



DEPARTMENT OF LEGAL STUDIES AND BUSINESS ETHICS
LGST 100-005: ETHICS AND SOCIAL RESPONSIBILITY
Spring 2019

Classroom: 255 JMHH
Office: 651 JMHH
Class Times: Tuesday 3:00-6:00

Professor: Djordjija Petkoski
Phone: 215-898-7689; 301 785 135(m)
Email: petkoski@wharton.upenn.edu

Office Hours: By appointment. Should you have any questions or concerns about the class, please do not hesitate to see me. Please contact me via email petkoski@wharton.upenn.edu to set up a meeting or phone call time.

INSTRUCTOR

D. Petkoski is a Lecturer and Senior Fellow at the Wharton School and serves as an adviser and consultant to the World Bank, ILO, IOE, OAS, other development organizations, governments, and global companies. At Wharton, he teaches courses on responsibility in global management, corporate responsibility and ethics, and social impact and responsibility in the MBA, undergraduate, and executive programs. He held various senior positions at the World Bank, including head of the Business, Competitiveness and Development Program. During his nearly 20 year tenure at the World Bank he focused on multi-disciplinary and multi-stakeholder approach to business and development issues; competitiveness and sustainable development at the national and corporate level; anti-corruption and ethics; collective action and the changing role of business in society; innovation and knowledge exchange; and leadership and leading and managing change. Five years ago, he co-launched Ideas for Action (I4A), a joint initiative created by the World Bank and the Zicklin Center at Wharton. I4A¹ is a knowledge and action-oriented platform that provides young leaders around the world with a unique opportunity to help shape the international development agenda with emphasis on the Sustainable Development Goals (SDGs). In addition to two Ph.D. (one in Economics and one in Electrical Engineering), he has an MPA from the Kennedy School of Government, Harvard University. He was a Fulbright Scholar at Harvard University and a Visiting Scholar at Massachusetts Institute of Technology.

OVERVIEW

This course explores corporate responsibility and ethics from a multidisciplinary and multi-stakeholder perspective. It reviews theories and practice of corporate ethics, responsibility, and liability and

¹The I4A Initiative has reached nearly 2,000,000 individuals by print and social media. Over 1,800 registered teams with more than 10,000 students and young professionals from 130 different countries sent over 2,100 proposals. In addition, Ideas for Action hosts special events at the IMF and World Bank Annual Meetings. For more details visit: <http://www.ideas4action.org/>. Starting 2018 he is also co-chairing the SDGs&Her, a joint initiative created by the World Bank, the Zicklin Center at Wharton, UNDP and UN Woman.

illustrates how they apply to a number of complex business, development, and policy situations in the evolving global business landscape. Issues are organized in relation to key stakeholders of business leaders in a global economy: the providers of capital, business partners, consumers, clients, labor, multilateral development actors, and the broader society. The course emphasizes the interplay between the economic dimensions of these issues as well as their ethical, environmental, and social aspects. Its objective is to help students anticipate complex issues that they will confront in their professional careers and to develop skills to think more clearly and critically about how such issues can and should be resolved. This action-oriented course will help students to analyze the ways in which these issues ought to figure in decision-making by responsible business leaders and in the structure and activities of business and hybrid enterprises. Various frameworks will be presented that can be used in identifying, structuring, executing, and evaluating business led projects with economic and social goals.

Thought-provoking class sessions help reframe issues so that the right problems are addressed. The focus is on rigorous and in-depth analysis of real-life cases, role-playing and decision-making exercises, and theoretical frameworks and tools used for interpreting practical problems in business with strong ethical challenges and making business a force for co-creating blended value and shared prosperity. To assure that the course concepts remain anchored in practical application, students will form teams reflecting their career interests or past experiences in particular industries. They will then prepare a class presentation to be delivered in the last class outlining action plans that resolve conflicting business, ethical, and responsibility dilemmas in creating blended value. This project work will provide additional flexibility for personalized intellectual exploration, based on students' background, experience, and career paths. The students will submit their proposals to the I4A program/competition with the World Bank, as well as participate in IdeasLabs, jointly organized with the World Bank². Writing assignments will also be tailored to meet students' individual needs and interests.

