

## **Weaver's Cove Energy Versus the City of Fall River, Massachusetts: An Experience in the Concepts of Stakeholders, Economic Impact, and Social Obligation/Social Responsibility**

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This experiential exercise, designed for our introductory business course, uses a classroom debate to teach the concepts of stakeholders, social obligation/social responsibility, and ethical frameworks for decision-making. The basis for the debate is the request by Weaver's Cove Energy to construct and operate a liquefied natural gas (LNG) facility in Fall River, Massachusetts. Weaver's Cove has proposed the facility for an abandoned industrial site on the waterfront. The exercise addresses the three learning goals listed above through readings, position construction, and the debate itself. The rationale for the assignment and the chosen pedagogy are presented. Additionally, the materials used to conduct the exercise are provided. Preparation and procedures for instructors are discussed. Because it is an ongoing issue, updated materials are easily obtained and can be adapted for a variety of locations as proposals are being made for these plants on both the East and West coasts under the federal energy policy guidelines.

**Keywords:** Experiential exercise, Stakeholders, Social obligation, Social responsibility, Ethics.

Even before the Enron, Global Crossing, Tyco, and Adelphia scandals, corporations faced an increasing mandate to act in a socially responsible manner. Concomitantly, management education was called upon to incorporate ethics and social responsibility in its curriculum. Business schools have responded by adding an ethics component to existing classes and/or adding a specific ethics course to the curriculum. This paper discusses a live ongoing case that we have used quite successfully for integrating ethics into a freshman introductory business class. The paper not only presents the goals of that assignment and the rationale for the pedagogical approach we adopted, but also provides the reader with instructor resources to conduct the assignment.

### **The Curricular Context**

Our Enterprise (Business 100) course serves several functions within our curriculum. As the first business course majors take, it introduces students to the various disciplines within business as well as to the business school and the university. Thus we have had to carefully select the topics that will be given attention in this class. When we reviewed the various candidates for inclusion, one item on everyone's list was business ethics. When the professors teaching the course discussed the issue with upper-class students, an intriguing option emerged: debate. The senior students argued that such an assignment would be interesting and they liked the interactive nature. One of the professors had already incorporated debate in her ethics class and had received good student feedback. Another professor was familiar with Tucker and Tromley's (2002, 1996) ex-

perience using an ethical scenario and a class debate for the same purpose – and with similar results. Thus we agreed to incorporate an ethics debate assignment as part of the course.

### **Assignment Goals and Pedagogy**

Ethics encompasses a broad area of study. Narrowing the focus to business ethics isn't much help, as the "range of topics ... is vast and varied" (Institute of Business Ethics, 2004). According to the Institute of Business Ethics (2004), the subject can be divided into four general categories: ethical theory, corporate social responsibility issues, questions particular to the functional areas of business (accounting, marketing, human resource management, and the like), and global issues. Because the issue of corporate social responsibility is applicable to all functional areas, we decided that it would meet the needs of students from all disciplines in business and provide the overview perspective an introductory course demands. Thus we determined that we wanted to construct an assignment that would teach the concepts of stakeholders and of corporate social obligation/responsibility that would also allow us to introduce frameworks for ethical decision making. If we could also incorporate global issues, then that would be a bonus because global issues are a central component of our mission statement as is common at similar institutions.

Having determined the goals for the assignment, we next needed to address the pedagogy. We wanted an approach that would engage student interest and thereby prompt them to think critically about ethical issues. Phillips (2003) reports that a common technique employed in business ethics courses is case analysis, as it helps develop students' abilities to analyze decisions along ethical lines. For our freshmen, however, we wanted something more immediate and less dependent upon business knowledge and skills they would develop as they progress in the program. Shepard, Goldsby and Gerde (1995) provide an intriguing alternative. They make a case for humanizing and personalizing business ethical dilemmas. They also suggest that since students are not familiar with the terminology needed to successfully address business ethical issues that courses should help students acquire the "vocabulary of ethics." Their proposed solution to both these issues is to employ film, art, and literature instead of standard business case studies. They provide several reasons for the superiority of the approach, some of which are:

- Although cases can be complex, they generally do not provide "a variety of characters with radically different beliefs, desires, and behaviors. ... Students cannot easily jump to a hasty solution to an ethical problem because the situations of several characters must be considered, characters that we know much more about than in business case studies."
- The "use of literature tempers the typical bottom-line mentality students bring to analyzing a case study. It is no longer just the interests of the organization that are at stake. The characters in a literary work come closer to being real people who are making decisions and being affected by their own decisions and the decisions of others."
- "Literature provides a rich backdrop from which to view the place of morality in business, social, and personal life. Organizational decisions have ramifications beyond the organization, and events outside the organization affect organizational decisions. Standard case studies cannot adequately portray this complex (and real) interaction."

