

Ethics, Governance and Business Law - ETHI10403A.H2025

H2025

B01

Presentation

Description

This course aims to help students acquire new knowledge and skills in ethics, corporate governance and business law, as well as to empower them to make responsible and ethical decisions.

The numerous scandals that have enmeshed the national and international business scene in the last decades show how essential the study of ethics, corporate governance and business law is. Our time is characterized by greatness and misery. Efficiency in technologies, organizations, economic exchanges and management practices has led to tremendous progress and increased wealth in many countries. However, these advances have also created major issues in terms of human dignity, social justice, working conditions, access to employment, wealth distribution, technological risks and environmental sustainability. In organizations, many people are looking for guidelines, practices and tools to make their decisions and activities effective, ethical and lawful.

Themes

Theories on organizational ethics

Ethical decision-making

Ethical and responsible leadership

Corporate governance

Agency theory

Stakeholder theory

Business law

Legal structures of organizations

Property, contracts and obligations

Issues of ethics, governance and law in organizations

Fraud, corruption and deviant behaviors in organizations

Objectives

Our era is characterized by greatness and misery. The development and efficiency of our technologies, our organizations, our trade and our management practices have led to great progress and increased the wealth of many countries. However, this progress has also given to major problems in terms of human dignity, social justice, working conditions, access to employment, wealth distribution, technological risks, and environmental sustainability. Given that organizations and their management methods have a considerable impact on our human and natural world, it is imperative to empower managers and employees to make decisions, individually and collectively, in accordance with legal regulations and high ethical standards. Moreover, it is imperative to implement effective ethical management practices in organizations.

The many scandals that have plagued the national and international business scene in recent decades show how essential it is to integrate ethics into the study of business law and governance. This course is therefore based on the idea of initiating a dialogue, an integration, rather than a divorce between these concepts. To date, it must be admitted, there is still little integration between these three concepts (law, ethics and governance), because this combination requires a specific stance: that of accepting law as a broader phenomenon than only legal punishment. Rather, it should be seen as an inevitable, permeable dialogue, or rather as an interweaving of the three elements of ethics, law and governance. Whether it is the functioning of a board of directors and the diversity of its composition (with women, younger people, or visible minorities on board), or whether it is the introduction of digital technology or the automation of certain organizational processes, or whether it is a corporate responsibility to respect human or environmental rights and the role of shareholders, all of these questions call for reflection and for a dialogue between law, ethics, and governance.

In concrete terms, in organizations, many people are looking for landmarks and tools to ensure that their decisions and organizations comply with current regulations and are efficient and ethical. Should standards and rules be established? Should a code of ethics be drawn up? Should employees be guided by organizational values? What should be the role of leaders in ethics, law and governance? Is there a need for an organizational ethics program? Should we strengthen the power and control of the board of directors? Provide training programs? Appoint a new vice-president? Change governance? This search for benchmarks and tools is also present in society in general, whether to guide the governance of a state or to guide consumer buying behaviour. Unfortunately, the approaches available in the field of ethics, law and governance are sometimes overly simplistic or too complex.

In this course, we help future managers develop a pluralistic ethic and a reflection on the relationships between ethics, law and corporate governance. This reflection requires a critical comparison of different theories in ethics, basic notions in law and governance, as well as a critical comparison between the different managerial practices that can be developed in these fields. Respecting this pluralistic position, this course is by no means an exercise in moralization, as if there were only one or a few ways to conceive of the world and to act ethically and with integrity in business.

This course therefore aims to help students acquire new knowledge and skills in ethics, law and corporate governance by offering to study their applications in all basic disciplines and specific functions of organizations (management, strategy, O.B., H.R., finance, marketing, accounting, operations management, etc.), given that ethical and legal considerations are transversal. The course ultimately aims to guide students to engage in their own "ethical reflection", while simultaneously mobilizing law, values, morals, reason, and feelings. Indeed, ethical reflection and feelings involve the desire to actualize deep values in the workplace, the need to discover new landmarks in a pluralistic and complex world, and the need to find meaning in the face of constantly emerging scandals and crises in many private and public organizations and associations. These reflections also include the desire to respect the law, the strategic need to develop governance and corporate legitimacy and reputation, the desire to stimulate the commitment of people at

work, or the need to ensure the performance of organizations in a global world where exchanges between people of different cultures, values, and religions are increasing. In this sense, the course also aims to help students clarify their own values, feelings and personal aspirations.