GRADING

Overall Contribution to Class (35%) The course is intended to allow students to develop the analytic skills and substantive framework to address challenges as they arise in business. Many of these challenges will involve justifying one's position to those in disagreement. To this end, the course emphasizes articulating reasoned arguments. Class participation is an integral component of this emphasis. Accordingly, unexcused absences will count against one's grade. Class attendance, class participation, class debates, case study analysis, assignments, project work, instructor evaluation, and peer ratings will comprise 35% of the grade. The Peer Rating component will work as follows. Each student will rate (on a secure website with confidentiality assured) each other student on a 1 (bottom) -- 10 (top) scale based on that peer's overall, demonstrated contribution to the class's learning and development. Comments on each student's specific contributions will be solicited and weighed in the "Contribution to Class" grade awarded by the instructor. The submission of a "legacy paper" is also required (pass/fail).

Midterm Exam (20%) A midterm exam, given in class, will account for 20% of the available points. The midterm exam will focus on utilizing the readings in case study analysis.

² In 2015 and 2016, respectively one project from Wharton was among the three winning submissions, out of nearly 400 submissions per year globally. In 2017 a project from Wharton was among the six finalists. For more details visit: <http://www.ideas4action.org/> or Facebook: https://www.facebook.com/ideas4action?view_public_for=1550087675237501

Final Exam (45%) A final exam will account for 45% of the available points. The final exam will focus on utilizing the readings in case study analysis.

Legacy Assignment (Due Date: **Beginning of Second Session**): Students will be required to submit a short note two pages in length (12-point type, doubled spaced) on *My Legacy: In 2050, when you look back at your life (both personal and professional) what will you consider to be your main achievement – your legacy?* Students should bring a hard copy to be submitted at the beginning of the second session as well as submit their assignment on the *Canvas* course website or send by email prior to class. Pass/Fail grade.

Project Work: At the very beginning of the semester, students are required to specify a need with strong economic, and social and/or environmental dimensions and to evaluate the potential and appropriateness for the need to be met through a business-based approach. Examples of business-based approaches include harnessing existing business enterprises, starting a new business or social enterprise, government policies to encourage business involvement, and applying business skills and thinking to non-business organizations. This project work aims to provide additional flexibility for personalized intellectual exploration, based on students' background, experience, and career paths.

Final grades, consisting of class participation, project work, class debates, and assignments (35%), mid-term (20%) and the final exam (45%), may be adjusted to conform to an acceptable distribution. This curve may increase or decrease the final grade awarded.

Change of Grades: With the exception of clerical/coding errors, there will be no change of grades issued after final grade sheets are delivered to the University Registrar.

EXPECTATIONS - CONCERT RULES

Class will be conducted according to concert rules:

- Class starts and ends exactly on time. Students and faculty are expected to be timely.
- Students are to sit according to a seating chart.
- Students should remain in attendance for the duration of class, except in an emergency.
- Students should display nameplates.
- Aside from cases of major illness, an absence may be excused only with prior notice to the professor – who will decide in accordance with his own discretion whether or not to excuse the absence.
- No computers, tablets, or other electronic devices may be used in class. Nope, not kidding.

GUEST SPEAKERS

Guest speakers are invited to address the topics in the course. Whenever possible, opportunities will be arranged for students to interact with speakers outside of class. **The order and content of topics in the reading list and calendar may change depending on the schedule of guest speakers.**

READING LIST AND COURSE OUTLINE

There is no textbook for this course. This syllabus and the readings are subject to change at the discretion of the instructor to accommodate the flow and interests of the class. New cases and material may be substituted for those listed. If unsure of any assignments, please ask for clarification at the end of class. **Canvas should list specific assignments and due dates.** “S” = material available through Study.net (<https://www.study.net>). All other materials are available through Canvas (<https://wharton.instructure.com/login>) drawn from a variety of primary and secondary sources. The reading for each class must be completed before the lesson for which it is assigned.

Class 1, January 22

INTRODUCTION AND OVERVIEW: WHAT’S A BUSINESS FOR?