While we found these points persuasive, unlike Shepard, Goldsby and Gerde (1995), we were not designing an entire course. Tucker and Tromley (2002, 1996) suggest an alternative that would provide the above benefits in our one-assignment-among-many situation. They propose discussing ethics from within the context of a class debate on an issue involving differing stakeholder perspectives. We discovered that by carefully selecting the issue for debate, we could develop an assignment that humanized and personalized ethical decision making. By using the debate format, we could give students practice employing ethical frameworks in their discussions, thereby allowing them to begin to develop their vocabulary of ethics. Additionally, we have students work in teams and develop public presentation skills in a setting different from the traditional, formal, business class presentation.

### **The Assignment**

As the basis for the debate we selected the request submitted in February, 2003, by Weaver's Cove Energy to construct and operate a liquefied natural gas (LNG) facility in Fall River, Massachusetts. (You may wish to select an alternate case relevant to your students or geographic area.) Weaver's Cove (2003) has proposed the facility for an abandoned industrial site on the waterfront. The storage facility will have the capacity to hold 200,000 cubic meters of gas and expects weekly visits from ocean going LNG tankers. The facility is expected to have sufficient throughput to supply 12% of the natural gas demand for New England in 2007. There are currently two LNG facilities on the East Coast, one in Boston, Massachusetts, and one at Cove Point, Maryland. Federal energy policy has suggested building five additional facilities on both the east and west coasts to ensure reliable supplies and stable prices. Demand for LNG has risen since the late seventies, driven in large part by conversion of electrical generation to natural gas from more polluting coal and oil fired plants.

The Weaver's Cove (2003) proposal has generated considerable local and national coverage, with different groups arguing for and against the LNG facility. We assign students to represent these different interests, provide readings and discussion about corporate social responsibility, about stakeholder theory, and about frameworks for ethical decision making. We also discuss debate procedures.

The exercise thus addresses the three learning goals—concepts of stakeholders, corporate social obligation/responsibility, and frameworks for ethical decision making. These concepts are explored through readings, position construction, and the debate itself. In our model the instructor leads a debriefing following the debate to encourage the students to reflect on their work, to process the concepts, and reexamine them in the context of the arguments presented by the opposing parties.

### **Stakeholders**

Students come to a better understanding of the stakeholder concept through their study of the various groups of individuals who have a vested interest in what happens with the LNG facility. They see that not only the company installing the facility, Weaver's Cove, but the residents of the city, local business owners, and government agencies also have perspectives about the instal-

lation that are valid and need to be considered. Student research about these different groups leads them to see the human face of the decision. Because the issue is a local one, students are brought closer to the problem and to the concerns of the groups affected by the proposed LNG facility.

### **External Environment**

The issue of how the external environment affects organizations is also modeled in the case. Students are able to appreciate how concerns about the economy, fuel prices, federal energy policy, and concerns for the natural environment affect various stakeholder viewpoints. One compelling externality is the terrorist threat to such facilities. The September 11, 2001, attacks have increased awareness of the impact of world events on local issues. Another external concern that should be addressed is the impact of such facilities on the natural environment. There is evidence of a negative effect on marine life due to the increase of water temperatures from plant discharges. Finally, an issue unique to our location is that the school borders the transit path of the tanker. A recent analysis has shown that in the case of a rupture and fire to the tanker, either through accident or terrorist attack, the school is within the most dangerous zone. Once again, students come face-to-face with real issues that are not easily resolved.

### **Corporate Social Responsibility**

The concepts of social responsibility and social obligation are clearly seen in the interest of Weaver's Cove in profit, coupled with their claim of using a previously polluted area for a positive purpose, that of providing a lower-cost energy source. Students are provided with a copy of Milton Friedman's treatise on social obligation, *The Social Responsibility of Business is to Increase Its Profits* (1970), as well as a copy of *The Caux Round Table's Principles for Business* (1994), which advocates the concept of social responsibility. Both these readings (and their discussion in class) help students begin to develop ways of thinking about and talking about ethics.

