

UNIVERSITY OF ESWATINI

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION

APRIL 2021

TITLE OF PAPER : BUSINESS ETHICS

DEGREE : MBA

COURSE CODE : BUS 606

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS : 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)
2. THE CASE STUDY ON SECTION (A) IS COMPULSORY. TOTAL MARKS POSSIBLE: 40 MARKS
3. ANSWER ANY THREE QUESTIONS FROM SECTION (B): TOTAL MARKS POSSIBLE: 60 MARKS

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK

DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR HAS GRANTED PERMISSION

SECTION A

CASE STUDY

EVERGREEN ENHANCEMENT

Richard Alpert felt a headache coming on. It was 6:00 p.m. on a Monday evening, and Alpert, a senior partner at Evergreen Investments, had a tough decision ahead of him: which of his two best managers to promote to the position of managing VP. For weeks, Alpert had been certain it would be Charlie Pace, one of the fast-rising stars at the company. The second choice was Daniel Faraday, who was as hard-working as Pace but whose results typically fell short of Pace's. But that decision had become less clear-cut when Alpert inadvertently overheard an office conversation and learned that Pace was taking Adderall, a stimulant primarily prescribed for people diagnosed with attention deficit/hyperactivity disorder (ADHD). The problem was that Pace had no such diagnosis; he was taking the medication off-label. Alpert worried about the extent to which that should influence his decision. Was it fair to Daniel Faraday—or any other high-performing employee—to be passed over for promotion in favour of someone who illicitly boosted his performance with a substance he did not medically need?

Charlie Pace

Pace, 28, had graduated from business school two years earlier near the top of his class, and in his two years with Evergreen, he had excelled at identifying and wooing potential clients, often through his business school contacts. His most recent deal, if completed, stood to earn Evergreen more than \$200 million. Alpert admired Pace for the brilliant work he did at the firm, but also for his various extracurricular activities, which never seemed to detract from his performance. Pace did pro bono marketing work for the Boys and Girls Club in the Bronx and played community recreation league soccer. Alpert knew from many conversations with Pace that he had been an ambitious self-starter all his life, finishing near the top of both his undergraduate and business school classes.

Daniel Faraday

Faraday, 29, was not the product of an elite education. A native of Oklahoma, Faraday had gotten his MBA from a regional mid western university, placing him near the top of his class. Alpert had hired him away from a competitor, and his performance at Evergreen had also been exceptional. Although not as well connected within the financial world as Pace, Faraday was an extraordinarily hard worker, putting in many long hours at crucial times, and was tenacious in tracking down and making deals. He had been a key player in a recent underwriting deal that brought \$75 million to the firm. He was married, and his wife was currently expecting their first baby. Aside from Alpert, few knew that Faraday also supported his parents, who still lived in Oklahoma City. His father had early-onset Alzheimer's disease and his mother continued to work as a librarian, unable to afford to leave her job to care for her husband, so Faraday had hired a full-time in-home nursing service for him.

Adderall and Its Uses

Adderall was a stimulant that combined the neutral sulfate salts of dextroamphetamine and amphetamine. Amphetamines caused physiological changes in a person: increased heart rate and blood pressure, the release of adrenalin and other hormones, and the redirection of blood into the muscles. Used as recommended, amphetamines could enhance focus and make a person feel more engaged and energetic. Common side effects could include appetite loss,

headaches, insomnia, dry mouth, and irritability. More serious side effects included addiction, urinary tract infections, high blood pressure, paranoia, liver damage, and heart attacks.

Under the care of a physician, Adderall was as central to the treatment of patients with ADHD as statin drugs were to that of those with high cholesterol. But Pace did not have ADHD. Alpert knew this because he had overheard a conversation in the men's room the previous afternoon. Pace responded to a junior associate's inquiry regarding how Pace "handled all the pressure and managed to be such a consistent high performer." Pace mentioned, in a hushed tone, that the junior colleague might consider learning more about Adderall. He had then explained how easy it had been to "fake" ADHD symptoms to obtain a prescription. What struck Alpert was that Pace was not bragging; rather, he seemed to be trying to be helpful by giving useful advice to a junior colleague.

Alpert realized that Pace was not alone in his off-label use of performance-enhancing medications. Starting in the late 1990s, an increasing number of people began taking neurological stimulants off-label. The number of college students using these stimulants off-label was troubling: an estimated 6.9% on average, with rates at some colleges as high as 25%. An online survey showed that one in five respondents admitted to using stimulants to sharpen focus, concentration, and memory. Such use was not limited to the students; professors and researchers had themselves used such drugs to "counteract the effects of jetlag, to enhance productivity or mental energy, or to deal with demanding and important intellectual challenges.

Neurocognitive Performance Enhancement: The Next Frontier?

The prospect of advances in neurological therapy intrigued scientists. Many are predicting that the twenty-first century will be the century of neuroscience. Humanity's ability to alter its own brain function might well shape history as powerfully as the development of metallurgy in the Iron Age, mechanization in the Industrial Revolution or genetics in the second half of the twentieth century. Scientists are discussing new and future developments in the field of neurology, including neurosurgery for those with mental illness and magnetic stimulation of the brain as treatment for people with depression, among others. Psychopharmacology is, they believe, "on the leading edge of neuro-technology." The medications and their purposes are becoming increasingly sophisticated, with drugs in the works to erase unpleasant or traumatic memories. In an emergency room clinical study, patients who have suffered some sort of traumatic injury are given the drug Propranolol, which helped ease symptoms of post-traumatic stress disorder.