Required Readings:

1. Milton Friedman, “*The Social Responsibility of Business Is To Increase Its Profits*”, New York Times Magazine, September 13, 1970. Reprint 96502. **S**
2. Sen A., “*Does Business Ethics Make Economic Sense?*” In from Donaldson, T., & Werhane, P. H. (Eds.) *Ethical Issues in Business: A Philosophical Approach* (8th Edition). Upper Saddle River, N.J.: Prentice Hall, pp. 256-264, 1993 **S**

Case Study:

1. Debora L. Spar, “*Hitting the Wall: Nike and International Labor Practices*”, Harvard Business School Case 9-700-047, September 6, 2002. **S**

Additional Readings (optional):

1. Charles Handy, “*What’s Business for?*” Harvard Business Review, December 2002.

Class 2, January 29

ETHICAL REASONING AND RESPONSIBILITY ACROSS CULTURES

Required Readings:

1. Thomas Donaldson and Patricia Werhane, “*Introduction to Ethical Reasoning*”, from Donaldson, T., & Werhane, P. H. (Eds.) *Ethical Issues in Business: A Philosophical Approach* (8th Edition). Upper Saddle River, N.J.: Prentice Hall, pp. 1-12 **S**
2. Donaldson, Thomas, “*Values in Tension: Ethics Away from Home*,” Harvard Business Review, September-October, 1996. **S**

Case Study:

1. Petkoski Dj. *Restoration of the Sea Star*, World Bank Institute, the World Bank, 2002³

Legacy Assignment:

Please submit a short note, two pages in length (12-point type, doubled spaced) on *My Legacy: In 2050, when you look back at your life (both personal and professional) what will you consider to be your main achievements – your legacy?*

³ Available on Canvas

Class 3, February 5

MANAGING FOR STAKHOLDER, RESPONSIBILITY, AND PERSONAL VALUES

Required Readings:

1. R. Edward Freeman, "Managing for Stakeholders," from Donaldson, T., & Werhane, P. H. (Eds.) *Ethical Issues in Business: A Philosophical Approach* (8th Edition). Upper Saddle River, N.J.: Prentice Hall, pp. 39-53. **S**
2. Clayton M. Christensen, *How will You Measure Your Life?* Harvard Business Review, July-August, 2010 **S**

Mini Case Study⁴:

1. Zimpel

Class 4, February 12

STAKEHOLDERS RESPONSIBILITY, NEW CHALLENGES, AND INSTITUTIONAL VOID

Required Readings:

1. Rangan, Kasturi, Lisa Chase, and Sohel Karim. "The Truth about CSR", Harvard Business Review 93, (January–February 2015): 40–49. **S**
2. The Role of the Corporation in Society: An Alternative View and Opportunities for Future Research by George Serafeim; Working Paper 14-110, HBS, May 5, 2014 **S**
http://www.hbs.edu/faculty/Publication%20Files/14-110_e7a7f1b3-be0d-4992-93cc-7a4834daebf1.pdf
3. Jamie Dimon and Warren E. Buffett, *Short-Termism Is Harming the Economy*, WSJ, June 7, 2018 **S**
(<https://www.wsj.com/articles/short-termism-is-harming-the-economy-1528336801>)

Case Study:

1. Ray Goldberg, Carin-Isabel Knoop, and Djordjija Petkoski, *Seeding Growth in the Democratic Republic of Congo*, Harvard Business School Case Study, 2013 **S**

Additional Readings (optional):

1. Donaldson and Dunfee, T., "A Social Contracts Approach to Business Ethics," from Donaldson, T., & Werhane, P. H. (Eds.) *Ethical Issues in Business: A Philosophical Approach* (8th Edition). Upper Saddle River, N.J.: Prentice Hall, 448-453.

Class 5, February 19

CORPORATE RESPONSIBILITY AND DEVELOPMENT: RESPONSIBILITIES IN FRONTIER MARKETS and BoP

Required Readings:

1. V. Rangan, M. Chu, D. Petkoski, *Segmenting the Base of the Pyramid*, Harvard Business Review, 2011. **S**
2. C. M. Christensen, E. Ojomo, and K. Dillon, "Cracking Frontier Markets", Harvard

⁴ The mini case will be made available on Canvas

Case Study:

1. Djordjija Petkoski, Firmenich in India: Changing the Rules of Engagement with Low Income Consumers, 2014⁵

Additional Readings (optional):

1. Petkoski, D., Kasturi, R. V. & Laufer, W., Guess Editors, *Business and Poverty: Opening Markets to the Poor*, Development Outreach, World Bank, Volume 10, Issue 2, June 2008.