While environmental justice has become an increasingly important framework for decisions in environmental cases, our students tend to view the resolution as belonging in the realm of the courts and as a legal remedy. In the competitive environment between Fall River and Providence (the two municipalities vying for the LNG plant), the proposed facility is not viewed as "dumping" in an area or upon a disenfranchised population—as in Shintech's initial decision to locate a chemical factory in Convent, Louisiana, a small town with a predominantly poor population (Justice, 1998). Consequently, we have not noticed students basing their arguments in this arena.

### **Ethical Decision Making**

Students are also given a summary of the Frameworks for Analyzing Marketing Ethics by Laczniak (1983), which presents four ethical frameworks for decision-making (Appendix 4). These readings are discussed during the debate preparation time allowed in class and students are asked to incorporate at least one of these approaches in their position papers and argumentation during the debate. Once again, they begin learning the "vocabulary of ethics." In researching the different stakeholder perspectives, students begin to tease out the different ethical stances as well.

They begin to understand how different groups may employ the same ethical argument—but in support of a different position. Finally, the debate provides an opportunity to practice the new ethical language.

### **Real-world Complexity**

The controversy about the safety of LNG continues to generate discussion nationwide; therefore, new material is frequently provided by the media. Because much of the information is in the public domain and easily accessed, the ability of students to obtain facts to support opinions, regardless of the position, illustrates the “flexible” nature of fact-finding and its use/misuse by stakeholders. It also illustrates the interrelated and overlapping nature of real-world decision making. As Shepard, Goldsby and Gerde (1995) suggest, this makes it more difficult for students to jump to a hasty decision.

Should the reader be interested in adopting a similar project, the remainder of the paper provides a case summary, student and instructor responsibilities, debate procedures, and evaluation of the exercise.

### **Case Overview**

Weaver's Cove Energy of New York has proposed the construction of a liquefied natural gas (LNG) receiving terminal on 15 acres of a 68-acre site in Fall River, Massachusetts. Weaver's Cove (2003) states that its facility would be larger than, but technically similar to, an existing LNG plant that has operated safely in the city for more than 30 years. The principal difference, besides size, between the two facilities is that the new plant would have the capability to unload LNG from tankers bringing the gas from overseas. A short length of new pipeline will be built to link the facility to the Algonquin Gas Transmission Company natural gas transmission system in the area. Weaver's Cove (2003) claims that the site, which is on a navigable stretch of deep water, can only be used for industrial development because it is a “brownfields” site, that is, it has ground contamination from its use as an oil refinery 80 years earlier.

At a hearing on the LNG facility, several residents from Fall River and the town of Somerset on the opposite riverbank condemned the proposal by Weaver's Cove (2003) as “unwanted, unnecessary and dangerous” (Finlaw, 2003, July 30). Fall River Mayor Edward M. Lambert Jr. stated, “This will be a very difficult project to site, and the city will use whatever authority within its means to speak out against this project” (Finlaw, 2003, August 3). One of his major objections was that Fall River is a densely populated urban area and that there is a risk of explosion from the natural gas. Everett Castro, spokesman for the local environmental group Green Futures, read from a letter written by Green Futures President Tim Bennett who is concerned about the Fall River facility being the only one of its kind for which tankers would have to pass beneath four bridges en route. When LNG tankers visit the Port of Boston, transit procedures suspend the passage of vehicular traffic over the one bridge the tanker must pass beneath. Additionally, the presence of bridges is indicative of both the length of transit from the ocean, as the ship must travel some 15 miles up the length of Narragansett Bay, and indicative of the significant residential populations along the transit route.

## **Complicating Factors**

In addition to the main concerns about the installation of the LNG facility, there are several complicating factors that the students must consider. Each is briefly addressed below.

The first factor is the economic state of the city of Fall River. Fall River has been an economically depressed area of Massachusetts since the textile industry moved south after World War II. It frequently leads the state in unemployment. Unemployment in fall 2003 was 8%, about two percentage points higher than the state average of 5.6%. During the summer of 2003 the unemployment rate hit 10%, almost double the state unemployment rate and significantly higher than the national average (Fall River Economic Statistics, 2003) .

The City of Providence, also on Narragansett Bay, already has a small waterfront LNG storage facility at Fields Point. The city has suggested that it might be interested in providing storage facilities for such a project. This increases the competitive environment, although neighboring municipalities are on record as opposing the current presence and any expansion of the facility.

