

LGST 100-004

ETHICS AND SOCIAL RESPONSIBILITY

INSTRUCTOR

Lauren Kaufmann

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Office hours: TBD and by appointment (*via Zoom*)

To contact me, please use my email address, *not* the inbox feature on Canvas.

TEACHING ASSISTANT

Kaitlyn Rental

Senior, SAS, PPE

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COURSE DETAILS

Mondays & Wednesdays 3:30-5pm

Location: TBD

COURSE OVERVIEW

This course is an interdisciplinary and interactive introduction to business ethics and the social responsibility of business. The material covered is intended to help prepare you to recognize and manage ethical issues as they arise and to help you formulate your own standards of integrity and professionalism.

First, we will concentrate on understanding your own values and professional purpose. We will address issues faced by individuals in organizations as they try to live out their values. Next, we will examine corporate responsibility issues that confront the leadership of organizations. Finally, we will focus on issues of international business ethics. We will engage with readings, cases, videos, and guest speakers, to examine real issues confronting managers of organizations, and to practice analyzing and solving those moral challenges.

Second, a major component of your grade will be a semester-long group project on impact investing. This project is intended to provide an applied context in which you can practice articulating and defending an ethical value, integrating that value into business decisions, and persuading stakeholders that you have done the “right” thing. Details, including expectations and deliverables, are below. Further guidance will be given during class.

COURSE FORMAT & POLICIES

The structure of this course will be a mixture of lecture, in-class group work, and discussion. I expect you to arrive in class having carefully read that day's readings and prepared to engagement critically with them.

You are expected to treat your classmates and their opinions with courtesy. Failure to do this will result in a penalty in your participation grade.

Electronic devices are not permitted in class. This is in order to create an environment conducive to learning. While phones and upright laptops are not allowed, tablets flat on the table will be permitted *for note taking only*. If you require paper and a pencil, I am happy to provide those for you. If you are curious to read more about the scientific case for this policy, you may do so here: <https://www.scientificamerican.com/article/students-are-better-off-without-a-laptop-in-the-classroom/>

Per University guidelines, which require mask wearing during class, you are *not* permitted to eat in class. You *may* drink a beverage, though only through a straw. Failure to wear your mask appropriately constitutes a violation of the [Code of Student Conduct](#). You are expected to wear a properly fitting mask throughout the duration of class.

OFFICE HOURS

Should you have any questions or concerns about the class, please do not hesitate to contact Professor Kaufmann or Kaitlyn, the TA. I encourage you to come to office hours to address any concern you may have about the course, even if you would simply like to discuss the material further. No appointment is needed to meet during standing office hours. If you are not able to meet during office hours, please email to arrange an alternative meeting time.

AVAILABILITY OF SLIDES

I will post my slides on Canvas *after* the corresponding classroom session, not before. This is for two reasons. One, I may be revising material up until class begins, and I want to ensure you receive the slides I use in your class. Two, experimental research indicates that having the slides during lecture impairs learning, because students take fewer notes of their own. My lecture slides will be numbered in the lower right-hand corner. I suggest that you tag your notes with these slide numbers and match them up with the slides when you download them after class.

GRADING

Grading will be at my discretion and in accordance with Wharton policies. With the exception of clerical errors, I will not re-grade. No individual extensions will be given for any assignment; possible extensions will be granted to the whole class only. Late assignments will have one letter grade deducted per day past the due date. Cheating is unacceptable and will incur a heavy penalty. Final grades will not be curved. Your course grade will be comprised of the following individual and group elements:

1. **Attendance & Participation (20%)** – individual
2. **Midterm (25%)** – individual
3. **Impact Investing Slides & Presentation: Business Plan (10%)** – group
4. **Impact Investing Slides & Presentation: Pitch (10%)** – group
5. **Impact Investing Slides & Presentation: Dilemma Response (10%)** – group
6. **Future Reference Memorandum (25%)** – individual

Details for completion of these assignments appear in the Course Assignments section of this syllabus.

ACCESSING READINGS

The latest course syllabus, readings, announcements, and all relevant course information can be accessed on Canvas: <https://canvas.upenn.edu/>

Most readings can be found on Canvas under the “Course Materials @ Penn Libraries” tab. You can access **Harvard Business Review (HBR)** articles for free from the *Business Source Complete* database through Penn libraries website, which covers HBR from 1922 to the present (that’s every article, from volume 1 issue 1, all the way to now). You can use the menu on the right to browse through issues - expand the year, then choose the issue that contains the article you're looking for. Or, click on the *Search Within This Publication* link to enter keywords of interest to search — e.g. stark and “business ethics” to find Andrew Stark’s article, “What’s the matter with business ethics?”