Class 6, February 26

CORPORATE RESPONSIBILITY, LEADERSHIP, AND SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Required Readings:

1. Djordjija Petkoski, *Sustainable Development Goals as a Business Case: Redefining the Post-2015 Development Agenda for the Private Sector*, GIZ, 2015⁶
2. Women Leaders and Organizational Change by Mallory Stark, Working Knowledge, HBS, Dec 15, 2003
<https://hbswk.hbs.edu/item/women-leaders-and-organizational-change> S
3. How Technology Can Help Solve Societal Problems, by Barry Libert, Megan Beck, Brian Komar and Josue Estrada, Knowledge@Wharton, April 21, 2017
<http://knowledge.wharton.upenn.edu/article/technology-can-help-solve-societal-problems/> S
4. Beyond Heroic Entrepreneurs by Carmen Nobel, Working Knowledge, HBS
<https://hbswk.hbs.edu/item/beyond-heroic-entrepreneurs>

Additional Readings (optional):

1. Ray Goldberg, *Food Citizenship – Food System Advocates in an Era of Distrust*, Oxford University Press, 2018
2. Report, *THE POST-2015 DEVELOPMENT AGENDA AND ITS IMPACT ON BUSINESS*, International Labor Organization, 2016⁷

Spring Break, March 5

Class 7, March 12

CORRUPTION IN GLOBALIZED WORLD and Midterm Exam Review

Mini Case Study⁸

1. *Padma Bridge and the World Bank*

⁵ The case study will be made available on Canvas

⁶ The book will be made available on Canvas

⁷ The report will be made available on Canvas

⁸ The mini case will be made available in the class

Media Reports (do your own web-search):

- *The Panama Papers - Where the real money is, 2016 (optional)*
- *The U.S. Is Seizing \$1 Billion in Assets in Malaysia's 1MDB Corruption Case, 2016 (optional)*
- *BNP Paribas Scandal and \$8.9 Billion Penalty, 2016 (optional)*

Additional Readings (optional):

1. William S. Laufer, *Corporate Bodies and Guilty Minds: The Failure of Corporate Criminal Liability*. Chicago: University of Chicago Press, 2006.
2. Joseph L. Badaracco, Jr., *We Don't Need Another Hero*, Harvard Business Review, 2001.

Class 8, March 19

INNOVATION LAB: CREATING SHARED VALUE AND BLENDED FINANCE

Required Reading:

1. Andrew Crane, Guido Palazzo, Laura J. Spence, and Dirk Matten, *Contesting the Value of "Creating Shared Value"*, UNIVERSITY OF CALIFORNIA, BERKELEY, VOL. 56, NO. 2 WINTER 2014
CMR.BERKELEY.EDU S

Case Study:

1. Djordjija Petkoski, *Firmenich in Uganda*, 2014⁹

Additional Readings (optional):

1. Michael E. Porter and Mark R. Cramer, "Creating Shared Value," *Harvard Business Review* (January 2011), 89: 66.
2. Zander Lurie, "How I did it – SurveyMonkey's CEO on Creating a Culture of Curiosity", *Harvard Business Review*, pp. 35-39, January/February, 2019
3. N. Furr, J. H. Dyer, and K. Nel, "When Your Moon Shots Don't Take Off", *Harvard Business Review*, pp. 112-117, January/February, 2019

Class 9, March 26

CORPORATE RESPONSIBILITY AND SDGs

Required Readings:

1. Djordjija Petkoski, *Sustainable Development Goals as a Business Case: Redefining the Post-2015 Development Agenda for the Private Sector*, GIZ, 2015¹⁰
2. Mohieldin, Mahmoud and Petkoski, Djordjija. 2015; 2016; 2017; and 2018. *Financing Sustainable Development: Ideas for Action*. World Bank, Washington, DC¹¹.

Class 10, April 2

DISRUPTIVE INNOVATIONS, FINANCING SUSTAINABLE DEVELOPMENT, AND WHO NEEDS CHIEF SUSTAINABILITY OFFICER?