Brayton Point, a local coal-fired electrical generating plant consistently listed as one of the nation's "Dirty Dozen" for its high levels of pollution, is located across the river from the proposed Fall River site. An allied proposal has alluded to providing LNG for this plant, thereby mitigating its damaging effects on the environment.

New England must import its energy because it lacks energy resources to supply industrial and residential needs. Any energy used must be generated artificially or purchased from outside the region at high costs. In a geographic area that has already suffered from loss of industry, mainly manufacturing, the high fuel and energy costs are making it difficult for residents and businesses to continue to thrive there.

Finally, the events of September 11, 2001, have made any potential fuel depository and its supply route possible terrorist targets. For local residents, the threat of terrorism is very real because New York City is so close and because both jets that hit the World Trade towers in September 2001 departed from Boston's Logan Airport, just 50 miles away. The sense of vulnerability is heightened and particularly acute for emergency response teams because risks include both industrial accidents and possible terrorist action. The recent economic downturn has affected revenue sharing, diminishing the available resources for public safety.

## **Pework**

Using the concept of stakeholders to initiate discussion, the instructor provides the students with an assignment sheet describing the debate project (see Appendix 1), a description of the debate procedure (Appendix 3), and a summary of the four ethical frameworks to be used as a component of position development (Appendix 4).

In class, students read the assignment sheet (see Appendix 1) that includes a synopsis of the positions of six stakeholder groups. Those who are pro-LNG installation are: Weaver's Cove, busi-

ness owners in Fall River, and the State of Massachusetts. Those who are anti-LNG installation are: Local police force and fire fighters; Fall River residents; and Green Futures, a Save the Bay affiliate. Save the Bay is a nationally recognized environmental group organized to restore and preserve the natural resources of Narragansett Bay.

Students are allowed to make a preliminary selection of membership group according to their initial impression. As the instructor requests volunteers for each stakeholder group, students ask to be placed in a particular group. The total number of members for each stakeholder group is usually no more than 6. As groups fill, students may be placed in an alternate group, usually with the same general viewpoint of being for or against the facility. Students are then asked to gather with their group members. During this initial meeting, students are reminded to obtain contact information for all group members.

More detail is then provided to the groups regarding the writing of the position paper for their stakeholder group. The paper must describe three major arguments supporting their position, one argument they anticipate will be used by an opponent, and a rebuttal to that argument. In constructing their positions and rebuttal, students are required to support them with facts that are appropriately cited. The position paper must also incorporate the relevant ethical frameworks.

To assist them with the research process, the students are directed to read additional material from newspapers as well as web sites for Weaver's Cove and the Environmental Protection Agency (EPA). Links are provided electronically using Blackboard, an online instructional software tool. Alternatively, the materials could be distributed as handouts, saved onto an instructor's personal web site, or placed on library reserve, depending upon institutional support. An updated reference list of these materials is provided (Appendix 2). Familiarizing students with the research materials and requirements will take from 50-60 minutes.

During the next class meeting, students are permitted some time (10 to 15 minutes) in order to regroup and further discuss their strategies. This time is also used for any necessary clarification regarding the assignment.

The time between the assignment of the debate and the debate itself should be from 1-to-2 weeks in order to allow for sufficient research and preparation. The paper should be due the class period preceding the debate to allow the instructor to familiarize him/herself with each group's positions in preparation for the debate itself.

## **The Debate**

The class debate is organized as a Fall River City Council hearing and follows standard parliamentary debate format. The council members sit at the head of the class and the pro and con groups are seated to the right or left of the council. Representatives from each of the six groups give an opening and a closing statement, with open debate being conducted in between (Appendix 3). The groups in favor of the LNG proposal present their opening statements first. Each group is allowed three minutes for this statement. After the open debate, the groups opposing the facility are first to present their closing arguments. Two minutes are allowed for each group's

closing argument, therefore, the instructor must instruct the council to end the open debate period when approximately 15 minutes are left to the class period. This will allow for the closing arguments as well as time for council deliberation. The debate theory behind this ordering is that the issue before the city council represents a proposition for change. The presumption is that the status quo is just fine, unless those proposing change can provide good arguments otherwise. Thus the more difficult responsibility (of overturning presumption) resides with those who desire change; therefore they get the first and the last say. (The reader will recognize that presentations from lawyers in court cases – where the defendant is presumed innocent—are similarly ordered; the prosecution speaks first in opening arguments and last in closing presentations.)