You can also access **Stanford Social Innovation Review (SSIR)** articles for free through the Penn libraries website.

READING LIST AND CALENDAR

Each session’s topic and readings (which should be completed *before* the corresponding class session) are below. **The readings and schedule are subject to change.** I will announce any changes to this syllabus in class and via email.

| Date | Topic | Readings & Assignments Due |
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| Wednesday, January 12 | Introduction to the Course | N/A |
| Monday, January 17 | MLK Day - no class | N/A |
| Individual Values and Purpose | | |
| Wednesday, January 19 | Personal and professional purpose | <p>Complete the Schwartz Values Scale before class: https://www.yourmorals.org/explore.php</p> <p>Readings:</p> <ul style="list-style-type: none"> • Christensen, How Will You Measure Your Life? HBR. |

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| | | <ul style="list-style-type: none"> Smith (2012) Why I Am Leaving Goldman Sachs. NYT. |
| Monday, January 24 | Values & Introduction to Ethical Reasoning | Readings: <ul style="list-style-type: none"> Sandel, What Money Can't Buy, Introduction and Chapter 1 "Introduction to Ethical Reasoning," in Thomas Donaldson and Patricia Werhane, eds., Ethical Issues in Business: A Philosophical Approach, 8th edition (Upper Saddle River: Prentice Hall, 2008). <i>(selected pages only)</i> Frank, Gilovich, & Regan (1993) Does Studying Economics Inhibit Cooperation? |
| Wednesday, January 26 | Happiness & Morality | Readings: <ul style="list-style-type: none"> Dunn et al. (2011) If money doesn't make you happy, then you probably aren't spending it right. Journal of Consumer Psychology. Kahneman & Deaton (2010) High income improves evaluation of life but not emotional well-being. Cohen (2015) Owner of a credit card processor is setting a new minimum wage: \$70,000 a year. NYT. |
| Monday, January 31 | Ethical Decision Making | Readings: <ul style="list-style-type: none"> Bazerman & Tenbrunsel (2011) <i>Blind Spots</i>, Chapter 1 Brooks, "The Moral Bucket List" Haidt (2012) <i>The Righteous Mind</i>, Chapter 2 Optional readings: <ul style="list-style-type: none"> Bazerman, M. & Sezer, O. (2016) Bounded awareness: Implications for ethical decision making. OBHDP, 136: 95-105. Mazar et al., The Dishonesty of Honest People: A Theory of Self-Concept Maintenance |
| Applied Ethics: Impact Investing | | |
| Wednesday, February 2 | Applied Values: Impact Investing, pt. 1 | Readings: <ul style="list-style-type: none"> TBD The GIIN website: Visit and click around. Bring one piece of information that intrigued you to class to share. https://thegiin.org/ <p style="text-align: center;">Impact investing groups announced on Canvas</p> |
| Monday, February 7 | Applied Values: Impact Investing, pt. 2 | Readings: <ul style="list-style-type: none"> Lamy, Leijonhufvud, & O'Donohoe (2021) The next 10 years of impact investment. SSIR. |

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| | | <ul style="list-style-type: none"> Hart & Zingales (2017) Serving shareholders doesn't mean putting profit above all else. HBR. |
| Wednesday, February 9 | Applied Values: Impact Investing, pt. 3 Guest Speaker: TBD | Readings: <ul style="list-style-type: none"> Knowledge@Wharton (2017) Why Impact Investing Needs to Go Mainstream Podcast Glenmede (2020) Gender lens investing in public markets: It's more than women at the top. https://www.glenmede.com/insights/gender-lens-investing-public-markets-more-than-women-at-top/ |
| Monday, February 14 | Applied Values: Impact Investing, pt. 4 Guest Speaker: TBD | Readings: <ul style="list-style-type: none"> Visit the Impact Management Project (IMP) website and click around as you wish: https://impactmanagementproject.com/ Read IMP's research report on impact measurement: A Guide to Classifying the Impact of an Investment https://29kjb3armds2g3gi4lq2sx1-wpengine.netdna-ssl.com/wp-content/uploads/A-Guide-to-Classifying-the-Impact-of-an-Investment-3.pdf <p style="text-align: center;">In-class time to prepare for presentations</p> |
| Wednesday, February 16 | Applied Values: Impact Investing, pt. 5 Guest Speaker: TBD | Readings: <ul style="list-style-type: none"> Piper (2018) Impact investment funds advertise great returns and social impacts. They aren't delivering. Vox. <p style="text-align: center;">In-class time to prepare for presentations</p> |
| Monday, February 21 | Group Presentations | <p>All presentations due on Canvas by noon</p> <p>In class: Team presentations of impact investment value statements & investment selection criteria</p> |
| Wednesday, February 23 | Group Presentations | <p>In class: Team presentations of impact investment value statements & investment selection criteria</p> |
| Workplace Ethics | | |
| Monday, February 28 | Workplace Diversity | Readings: <ul style="list-style-type: none"> Bertrand & Mullainathan (2004) Are Greg and Emily More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination. Klein et al. (2018) 4 for Women. (<i>selected pages only</i>) |