Learning Strategy

Pursuing a general objective of education for citizenship, in this course students will be led to:

- Demonstrate critical thinking and judgment in the analysis of organizational issues and management situations while integrating ethical, legal, and governance concepts;
- Understand the distinctions between law, morals and values, morality and ethics, and their application in organizations;
- Analyze ethical dilemmas and management situations faced by individuals within organizations, integrating the main theories in organizational ethics;
- Applying an ethical decision-making model;
- To know and understand best practices in the governance of organizations;
- Integrate the basic legal concepts necessary to understand the legal environment of Quebec organizations;
- Know and understand the basic legal rules relating to the creation, organization and operation of a business;
- Develop systemic thinking, which consists of analysing problems as a whole, integrating the various individual, organizational and social constraints related to ethical, legal and governance issues, and anticipating the individual, organizational and social consequences of their decisions.

Contact Information

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Learning Material

IMPORTANT

The educational material provided by HEC Montréal is subject to [terms of use](#) (PDF in French).

Required Bibliographical Resources

IMPORTANT

[« Justice : What's the Right Thing to Do? » by Michael J. Sandel.](#) [Website]

Sandel, Michael (2010). Justice : What's the Right Thing to Do? FARRAR STRAUS GIROUX (FSG), 320 pages. ISBN : 9780374532505 Available at COOP HEC MONTREAL online and in store. Information - stores: The Côte-Sainte-Catherine (CSC) boutique will be open according to the schedule in effect on the Coop website. The Decelles and Hélène-Desmarais (EHD) boutiques are closed. Purchase "in person": educational materials are only available at the CSC store. Online orders: - Shipping costs for online orders are under review; informations to come. - For customers who wish, they can collect their order at the Coop CSC, the Decelles cafeteria or the EHD cafeteria by choosing the "Pickup" option in the delivery method, then the desired branch.

Mandatory material, such as teaching texts and video capsules are available on ZoneCours under each class.

Complementary Bibliographical Resources

Complementary book, to complement the video capsules on business law: Grégoire, S., Vachon, P., Ananou, C. (2020). Droit des affaires - 50 questions/50 Réponses. (ebook en français) This ebook is available online at the Coop (link below) and on coozook.com.

IMPORTANT

[Ebook : Grégoire, S., Vachon, P., Ananou, C. \(2020\). Droit des affaires - 50 Questions/50 Réponses.](#)

[Website]

Also available at the Côte-Sainte-Catherine (CSC) boutique, according to the schedule in effect on the [Coop](#) website.

Complementary Resources

IMPORTANT

[Student Guide - Online Learning](#) [Website]

For more information on the laws, rights, and obligations in Quebec :

[« Consult the website of Éducaloi »](#) [Website]

[« Consult the databank La Référence, accessible to all members of the HEC Montreal community »](#)
[Website]

[« Directly consult the Civil Code of Quebec at the following address »](#) [Website]

Instruction Mode

Description

- This mode offers **courses on-site** with students in class or in internship settings.
- Sessions and exams are on-site during a fixed schedule. Consult [HEC en ligne](#) to take note of the complete schedule and the rooms.

Evaluations

IMPORTANT

Your main duty: attending class

According to the [School's rules](#), students are expected to attend classes (or course activities). Instructors are not required to provide any additional help or adapt courses or evaluations due to a student's absence.

Intellectual integrity: a win-win situation!

Assessments and assignments submitted as part of this course must comply with the [regulations on intellectual integrity](#) and contain no plagiarized ideas or material, in whole or in part, whether published or not, and external sources of information must be properly identified and cited. It is important to be aware of the specific terms and conditions of each assessment.

What's more, in the case of teamwork, all team members are jointly responsible for any breach of pedagogical regulations, and any assessment may be subject to analysis by plagiarism detection software. Students may be required to explain the process of producing their deliverables.

Generative Artificial Intelligence (GAI)

Students must familiarize themselves with the specific instructions for each course evaluation in order to validate whether or not they are permitted to use GAI.

When its use is permitted, students are responsible for ensuring that they comply with the applicable rules, particularly with regard to [citation and mention of sources](#). Any use of GAI that does not comply with the applicable rules constitutes an academic offence.

Where its use is prohibited, it is also an academic offence to use GAI.

Any academic offence is likely to give rise to procedures and sanctions provided for in [regulations on intellectual integrity](#).