The city council members are students who are not class members. They take on the “speaker of the house” role, maintaining order, judging the debate, and rendering a decision for the city of Fall River. In this way, the instructor need not inject him/herself into the debate and hence is not seen by the students to favor one side or the other. In our school, members of our business student fraternity, Delta Sigma Pi, volunteer to act as the city council persons. The students who form the council also become an important component of the evaluation. This debate is one of the few instances where first year students get to participate with seniors in an academic exercise. Often, a contemporary, such as a fellow student, can speak more convincingly than a faculty member.

Any other business school student association could be asked for assistance with this portion of the debate. If there is no such group in the business school, students could be solicited from other upper division business classes. We have found that juniors and seniors who themselves participated in the debates as freshmen are eager to return as city council members.

Once closing arguments are complete, the council leaves the room in order to deliberate. After the decision is announced the instructor leads a debriefing session as discussed earlier. For a 90-minute class, this session can be conducted immediately following the debate. For a 60-minute class, the debriefing can be done in the next class meeting. Some questions to ask would be “Which ethical framework did you use?” “Why was this framework chosen?” “How should organizations incorporate their stakeholders’ perspectives in day-to-day operations?” “What was the most compelling argument for the pro/con side?” (Note: after this question is asked, the instructor could request that students write a short answer. The responses can then be shared orally, revealing whether the pro/con sides agree on the most powerful arguments.) Questions can also be asked of each side, such as, “How would you rebut the winning argument?” or “What did the losing side forget to mention in their presentations?” The goals of the debriefing are to encourage reflective thinking and to have students begin to view and respect each other as having developed expertise through the academic exercise.

### **Evaluation of the Exercise**

Students are graded on three aspects: the group paper, the debate participation, and a peer evaluation. In one faculty member’s peer grading process, students are given 50 points that must be divided among the group members. Using the example of a five-person group, if each person contributed equally to the debate preparation, each member would assign 10 points to each (in-

cluding him/herself). Each group member would thus receive a total of 50 points. In groups where the workload had been unevenly distributed, points would be allocated accordingly. This point assignment is completed anonymously to allow for more honest reporting by group members, especially in cases where there is an unequal workload distribution. The peer grade contributes approximately 25 percent to the assignment grade. The group paper is given the most weight, at 50 percent, and the final 25 percent of the grade is determined by the debate participation.

Another faculty member augments the peer evaluation grade with a short reflection piece by each student. In this short essay students evaluate their successful arguments and suggest other approaches they might have taken or another point they might address should they be asked to represent their group at a subsequent hearing. With this approach, 15 points are assigned to the peer evaluation and 10 points to the reflection. As students become more familiar with the tools in Blackboard, it would be possible to move this reflection to a discussion board, so that all students can share the experience. An instructional challenge is to get the students to appreciate different perspectives and these digital tools can help that process.

Students like the peer grading because many of them have had negative experiences in previous group work. Students whose groups have "slackers" appreciate the opportunity to allocate points accordingly. In practice, however, most groups allocate points equally to all members.

The final evaluation element involves the upper-class students who participate as "judges." As already noted, in our experience, many students are eager to assume this role as it gives them an opportunity to revisit an assignment that they enjoyed. We also find that their participation helps reinforce how much they have learned since their freshman year. "Did I sound like that?" is an often asked question.

The time needed for the entire exercise is approximately two 50-minute class periods. The first is to review the assignment and select groups. The second is for the debate itself. A portion of another class, 10 or 15 minutes, should be used to allow groups to meet and ask questions about the assignment. For classes that meet for a longer period, the debate class could include both the debate and the discussion/debriefing period. The research/debate format is sufficiently flexible that it can be introduced in smaller segments over a longer period of time if an instructor so chooses. The debate and debrief, however, need to be sequential for the best benefit.

### **Instructor Preparation**

The instructor should review the case and introductory articles in order to become familiar with the stakeholder groups involved and their arguments pro and con. The readings on social responsibility and obligation should be prepared to provide a context within which students can evaluate the organizations involved. The maximum number of group members should be decided in advance based on the number of students in the class. If the materials are to be provided on Blackboard or a faculty web site, they need to be set up there or hard copies may be placed on library reserve. Finally, copies of the initial assignment information should be prepared. Once

the debate has been completed, the instructor leads the debriefing session and collects the peer grading, which is completed anonymously as noted earlier.

