rationalization, conformity, following orders, and getting lost in a crowd. Executives and traders could either choose loyalty, exit, or voice to deal with this wrong-doing.

2. Located in Bath, Maine, Bath Iron Works builds high-tech warships for the Navy. Winning Navy contracts is crucial to the company's success—it means jobs for the community and profits for the shareholders. Navy officials held a meeting at Bath's offices with its executives and those of a competitor to review the specs for an upcoming bid. Both companies desperately wanted to win the contract. After the meeting, a Bath worker realized that one of the Navy officials had left a folder on a chair labeled: "Business Sensitive." It contained information about the competitors' bid that would be a huge advantage to Bath. William Haggett, the Bath CEO, was notified about the file just as he was walking out the door to give a luncheon speech. What should he do? What pitfalls did he face? What result if he considered Mill, Kant, or the Front Page test?

   Answer: Haggett ordered the file to be copied. By the time he got back from lunch, the company president had found out about the file and ordered the copy destroyed. But by then, other Bath executives had had a chance to examine the file. Haggett, personally returned the file to the Navy, but by then it was too late. The Navy considered banning Bath from bidding on its contracts, which would have meant the end of the company. Haggett resigned. A much beloved CEO and an important figure in Maine, he had worked at Bath for 28 years and his father had been a pipe-fitter there. The pitfalls were being in a hurry, money.

3. A group of medical schools conducted a study on very premature babies—those born between 24 and 27 weeks of gestation (instead of the normal 40 weeks). These children face a high risk of blindness and death. The goal of the study was to determine which level of oxygen in a baby's incubator produced the best results. Before enrolling families in the study, the investigators did not tell them that being in the study could *increase* their child's risk of blindness or death. The study made some important discoveries about the best oxygen level. These results could benefit many children. What would Mill and Kant say about this decision *not* to tell the families?

   Answer: Kant would say it was wrong. Mill would say that the study helped save the eyesight and lives of lots of other children.

4. I oversee the internal audit function at my company. Although we always use a Big Four accounting firm, we have no loyalty to any one particular firm. We hold periodic bid competitions to get the lowest price we can. At the moment, we are using Firm A. Recently, one of the partners at A offered me box seats to a Red Sox game. I love the Red Sox, and even more importantly, I could have taken my father who, even though he has always been a big Sox fan, has never been to a game. However, I knew that we would soon be asking A to bid against the other Big Four firms for the right to do next year's audit. Needless to say, I was torn about what I should do.

   What pitfalls does this person face? Would something as minor as Red Sox tickets affect his decision about which audit firm to use?

   Answer: This is a conflict of interest. The evidence is that we can be swayed by even small gifts. And, indeed, the small gifts are surprisingly influential because the recipients do not make a conscious effort to overcome any bias they may create.

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5. Each year, the sale of Girl Scout cookies is the major fund-raiser for local troops. But because the organization was criticized for promoting such unhealthy food, it introduced a new cookie, Mango Cremes with Nutrifusion. It promotes this cookie as a vitamin-laden, natural whole food. "A delicious way to get your vitamins." But these vitamins are a minuscule part of the cookie. The rest has more bad saturated fat than an Oreo. The Girl Scouts do much good for many girls. And to do this good, they need to raise money. What would Kant and Mill say? What about the Front Page test? What do you say?

   Answer: Mill would say that the benefit of selling the cookie is greater than the harm. Kant would say that it is the wrong thing to do. The Girl Scouts would not want this information on the front page.

6. In Japan, automobile GPS systems come equipped with an option for converting them into televisions so that drivers can watch their favorite shows, yes, while driving. "We can't help but respond to our customers' needs," says a company spokesperson.[2] Although his company does not recommend the practice of watching while driving, he explained that it is the driver's responsibility to make this decision. Is it right to sell a product that could cause great harm to innocent bystanders? Where does the company's responsibility end and the consumer's begin? What would Mill and Kant say?

   Answer: Answers will vary. Kant would say that selling the automobile is the wrong thing to do. Mill would challenge the premise that the product could cause great harm any more than a typical automobile driven by a driver distracted could cause great harm.



Discussion Questions

1. While waiting in line in a supermarket, you observe a woman trying to pay with food stamps. Under the law, food stamps cannot be used to pay for prepared items so the register would not accept the stamps in payment for a $6 container of chicken noodle soup from the deli counter. The woman explained that she was sick and did not have the energy to cook. She just wanted to go home and get in bed. In general, you agree that this law is reasonable – people on limited budgets should not be buying more expensive prepared food. But the woman is sick. Would it be ethical for you to buy her chicken soup if she agreed to buy $6 worth of your grocery items?