Each student is responsible for informing himself or herself and adopting good practices related to intellectual integrity. To find out more, consult the following resources:

- [Intellectual integrity at HEC:](#)
- [Ways to avoid plagiarism:](#)
- [How to cite your sources.](#)

Exams: things to check before the big day

1. Make sure your student card is valid. [For more information...](#)
 2. Check the exam time and location on [HEC en ligne](#).
 3. Find out what materials you are allowed to bring into the exam, on your [course's site](#).
 4. Is your calculator the approved type? [For more information...](#)
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1 - Groupwork (30 %)

Location : In class / At home

Submission : Electronic

Term : Oral / Written

Work Mode : Team

Description

12 teams of approximately 5-6 students.

After having chosen a topic, each team will have to :

- Choose the **case of a local or international organization** (or several organizations) in order to identify and analyze the ethical, legal and/or governance issues related to the chosen topic.
- Write a **report of 6 to 7 pages** (6 pages minimum / 7 pages maximum, Times New Roman, 12 points, 1.5 line spacing) in which the main ethical, legal and/or governance issues related to the chosen topic will be identified and analyzed, using the case. The analysis must make links between the case chosen, the issues identified and the theories and notions of the course deemed relevant.
- Share the results of their analysis with the group through a **20-minute oral presentation** followed by a 10-minute question and discussion period in which the case chosen, the ethical, legal and/or governance issues identified and the links with the theories and notions of the course deemed relevant are presented.

Oral presentation topics by session (to be confirmed):

- S3 - Ethical, legal and/or governance issues related to professional deontology
- S4 - Ethical, legal and/or governance issues : Contributions of new forms of organisations (co-operative enterprises, social enterprises, etc.)
- S5 - Ethical, legal and/or governance issues related to information technology
- S6a - Ethical, legal and/or governance issues related to the field of finance
- S6b - Ethical, legal and/or governance issues related to environmental management in organizations
- S7a - Ethical, legal and/or governance issues related to the management of operations and logistics
- S7b - Ethical, legal and/or governance issues related to accounting practices
- S8 - Ethical, legal and/or governance issues related to management in an international context
- S9 - Ethical, legal and/or governance issues related to Human Resources management

- S10 - Ethical, legal and/or governance issues related to technological and/or social innovations in organizations
- S11 - Ethical, legal and/or governance issues related to the field of marketing
- S12 - Ethical and responsible leadership

Evaluation Criteria

Teamwork is worth 30% of the final grade. The assessment covers both the oral presentation and the report submitted.

The report must be submitted in ZoneCours, in order to be evaluated for plagiarism by the Ouriginal system. Any plagiarism in the team report will result in a mark of 0 for the overall assessment (0/30).

2 - Quiz (15 %)

Location : In class

Submission : Electronic

Term : Written

Work Mode : Individual

Description

3 quizzes (5% each) on mandatory readings and videos prior to class

Quizzes will be held at the beginning of the following sessions:

- Session 4 (quiz 1): Readings and videos of sessions 1, 2, 3, 4
- Session 8 (quiz 2): Readings and videos of sessions 5, 6, 7, 8
- Session 12 (quiz 3): Readings and videos of sessions 9, 10, 11, 12

Test & Quiz platform on ZoneCours

Randomly assigned questions from a question bank

10 minutes, 10 questions (except for students with accommodations)

Self-corrected quizzes : Students receive their grade immediately through ZoneCours.

Important: Please note that class attendance is mandatory for quizzes (unless you have a justified absence). Attendance will be validated by the teacher. If you are absent from class, but take the quiz online (and your absence is not justified), you will receive a grade of 0 for this assessment.

IMPORTANT

Absence : Absence for a quiz: Unjustified absence for an evaluation will result in a mark of 0 for that evaluation. Valid reasons for absence to a quiz are illness, or participation to a sport competition (for

student-athletes, with formal authorization). It is the student's responsibility to contact his or her teacher as soon as possible to explain the reason for the absence.

If the absence is justified, the points for the missed quiz will be carried over to the final exam.

Preparation to Evaluation

3 - Participation (15 %)

Location : In class

Submission : Paper / Electronic

Term : Oral / Written

Work Mode : Individual

Description

Presence in virtual classes, participation in classes and discussions, participation on the class forum, and participation in the group assignments.

Evaluation of participation is at the discretion of lecturers.

4 - Final Exam (40%)

Date: see HEC en ligne

Location: In class

Submission: Paper

Term: Written

Work Mode: Individual

Description

IMPORTANT

The final exam will be a 3-hour closed-book, handwritten in-class exam.

The exam will consist of questions on theory and on cases.