### **Instructor Experience**

This exercise involves students in the processes of integrating information and theoretical concepts in order to construct a well evidenced position about a current issue. In the process, students develop an understanding of the manner in which people use/misuse facts to argue a point that reflects their stake in a decision. During and after the debate, they will question speakers about the source(s) of their facts. They will then evaluate the source, oftentimes questioning the source's impartiality. Student comments in end-of-the-semester surveys are overwhelmingly positive about the ethics debate. Students report that it is "fun" and "a good break from regular assignments." They also write that the experiential approach made them "really learn" the different ethical frameworks. Additionally, as noted before, students begin developing their ethics language skills and come to understand how the increased vocabulary can make them better advocates and decision makers.

We have been conducting and refining this assignment over a four-year period and offer the following observations. Student debate is usually quite lively, with some students taking on speech patterns and mannerisms to reflect the "role" they play as stakeholders. Many construct visual materials to enhance their presentation and distribute these materials to their opponents. During the debate, students may comment on the quality of the arguments raised by opposing groups with "shame" and support their own side's comments with "hear, hear" (they also find acceptable substitutes for these terms).

Students usually remain loyal to their groups, although, after the debate, they will admit to seeing the validity of other stakeholders' arguments. These comments indicate that students are learning about the complex nature of corporate decision making and are developing an appreciation for the real people and issues involved. This exercise has had the particular benefit for the participants of becoming knowledgeable about a real-world event that plays out during the debate. When they read accounts of the issue, they now have a broader framework in which to judge the reporting. They also become more critical interpreters of arguments about issues with which they are less familiar. They now have firsthand knowledge of how information can be used and misused; they also begin to understand the nuances that make decision making less clear cut.

It is important to clearly explain the link between the assignment and other class activities and topics. Emphasizing the use of appropriate citations of material, for example, provides another way to incorporate ethics into the assignment—in this case, the professional academic standards of rigorous documentation and avoiding plagiarism. Otherwise, there is the risk of students viewing the debate as just a way to put some variation into instructional methods without an appreciation for the learning goals that exist within the exercise itself.

The "town council" has rendered different decisions in different classes in this case thus far, depending on the strength of the arguments of each side. In addition to the decision, these students

have provided the rationale behind it, allowing the debate groups to see how their presentations are perceived by an outside group.

In the follow-up discussion, students are asked to identify which ethical framework was used by their stakeholder group to justify their actions and viewpoints. They see that ethical frameworks are not just abstract concepts, but rather are truly influential in formulating a position and in advocating for it in a public forum. A successful technique to get students to participate more in the debriefing and evaluation is to ask the opposing party to explain the framework and justification of their opponents. The struggle in the debriefing is to get the students to see beyond winning and to appreciate the process of the debate. Focusing on the outcome and not the process is common to experiential classroom exercises; guided reflection, especially reframing, can help students recognize their own development (Kolb, 1984).

## **Conclusion**

We have used and refined this debate structure, as well as other debate topics, over the course of four years. The LNG debate has become the best debate as the materials are rich, the debate touches on federal and international issues, and the debate is a real-world, on-going issue, which allows us to update it and add fresh material. Students can be very sensitive to reading about time-dated issues.

In discussions with people planning to adopt this model, we have also found that almost any region has local issues amenable to this method. In the past, we have used casino gambling, especially Indian gaming, which is increasingly an issue in many other states. Recently we have begun collecting data on state subsidies to attract and retain industries through "tax holidays" and low cost funding tied to job creation. This is likewise a 50 state issue which lends itself to discussions of outsourcing. The recent concerns regarding privacy and the security breaches at credit agencies, coupled with off-shore operations, makes for a rich area of debate that highlights the global challenges. Having used this debate format with situations developed by other faculty to design our own case, we would encourage interested readers to contact the authors should they be interested in adapting this process to their teaching.

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## APPENDIX 1

### The assignment

#### Enterprise Class Debate Assignment

For this exercise, students will assume the roles of various stakeholders in a controversy surrounding the installation of a liquefied natural gas (LNG) import terminal facility in Fall River, Massachusetts.

Weaver's Cove Energy of New York is the developer of the proposed LNG facility. The facility would consist of a 280-foot diameter storage tank capable of holding 3.5 billion gallons of LNG, trucking facilities, and a docking facility. The dock would provide a berth for the 900-foot LNG tankers that would service the tank on a weekly basis. They would like to have this project completed as soon as possible in order to begin earning some income from it. The company must, however, obtain the approval of the various government bodies such as the Environmental Protection Agency and state agencies.