   Answer: What you would be doing would be illegal. But it is possible for an illegal act to be ethical. This law is generally reasonable, but wrong in this situation. The goal of the law is to help those who can't help themselves – you are acting in its spirit although not complying with its letter.

2. Because Raina processes payroll at her company, she knows how much everyone earns, including the top executives. This information could make for some good gossip, but she has kept it all completely confidential. She just found out, however, that it is against company policy for her to do payroll for C-level employees. And her boss knew it. Yesterday, the CEO went to her boss to confirm that he, the boss, was personally doing the processing for top management. Her boss lied to the CEO and

<FTN>[2]Chester Dawson, "Drivers Use Navigation Systems to Tune In," *The Wall Street Journal*, April 23, 2013.</FTN>

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said that he was. Then he begged Raina not to tell the truth if the CEO checked with her. Raina just got a message that the CEO wants to see her. What does she say if he asks about the payroll?

Answer: Answers will vary

3. Darby has been working for 14 months at Holden Associates, a large management consulting firm. She is earning $75,000 a year, which *sounds* good, but does not go very far in New York City. It turns out that her peers at competing firms are typically paid 20% more and receive larger annual bonuses. Darby works about 60 hours a week, more if she is traveling. A number of times she has had to reschedule her vacation or cancel personal plans to meet client deadlines. She hopes to go to business school in a year and has already begun the application process.

   Holden has a policy that permits any employee who works as late as 8:00 P.M. to eat dinner at company expense. The employee can also take a taxi home. Darby is in the habit of staying until 8:00 P.M. every night, whether or not her workload requires it. Then she orders enough food for dinner, with leftovers for lunch the next day. She has managed to cut her grocery bill to virtually nothing. Sometimes she invites her boyfriend to join her for dinner. As a student, he is always hungry and broke. Darby often uses the Holden taxi to take them back to his apartment, although the cab fare is twice as high as to her own place.

   Sometimes Darby stays late to work on her business school applications. Naturally she uses Holden equipment to print out and photocopy the finished applications. Darby has also been known to return catalog purchases through the Holden mailroom on the company dime. Many employees do that and the mailroom staff do not seem to mind.

   Is Darby doing anything wrong? How would you behave in these circumstances?

   Answer: Answers will vary.

4. Steve supervises a team of account managers. One night at a company outing, Lawrence, a visiting account manager, made some wildly inappropriate sexual remarks to Maddie, who is on Steve's team. When she told Steve, he was uncertain what to do, so he asked his boss. She was concerned that if Steve took the matter further and Lawrence was fired or even disciplined, her whole area would suffer. Lawrence was one of the best account managers in the region, and everyone was overworked as it was. She told Steve to get Maddie to drop the matter. Just tell her that these things happen, and Lawrence did not mean anything by it.

   What should Steve do? What ethics traps does he face? What would be your Life Principle in this situation? What should Maddie do?

   Answer: Answers will vary.

5. Many people enjoy rap music at least in part because of its edgy, troublemaking vibe. The problem is that some of this music could cause real trouble. Thus, Ice-T's song "Cop Killer" generated significant controversy when it was released. Among other things, its lyrics celebrated the idea of slitting a policeman's throat. Rick Ross rapped about drugging and raping a woman. Time Warner

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Inc. did not withdraw Ice-T's song but Reebok fired Ross over his lyrics. One difference: Time Warner was struggling with a $15 billion debt and a depressed stock price. Reebok at first refused to take action but then singing group UltraViolet began circulating an online petition against the song and staged a protest at the main Reebok store in New York.

What obligation do media companies have to their audiences? What factors matter when making a decision about content?

Answer: Answers will vary.

6. You are negotiating a new labor contract with union officials. The contract covers a plant that has experienced operating losses over the past several years. You want to negotiate concessions from labor to reduce the losses. However, labor is refusing any compromises. You could tell them that, without concessions, the plant will be closed, although that is not true.

   Is bluffing ethical? Under what circumstances? What would Kant and Mill say? What result under the Front Page test? What is your Life Principle?

   Answer: Answers will vary.