The date of the final exam, as well as your location, will be indicated in HEC en ligne.

Evaluation Criteria

Preparation to Evaluation

Course Organization

1 - Course Introduction

Description

Presentation of the lesson plan and evaluations. The ethical dilemma.

Activities/Resources before session

Activities/Resources during session

Activities/Resources after session

2 - Doing the Right Thing

Description

What are the characteristics of a good manager? The nature of humans, ethical traditions. The three classical ideals in ethics. Definitions (law, morals, ethics) applied to the organizational context. Sources and legitimacy of law. The law of the person, public law, private law (reverse pedagogy).

Activities/Resources before session

Readings :

- **Sandel, Chapter 1** : Doing the Right Thing.

Videos :

- « Enron: The Smartest Guys in the Room », a movie **to watch before class.**

Activities/Resources during session

Case analysis : Enron: The Smartest Guys in the Room

Activities/Resources after session

3 - Ethics and Law

Description

Sources and legitimacy of law. The law of the person, public law, private law (reverse pedagogy). Utilitarianism, or happiness for the greatest number. Legalist ethics and professional deontology. Codes of ethics and codes of professional conduct. Ethics programs. Ethical decision making.

Activities/Resources before session

Readings :

- **Sandel, Chapter 2** : The Greatest Happiness Principle. Utilitarianism.

Activities/Resources during session

Case analysis : Salaries Flying High at Bombardier

Oral team presentation : Ethical, legal and/or governance issues related to professional deontology

Activities/Resources after session

Complementary Resources

Joé T Martineau . «The Pluralist Theory of Ethics Programs Orientations and Ideologies: An Empirical Study Anchored in Requisite Variety» , *Journal of business ethics* , vol. 142 , no. 4

ISSN: 0167-4544

[Article]

[Other link](#)

4 - Corporate Governance

Description

A sort story of the corporation. The different legal forms of organization (joint stock, general partnership, limited liability, sole proprietorship, cooperative, NPO), their characteristics, advantages and disadvantages (reverse pedagogy).

Shareholder vs stakeholder theory. Agency theory, the pillars of good governance. Actors and mechanisms of governance. The responsibilities of administrators. Conflict of interest.

Activities/Resources before session

Activities/Resources during session

Oral team presentation: Ethical, legal and/or governance issues: Contributions of new forms of organizations (cooperative enterprises, social enterprises, etc.)

Activities/Resources after session

Complementary Resources

[« The Best Way To Increase Shareholder Value Is To Stop Focusing On Shareholder Value »](#) [News article]
Aline Holzwarth (2020).

[« Restaurer la confiance : pour une gouvernance éthique des organisations »](#) [Article]

Par Joé T Martineau, Emmanuel Lulin, Emmanuelle Gril - gestion HEC Montréal - 13 mars 2023.

5 - Management and Exploitation of Big Data and Artificial Intelligence: Ethical and Legal Issues

Description

Libertarianism. Property, contracts and obligations. Consent and contractual liability. General contracts, special contracts, employment contracts, incomplete contracts (reverse pedagogy). Shareholders' agreement. Ethical and legal issues related to the management and exploitation of massive data (big data) and the development of artificial intelligence. Cyberethics, technological security, white hat hackers, data protection. Use of personal data for commercial or social purposes.

Activities/Resources before session

Readings :

- **Sandel, Chapter 3 :** Do We Own Ourselves? Libertarianism.

Activities/Resources during session

Case study: Massive data theft at Desjardins

Oral team presentation: Ethical, legal and/or governance issues related to information technology.

Activities/Resources after session

Complementary Resources

<https://www.youtube.com/watch?v=2AtpXnIiEWo>

Video on libertarian political philosophy, as seen by our American neighbors.

6 - Responsible Finance

Description

Ethical, legal and governance issues in finance. Fiduciary duty. Ethical finance, socially responsible investment. Shareholder activism. Insider trading, financial creativity. How to foster integrity and transparency in financial markets.

Activities/Resources before session

Readings :

- **Sandel, Chapter 4** : Hired Help. Market and Morals.