Divide yourselves into six groups, representing the following stakeholders:

Weaver's Cove

State of Massachusetts

Local business owners pro LNG

Local police and fire departments

Local residents against LNG

Green Futures/Save the Bay

### **Responsibilities of Group Members**

- Put yourselves in the place of representatives of your respective group. Think about the issues from their point of view.
- Determine the group's best arguments either for or against the LNG facility (whichever is appropriate). Include economic, ethical, environmental, and social issues.
- Determine what you think each of the opposing groups' arguments will be. Prepare at least one response to an opposing group's best argument.
- Decide on two spokespersons for your group. One will make the introductory remarks on behalf of the group; the other will be responsible for the concluding comments.
- To develop knowledge of the issues of social responsibility versus social obligation, there are two web sites to review. They are on Blackboard.
  - The first site contains an article authored by Milton Friedman, the economist, who discusses the concept of social obligation. The web site address is: <http://www-rohan.sdsu.edu/faculty/dunnweb/rprnts.friedman.html>.
  - The second site contains The Caux [rhymes with "Go"] Principles, developed by The Caux Roundtable, which introduces the concept of social responsibility. The web site address is: <http://www.cauxroundtable.org>. From there, click on "Business Principles" (on the left side) and then download the principles in whatever language you choose.
- In order to complete this project thoroughly, you will need to conduct some outside research in addition to reading the materials on Blackboard. All sources must be documented in the paper and in the references at the end.
- Write a group position paper to be submitted on \_\_\_\_\_.
- The debates will be held on \_\_\_\_\_.
- On the day of the debate, Delta Sigma Pi students will act as the local town council, which has called a special meeting to hear the arguments of all the stakeholder groups.

### **Information about the groups**

In order to properly present the position of your stakeholder group, you will need to obtain additional information about the group, its viewpoints, and its activities. On Blackboard are several articles to get you started, but you should expand your research beyond these.

### **Weaver's Cove—the developers**

This company is providing LNG, a cleaner burning fuel to a high fuel cost area. The firm intended to file the environmental report in November, 2003, and would like to have the facility completed by 2007.

### **State of Massachusetts**

The project represents a \$250 million "investment" in the city, and would add \$3 million to the city's tax base. This tax assistance would help reduce the city's dependence on state funding and provide low cost energy to state residents.

### **Local business owners pro LNG**

The town of Fall River's economy has declined since the heyday of manufacturing with unemployment rates consistently above the state averages. Business/industrial users of LNG want to lower energy costs for their companies.

### **Local police and fire departments**

There is a concern among emergency personnel about issues of terrorism risks associated with the LNG site. They are also anticipating increased costs due to responses to industrial accidents that could take place at the facility, endangering the local community.

### **Local residents against LNG site**

Residents are concerned that an industrial facility will affect the values of their homes, in a negative way, by placing a potential target for terrorism in their neighborhood and by increasing traffic.

### **Green Futures /Save the Bay (Environmental Groups)**

These groups, which focus on the well-being of the natural environment, argue that the Fall River area already has environmental threats in the form of a landfill, the former incinerator, and Somerset's two "Filthy Five" coal-burning power plants. They feel that the LNG terminal would add to the region's already vast list of environmental hazards.

## **APPENDIX 2**

### **Additional sources**

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### APPENDIX 3

#### Debate procedures

#### **Debate Format**

The debates will follow the format for parliamentary debates. Representatives from one party sit on one side of the room. Representatives from the other party sit on the other side of the room.

The town council will call the meeting to order and will review the rules of debate.

The meeting will begin with a brief opening statement by each group's first spokesperson, with the groups in favor of the LNG facility speaking first. Each group will have three (3) minutes to present its best argument.

After the initial presentations, the town council will entertain comments from anyone (to address the issues brought forward by the groups).

- During this open debate period, the town council will recognize speakers from each side in an alternating fashion.
- Speakers are asked to address only one argument per speech.
- If you agree with the speaker, the proper way to express agreement is by saying, "Hear, hear."
- If you disagree with the speaker, especially if he or she is making a poor argument, the proper expression is, "Shame."
- Intelligent heckling is allowed during the open debates.

At all times, the town council is responsible for keeping order in the house.

