Prof. Piotr Bołtuć

Rationality and Moral Choice

Course information

COURSE OBJECTIVES:

The student will gain,

- general understanding in economic theory, business, and moral philosophy,
- specific understanding in rationality, collective action theory, social capital theory, moral theory, applied ethics, business competition, and environmentalism,
- increased skill in applying rationality to business cases,
- participation in generalizing Prof. Boltuc's research into an encompassing business philosophy,
- practice in using the English language and practice in American problem solving strategies in cooperation with UIS students, and,
- cross-cultural student understanding and enrichment between Poland and America.

SYLLABUS:

PART I. RATIONALITY - INDIVIDUAL AND SOCIAL

1. Defining rationality

- Individual instrumental rationality
  - Means to an end
  - Expected utility and attitudes towards risk.
- Local and global extremes
- Inductive and deductive rationality

2. Money Pumps and Goal Selection

- The importance of money pumps
- Selecting golas
- Fit with the reality as a requirement of rational action.

3. Formulating the *collective action paradox*

- Coordination Games
- Pareto Optimality
- Collective Action Paradoxes in decision theory

- *The tragedy of the commons* as an example of uncoordinated individual actions of multiple agents.
- *Prisoner's dilemma* as another example of uncoordinated individual actions of multiple agents.

4. Resolving the collective action paradox

- Collective Rationality and Coordination (Looking for means of interpersonal coordination)
  - Agreements
  - Policing the Police
  - Enforcement and transaction costs
  - Evolutionary decision theory.

- Creation of trust in the society, in the community and in business
  - *Externalities*: capital created accidentally
  - Trust as a form of *social capital*

Required reading: Coleman, J.S. 'Social capital in the creation of human capital', American Journal of Sociology, Vol. 94, Supplement, pp. 95-120, 1988

5. Social capital as a solution to the paradox of collective action

- Definition of Social Capital
  - Material/financial, human and social capital
  - Kinds of social capital: *vertical and horizontal, thin and thick* and their uses

- Social capital, as a solution to the paradox of collective action
  - Graphs of social capital networks
  - The role of social capital in the paradoxes of collective choice

Required reading: M. E. Porter: "The Competitive Advantage of Nations" in his: On Competition pp. 155-196 (Polish edition pp. 191-244)

PART 2. RATIONALITY IN BUSINESS AND ITS ETHICAL DIMENSIONS

A. Rationality and Business

1. Competition as another solution to the paradox of collective action

- Business Rationality: How competitive are real markets?
  - Theory of perfectly competitive markets (Adam Smith) and the standard economic theory
  - Monopolistic and oligopolistic markets
  - Structural reasons for competition (market share, shrinking markets...)

- Strategies on oligopolisitc markets
  - Competitive strategies on real markets.
  - Objective competition.
  - *Non-zero sum games* and strategies of cooperation (win-win strategies).
  - *The edge of optimal* solutions and the limits of cooperation.

Required reading: Porter, M. E. "What is Strategy?" in his On Competition pp. 21-32 (Polish edition pp. 23-45)., Porter, M. E. "End-Game Strategies for Declining Industries" in his On Competition pp. 99-116 (Polish edition pp. 120-143).

B. Ethics and Rationality

1. Applied Ethics

- Ethical Theory
  - Standard moral theory: act consequentialism, deontology, virtue ethics
  - Rule consequentialism

- Case Studies
  - Intuitionism and *prima facie* reasons.
  - Hard cases and moral dilemmas.

2. Business Ethics and Beyond

- Professional Ethics
  - Professionalism and professional ethics.
  - Moral theory and social capital.

- Elements of Business Ethics
  - Questionable business practices (deception, insider trading...).
  - Whistle-blowing and loyalty.
  - Business and family time. Preferential hiring, sexual harassment, dating in the workplace and other social issues in the workplace.

3. Environmental Ethics and Beyond

- Small or Large Earth?
  - Global tragedy of the commons (*Malthusian model*).
  - *Cornucopia* as an alternative to the Malthusian model.
  - Futurama: energy, food, water.
  - Species and ecosystems.

- The Moderate View
  - Ending the Stalemate?

Required readings: Porter, M. E. "Green and Competitive: Ending the Stalemate" in his On Competition pp. 351-376 (the Polish edition does Not contain this article, but we will try to make it available)

4. <u>Towards a Business Philosophy</u>

- People
  - The problem with aging societies
  - Exporting jobs and *global justice*
  - Market and non-market solutions

- Ethics and business philosophy of globalization.
  - Growth strategy and its alternatives

READINGS:

Required text

Porter o konkurencji, Warszawa 2000, tłum. Andrzej Ehrlich for students at The Warsaw School of Economics.
OR
Michael E. Porter, *On Competition*, Harvard Business Review Book, Boston 1998, ISBN 0-87584-795-1. The text has been orderd through the UIS bookstore.

Additional readings

An extensive list of readings and associated material is detailed the Course Resources document.

Students must take initiative to secure a sufficient level of these readings, many of which are readily available over the Internet. Good faith efforts will be made by the instructor to assist or guide students to sources.

Course materials are dynamic. The instructor welcomes student checks on shifting web resources, suggested additions to materials, and added topical bibliographical materials.

REQUIREMENTS:

- Paper - 30% (6-8 pages, doubled-spaced, 200-250 words/page; the papers must be submitted via assessment folder at the e-sgh.com platform)
- Participation - 20% (10% before and 10% after the Midterm)
- Midterm Quiz - 20%
- Final Traditional Exam - 30% (need to get 50% on the final to get more than a D for the class)