7. When James Kilts became CEO of Gillette Co., the consumer products giant had been a mainstay of the Boston community for 100 years. But the organization was going through hard times: Its stock was trading at less than half its peak price, and some of its established brands of razors were suffering under intense competitive pressure. In four short years, Kilts turned Gillette around – strengthening its core brands, cutting jobs, and paying off debt. With the company's stock up 61 percent, Kilts had added $20 billion in shareholder value.

   Then Kilts suddenly sold Gillette to Procter & Gamble (P&G) for $57 billion. So short was Kilts's stay in Boston that he never moved his family from their home in Rye, New York. The deal was sweet for Gillette shareholders – the company's stock price went up 13 percent in one day. And also for Kilts – his payoff was $153 million, including a $23.9 million reward from P&G for having made the deal and for a "change in control" clause in his employment contract that was worth $12.6 million. In addition, P&G agreed to pay him $8 million a year to serve as vice chairman after the merger. When he retired, his pension would be $1.2 million per year. Moreover, two of his top lieutenants were offered payments totaling $57 million.

   Was there any downside to this deal? Four percent of the Gillette workforce – 6,000 employees – were fired. If the payouts to the top three Gillette executives were divided among these 6,000, each unemployed worker would receive $35,000. The loss of this many employees (4,000 of whom lived in New England) had a ripple effect throughout the area's economy. Although Gillette shareholders certainly benefited in the short run from the sale, their profit would have been even greater without this $210 million payout to the executives. Moreover, about half the increase in Gillette revenues during the time that Kilts was running the show were attributable to currency fluctuations. A cheaper dollar increased revenue overseas. If the dollar had moved in the opposite direction, there might not have been any increase in revenue. Indeed, for the first two years after Kilts joined Gillette, the stock price declined. It was not until the dollar turned down that the stock price improved.

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Do CEOs who receive incentives have too strong of a motivation to sell their companies? Is it unseemly for them to be paid so much when many employees will lose their jobs?

Answer: Answers will vary.

8. Craig Newmark and Jim Buckmaster founded craigslist, the most popular website in the country for classified ads. Rather than maximizing its profits, craigslist instead focused on developing a community among its users. It was a place to find an apartment, a pet, a job, a couch, a date, a babysitter and, it turned out, a prostitute. Most of the ads on craigslist were free, but blatant ads for sex were not. Much of the company's revenue was from these illegal services. Many of the prostitutes available on craigslist were not independent entrepreneurs; they were women and girls bought and sold against their will. To fight sex trafficking, craigslist required credit cards and phone numbers, and it reported any suspicious ads. Law enforcement officials pressured craigslist to close the sex section of its website. But some people argued that blocking these ads was a violation of free speech and would just drive this business more underground where law enforcement officials were less likely to be able to find it. Others said that banning these ads made the business model of selling children for sex less profitable. Does it seem that trafficking women and children was in keeping with the founder's Life Principles? What were his options? Could he have had any real impact on this thriving industry? What pitfalls did he face?

   Answer: Craigslist ultimately shut down the sex section but a look at the "therapeutic services" section reveals that prostitution still thrives on craigslist.

9. You are a president of a small, highly rated, liberal college in California. Many of the dining hall workers are Latino. Some of these workers are trying to organize a union, which would dramatically increase the college's costs at a time of budget pressure. One of your vice presidents suggests hiring a law firm to review the college's employment records to make sure all employees have the proper documentation showing that they are in the United States legally. It seems likely that some of the rabble rousers will turn out to be illegal and could be deported, thereby solving your union problem. What would you do?

   Answer: Answers will vary. This is based on Pomona College, which ended up firing 17 workers, 16 of them in the dining halls. Many of them had worked at the college for years, and had spouses and children who were legally in the country.

10. Many socially responsible funds are now available to investors who want to make ethical choices. For example, the Appleseed Fund avoids tobacco products, alcoholic beverages, gambling, weapons systems or pornography while the TIAA-CREF Social Choice Equity Premier Fund invests in companies that are "strong stewards of the environment," devoted to serving local communities and committed to high labor standards. Are socially responsible funds attractive to you? Does it matter if they are less profitable than other alternatives? How much less profitable? Do you now, or will you in the future, use them in saving for your own retirement?

    Answer: Answers will vary.

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11. David has just spoken with a member of his sales team who has not met her sales goals for some months. She has also missed 30 days of work in the past six months. It turns out that she is in the process of getting a divorce, and her teenage children are reacting very badly. Some of the missed days have been for court; others because the children have refused to go to school. If David's team does not meet its sales goals, no one will get a bonus and his job may be at risk. What should he do?

    Answer: Answers will vary.

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