The Debate

The debate over psycho-pharmaceutical enhancers covers complex territory. Some critics call it a "slippery slope." Some researchers argue that these drugs could help people to "become who they really are" and thus strengthen their identity and authenticity." Others argue that the effect is the exact opposite, and that people would exhibit behaviour that was not natural to them. Most believe that "the advent of cosmetic neurology" is "inevitable. Alpert saw no issue with ADHD patients taking Adderall; this seemed analogous to his father's prescribed use of the drugs Inspra and Lopressor for high blood pressure, or his own prescribed use of Lexapro to combat depression. But he wondered if Pace's illicit use of Adderall was somehow different. Yet it was difficult to imagine anyone not wanting to enhance his or her own brainpower, memory, and focus. Indeed, many people commonly attempted to enhance these cognitive function through a variety of means, including caffeine in coffee, tea, and soft drinks and everything from crossword puzzles and logic games to physical exercise and homeopathic remedies. In fact, more than half of all U.S. adults used dietary supplements—including vitamins (such as B6, B9, and B12) and herbs (such as St.

John's wort and valerian root)—for a variety of reasons, including desired cognitive enhancement; by 2009, this demand had transformed dietary supplements into a \$26.7 billion industry. Demand also had skyrocketed for energy-boosting products (such as Red Bull, Monster Energy, and the recently ubiquitous 5-hour Energy), whose effectiveness was undetermined. But was off-label Adderall any different?

As with any prescription medication, Adderall brought certain side effects and risks, presumed to be monitored closely by a physician. Research suggested that, unmonitored, long-term use might be accompanied by hidden risks, including paranoia, psychosis, and the undesirable blocking of dopamine transporters, which can sometimes trigger irreversible schizophrenia and bipolar disorder; such risks were similar to those associated with methamphetamine or cocaine use. In addition, off-label Adderall use was often associated with higher dosages, which could result in hallucinations, anxiety, and other cognitive impairments. Such effects have been implicated in tragedies, such as the suicides.

Competitive Advantage?

As Alpert thought through the situation, his headache got worse. Was Pace's Adderall abuse fair to his other colleagues and competitors? Did it matter if it was fair or not? Should Alpert ensure that the playing field was level for all of his employees? Then again, did he have a right to interfere or make work decisions based on his employees' personal choices? Would acting on the information he overheard constitute a violation of Pace's privacy? Was off-label use really that bad? Regardless, if Pace was performing so well for Evergreen Investments, should Alpert ignore the off-label use of Adderall in making his decision about the promotion, or not? And if he ignored it, what about the future? Indeed, if Adderall had enhanced Pace's past performance, how much should Alpert worry about Pace's ability to continue to illicitly procure Adderall? Certainly, no one enjoyed seeing one's favorite baseball player or cyclist discredited due to the discovered use of illicit performance-enhancing drugs. But maybe this was different: off the athletic field, people altered themselves in all sorts of physical ways widely considered socially acceptable, whether by undergoing plastic surgery, injecting toxins to eliminate wrinkles, or having corrective eye surgery to improve one's vision. How was that different from taking a pill that would give someone that extra mental edge of focus and performance? And on a more serious note, perhaps the potential danger to Pace was the most important consideration of all. Did the risks of off-label Adderall use pose a self-inflicted threat to Pace, and was Alpert therefore obligated to intervene out of concern for his safety? How responsible was Alpert for his knowledge of Pace's use of the drug? As he pondered the issue, Alpert could not ignore the overall discomfort that the situation was causing him. He sighed and headed for Evergreen's break room for more coffee. Analyzing this decision was going to make for a long night.

Adapted From

Jared D. Harris, Jenny Mead, (2017) "Evergreen Enhancement", Darden Business Publishing Cases, Vol. Issue: , pp.1-8, <https://doi.org/10.1108/case.darden.2016.000113>

Questions

- (a) Identify and critically evaluate all the ethical issues in the case study, in terms of good and harmful effects, distinguishing between personal and company related issues. (20 marks)
- (b) Alpert is in an ethical dilemma. Appraise his position and recommend a solution. (10 marks)

- (c) The Eswatini Parliament has been debating legalizing Marijuana production. Briefly offer your opinion to this debate on the grounds of the medicinal and commercial value versus the social effects of the product for the country. (10 marks)

SECTION B

Question 1

The descriptive model of corporate ethics management offers five different modes of ethics that one can expect to find in a business. A mode is the preferred ethics management strategy of a business. Compare and contrast the nature of these strategies and the challenges each of them exposes the business to. (20 marks)

Question 2

Teleological ethical theories refer to a set of theories that propagate the determination of the ethics of an act by looking to the probable outcome or consequences of the decision. It can also be defined as the good ends and/or results being determinants of the ethical value of actions. On the other hand deontological ethics theories promote fulfilling obligations, responsibly following proper procedures, doing the right thing and adhering to moral standards to determine the ethical value of an action. Use examples of the theories under each category to demonstrate their properties. (20 marks)

Question 3

Information on advertisements may not be truthful, or advertisements may be used to manipulate the feelings of potential customers, enticing them to buy goods with false expectations of value. Identify the instances where advertising constitutes unethical messaging or information, and how advertisers manipulate feelings. Use examples to express your opinion on the ethical or unethical nature of the incidents. What are the collateral effects of unethical advertising? (20 marks).

Question 4

The general recent focus on corporate governance has been accompanied by an incline in the number of corporate codes of ethics, as part of good governance policies. Appraise the practical applicability or implementation of such codes given their internal and external purpose. (20 marks)