After the open debate, the second spokesperson from each group will make a two (2) minute closing statement. This person should present the group's best remaining argument, briefly explaining why it still "stands" even in the face of arguments from the opposing side. Representatives from the anti-LNG facility groups will speak first this time.

If you change your mind during the debates, you may cross the room to sit with the other side.

#### **Criteria for Decisions**

After the debate is concluded, the town council will render a decision based on how persuasive the arguments were. The criteria are as follows:

- How well reasoned the arguments were.
- How well evidenced the arguments were.
- How well each side responded to the specific arguments made by the opposing side.

### APPENDIX 4

#### Summary of four ethical frameworks

#### **Ethical Decision Making**

While there are a number of different ethical frameworks available to guide decision making, four are presented below. We will review these in class and you will be expected to employ at least one of these approaches in your argumentation in the ethics debate.

## Four Ethical Frameworks

Presented below are four ethical frameworks: utilitarian, prima facie duties, proportionality, and social justice. Because no system will tell you which decision to make, these approaches are called frameworks; they provide a rationale on which to base your decision. A good review article, written by a marketing professor Gene Laczniak and printed in the 1983 Journal of Macromarketing, provided the basis for the material that follows: Gene R. Laczniak (1983), "Frameworks for Analyzing Marketing Ethics" Journal of Macromarketing, Spring 1983.

*Utilitarian.* The utilitarian approach looks for the decision alternative that produces the greatest good for the greatest number of people. This approach to moral reasoning is referred to as "teleological" or "consequential." When an ethical situation arises, you act in the way that produces the desired results (the "greatest good for the greatest number"). Thus an action is "good" or "bad" (moral or immoral) depending on the results of the action. The trick here is the determination of whom to include in the "greatest number" and what we mean by "good."

*Prima Facie Duties.* This framework, proposed by David Ross, assumes there is a set of duties that constitutes inherent moral obligations. This approach to moral reasoning is referred to as "deontological." It is a rules-based system. When an ethical situation arises, you ask yourself, "What rules apply here?" And then you base your actions on the applicable rule(s). Your actions themselves are either moral or not depending on whether you act in accord with these duties. The trick here is determining which duty or set of duties has precedence.

- Fidelity - telling the truth and keeping contracts.
- Gratitude - honoring special obligations between partners or associates.
- Justice - ensuring that rewards and punishment are doled out according to merit or lack thereof.
- Beneficence [Beh-NEH-feh-zens]- you have the duty to improve the intelligence, virtue, or happiness of others if you have the opportunity.
- Self-Improvement - actions should be taken to improve your own personal virtue, intelligence, or happiness.
- Non malfeasance [Non-mal-FEE-zens]- the duty not to injure others.

*Proportionality.* Thomas Garrett authored this framework, which asks the decision maker to consider the intention, the means, and the ends (results) of a decision. Knowledge about whether a course of action should be undertaken or not involves consideration of all three aspects of the decision.

- If our intentions are "good," then we can continue with our decision making; if the intentions are not good, we must stop. Garrett provides no specific guidance for judging intentions, however.
- If the means we would use are legal and "good," then we can continue; if not, we must stop.
- Finally, we assess the "ends" or results of our decision. Negative unintended consequences may be risked only if the means and ends are good, and there is a proportionate reason for taking the risk. In no case, however, can a negative unintended consequence

result in a "major evil" (the loss of some capacity that an individual or an organization needs in order to function).

This approach to decision making has elements of both teleological and deontological systems. Garrett developed his framework specifically for business applications when the results cannot be known in advance, but we can gather enough data to make a judgment about the most likely outcome. Thus business people often risk some negative consequences and need guidance for determining when that risk is justified and when it is not.

*Social Justice.* Finally, the social justice framework, developed by John Rawls, suggests that the best vantage point for ethical decision making is to step back and ask ourselves what sorts of rules people might agree to in advance of needing them. For Rawls, this "stepping back" involves putting ourselves in what he terms the "original position." That is, we need to think about how to make ethical decisions prior to knowing who we are and what our position in society is—prior to knowing if we are people with power in society or if we are powerless members of society. Rawls argues that from this original position, people would agree to follow two principles: the Liberty Principle and the Difference Principle. In following the Liberty Principle, we would agree to make decisions that would offer the most liberty possible. In following the Difference Principle, we would limit liberty only in the instances in which we needed to provide protection for the most disadvantaged members of society. Thus, a decision is ethical if it provides the most liberty possible with concomitant protection for the least powerful stakeholders.

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