⁹ The case study will be made available on Canvas

¹⁰ The book will be made available on Canvas

¹¹ The books will be made available on Canvas

Required Readings:

1. [Clayton M. Christensen](#), [Michael E. Raynor](#), and [Rory McDonald](#), *What is Disruptive Innovation?* HBR, December 2015. **S**
2. Gary P. Pisano, “*The Hard Truth About Innovative Cultures*”, Harvard Business Review, pp. 61-71, January/February, 2019 **S**

Additional Reading (optional):

1. A Practical Guide to Impact Investing, Knowledge@Wharton, *Jul 20, 2016*
<http://knowledge.wharton.upenn.edu/article/practical-guide-impact-investing/>
2. Does Social Impact Demand Financial Sacrifice? Knowledge@Wharton, Dec 2, 2014
<http://knowledge.wharton.upenn.edu/article/social-impact-demand-financial-sacrifice/>
3. Gerald Zaltman, *Unlocked – Key to Improve Your Thinking*, Gerald Zaltman, HBS, 2018

Class 11, April 9

INNOVATION LAB: UTILIZING COLLECTIVE ACTION AND ECOSYSTEM FOR INNOVATIONS

Required Reading:

1. Petkoski, D., Warren D. & Laufer, W. *Collective Strategies in Fighting Corruption: Some Intuitions and Counter Intuitions*. Journal of Business Ethics, 2010. **S**

Case Studies:

1. Ray Goldberg and Kerry Herman, “Alleviating Poverty and Malnutrition”, Harvard Business School Cases Study, No. 9-907-409, 2008. **S**
2. Djordjija Petkoski, *PepsiCo and the Challenge of the Eco-Challenge: Authentically Engaging Young People*, 2016¹²

Additional Reading (optional):

1. Goldberg, R. A., Petkoski, D., Herman, K. *Fighting Malnutrition and Hunger in the Developing World*. Harvard Business School, April, 2009. (N9-909-406)
2. Ray Goldberg, *Food Citizenship – Food System Advocates in an Era of Distrust*, Oxford University Press, 2018

Class 12, April 16

CORPORATE CRIMINAL LAW AND CORRUPTION: CAN YOU FIGHT CORRUPTION BY FIGHTING CORRUPTION?

Case Study:

1. Hearly, P. & Petkoski, D., *Managing Anti-Corruption at Siemens*, Harvard Business School, Multimedia Case Study, March 28, 2012 **S**

Media Reports (do your own web-search):

1. The Big Surprise: Wells Fargo

¹² The case study will be made available on Canvas

2. Volkswagen's Perfect Storm: What Did Go Wrong with Volkswagen? - Less Than Two Weeks after Having Been Declared "Industry Leader" in the 2015 DJSI Annual Review

Class 13, April 23

CONSCIOUS CAPITALISM: MANAGING THE ECOSYSTEM, CREATIVE CAPITALISM, AND THE CHALLENGE OF IMPLEMENTATION – ARE INNOVATIVE PARTNERSHIPS AN ANSWER?

Case Study

1. Djordjija Petkoski, Fimenich: Delivering Innovative Solutions to the Global Sanitation Crisis¹³

Required Reading:

1. James O'Toole; David Vogel, *Two and a Half Cheers for Conscious Capitalism*, California Management Review : CMR.- Berkeley, Calif.: Haas School of Business, University of California, ISSN 0008-1256, ZDB-ID 2229304. - Vol. 53.2010/11, 3, p. 60-76 S
2. Roger L. Martin, "The High Price of Efficiency", Harvard Business Review, pp. 41 -55, January/February, 2019 S

Additional Readings (optional):

1. *The Costs of Complexity are Hard to See – A Conversation with Jim Hackett, CEO of Ford Motor Company*", Harvard Business Review, pp. 56-59, January/February, 2019
2. Eric Beinhocker and Nick Hanauer, "Redefining capitalism", <https://www.mckinsey.com/global-themes/long-term-capitalism/redefining-capitalism>
3. Marco Albani and Kimberly Henderson, "Creating partnerships for sustainability", McKinsey, July 2014 <https://www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/creating-partnerships-for-sustainability>
4. Global Innovation Index http://www.wipo.int/pressroom/en/articles/2017/article_0006.html
5. Raghuram Rajan and Luigi Zingales, *Saving Capitalism from the Capitalists: Unleashing the Power of Financial Markets to Create Wealth and Spread Opportunity*, 2003
6. Michael Kinsley, *Creative Capitalism: A Conversation with Bill Gates, Warren Buffett, and Other Economic Leaders*, 2008

Class 14, April 30

COURSE REVIEW AND TAKEAWAYS

¹³ The case study will be made available on Canvas