Mintzberg, Henry . «Beyond selfishness» , *MIT Sloan Management Review* , vol. 44 , no. 1

ISSN: 1532-9194

[Article]

[Other link](#)

Activities/Resources during session

Oral team presentations:

- Ethical, legal and/or governance issues related to the field of finance.
- Ethical, legal and/or governance issues related to environmental management in organizations

Activities/Resources after session

Complementary Resources

<https://www.youtube.com/watch?v=4LPRQaG83Ls>

7 - Fraud and Corruption in Organizations

Description

Moral development. Moral disengagement, rationalization and socialization mechanisms in organizations. Deviant behaviour in organizations. Fraud, corruption and collusion: ethical, legal, and governance issues. Tort law (reverse pedagogy). Whistleblowing, whistleblowers and their protection. Accounting creativity, tax evasion or tax optimization?

Activities/Resources before session

Anand, Vikas . «Business as usual: The acceptance and perpetuation of corruption in organizations» , *Academy of Management Executive* , vol. 18 , no. 2

ISSN: 1079-5545

[Article]

[Other link](#)

[« Excalibur Construction or the Dilemma of the Young Go-Getter »](#) [Case]

Case prepared by Joseph Facal. IJCSM, vol. 13, no. 3, September 2015.

Activities/Resources during session

Case analysis :

- Excalibur Construction or the Dilemma of the Young Go-Getter

Oral team presentations :

- Ethical, legal and/or governance issues related to the management of operations and logistics
- Ethical, legal and/or governance issues related to accounting practices

Activities/Resources after session

Complementary Resources

<https://www.youtube.com/watch?v=HDtMMsFoHuY>

8 - Ethics and Law in the International Context

Description

Kantian ethics is all about intention. The UN Global Compact. The social and environmental responsibility of organizations. Environmental law, human rights and international charters. Ethical and legal issues related to management in an international context.

Activities/Resources before session

Readings : Sandel, Chapter 5 : What Matters is the Motive. Immanuel Kant.

Activities/Resources during session

Oral team presentation:

- Ethical, legal and/or governance issues related to management in an international context

9 - Diversity and Pluralism in Organizations

Description

John Rawls' social contract and the veil of ignorance, a plea for fairness. Ethical and legal issues related to human resource management. The ethical and legal relationship between employer and employee. Human rights and labour law (reverse pedagogy). Diversity and pluralism in organizations and in governance. Discrimination and harassment in the workplace. The company as a social actor. Paternalistic approach in the management of organisations. Feminist ethics.

Activities/Resources before session

Readings :

- **Sandel, Chapter 6 :** The Case for Equality. John Rawls.

Activities/Resources during session

Case analysis : A company that makes a "buzz"

Oral Team Presentation : Ethical, legal and/or governance issues related to Human Resources management.

10 - Ethical and Legal Issues Related to Innovation

Description

Aristotle's Ethics of Virtue. Plato and the Allegory of the Cave. Ethical, legal and governance issues related to innovations (technological, social, etc.) in organizations, and intellectual property. Patents, copyrights, trademarks (reverse pedagogy).

Activities/Resources before session

Readings :

- **Sandel, Chapter 8:** Who Deserves What? Aristotle.

Activities/Resources during session

- **Case analysis to be determined :**
- Towards a DNA-based Tinder?
- Protecting intellectual property during a pandemic
- **Case analysis :** Strategic planning for a good life.
- **Oral team presentation :** Ethical, legal and/or governance issues related to technological and/or social innovations in organizations.

Complementary Resources

11 - Intuitions, Emotions and Ethical Decision-Making

Description

The role of intuition, emotions and empathy in the ethical management of organizations. Challenges and the traditional opposition between reason and emotion in decision-making. How does the functioning of our brain affect our ethical decision-making? Moral intuition. Organizational neuroethics. How can organizations encourage and develop the moral insights of employees and managers? Presentation of an integrative model of ethical decision-making.

Activities/Resources before session

Activities/Resources during session

Oral Team Presentation: Ethical, legal and/or governance issues related to the marketing field.

Case analysis: Petunia Construction

Complementary Resources

12 - Leadership and Ethical Organizational Culture

Description

The importance of an ethical organizational culture to foster positive behaviours. Ethical leadership. The exemplarity of the leader. Moral silence. Moral courage. Individual and collective responsibility.

Activities/Resources before session

Brown, Michael E . «Ethical leadership: A review and future directions» , *The Leadership Quarterly* , vol. 17 , no. 6

ISSN: 1048-9843

[Article]

[Other link](#)

https://www.youtube.com/watch?v=Lww8I1_nNoA

[« La médiation : Entretien avec l'expert »](#) [Video]

Claude Ananou and guest Jean H. Gagnon, HEC Montréal.

With English subtitles.

Activities/Resources during session

Oral Team Presentation: Ethical, legal and/or governance issues related to leadership