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| | | https://socialimpact.wharton.upenn.edu/research-reports/reports-2/four-for-women/ Optional: <ul style="list-style-type: none"> • Monin & Miller (2001) Moral Credentials and the Expression of Prejudice. |
| Wednesday, March 2 | Ethics in Negotiation | Reading: <ul style="list-style-type: none"> • Shell, <i>Bargaining for Advantage</i>, Ch. 12: Ethics: Bargaining with the Devil without Losing your Soul |
| Monday, March 14 | Applied ethics: International business ethics, pt. 1 + viewing of <i>The Cleaners</i> | Readings: <ul style="list-style-type: none"> • Buni & Chemaly (2016) <i>The secret rules of the internet: The murky history of moderation, and how it's shaping the future of free speech</i>. The Verge. https://www.theverge.com/2016/4/13/11387934/internet-moderator-history-youtube-facebook-reddit-censorship-free-speech |
| Wednesday, March 16 | International business ethics, pt. 2 | Readings: <ul style="list-style-type: none"> • Donaldson (1996) <i>Values in Tension: Ethics Away from Home</i>. HBR. https://hbr.org/1996/09/values-in-tension-ethics-away-from-home |
| Monday, March 21 | Moral Dissent and Whistleblowing | Readings: <ul style="list-style-type: none"> • Gioia (1992) Pinto Fires and Personal Ethics • Hook (2017) FT Person of the Year: Susan Fowler. Financial Times. • Mayer (2016) Why Are Some Whistleblowers Vilified and Others Celebrated? HBR. Optional reading: <ul style="list-style-type: none"> • Dungan, Waytz, & Young (2015) The psychology of whistleblowing. <i>Current Opinion in Psychology</i>. |
| Wednesday, March 23 | Midterm | In-class exam |
| The Responsible Firm | | |
| Monday, March 28 | Corporate purpose | Readings: <ul style="list-style-type: none"> • Friedman (1970) <i>The social responsibility of business is to increase its profits</i>, New York Times Magazine. • Freeman. <i>Stakeholder Theory of the Modern Corporation</i>, • Stout (2012) The problem of corporate purpose. HBR. |
| Wednesday, March 30 | Corporate social responsibility, pt. 1 | Readings: <ul style="list-style-type: none"> • Frank (2004) Can Socially Responsible Firms Survive in a Competitive Environment? |

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| | | <ul style="list-style-type: none"> • Sen (1993) Does Business Ethics Make Economic Sense. • Stark (1993) What's the matter with business ethics. HBR. |
| Monday, April 4 | Group Presentations | <p style="text-align: center;">All presentations due on Canvas by noon</p> <p style="text-align: center;">In class: Pitch Day</p> |
| Wednesday, April 6 | Group Presentations | <p style="text-align: center;">In class: Pitch Day</p> |
| Monday, April 11 | Corporate social responsibility, pt. 2 + viewing of <i>The Smartest Guys in the Room</i> | Readings: <ul style="list-style-type: none"> • Rangan, Chase, & Karim (2015) The Truth About CSR. HBR. • Bower & Paine (2017) The error at the heart of corporate leadership. HBR. |
| Wednesday, April 13 | Corporate social responsibility, pt. 3 | Readings: <ul style="list-style-type: none"> • Schweitzer et al. (2015) The organizational apology. HBR. |
| Monday, April 18 | Dilemma Day | <p style="text-align: center;">Groups receive dilemmas</p> <p style="text-align: center;">In-class time to work on group projects</p> |
| Wednesday, April 20 | Group Presentations | <p style="text-align: center;">All presentations due on Canvas by noon</p> <p style="text-align: center;">In class: Response to Dilemma</p> |
| Monday, April 25 | Group Presentations | <p style="text-align: center;">In class: Response to Dilemma</p> |
| Wednesday, April 27 | Wrap-up | <p style="text-align: center;">Future reference memorandum due on Canvas by Monday, May 2 at 11:59pm</p> |

COURSE ASSIGNMENTS

Attendance & Participation (20% of final grade)

Your attendance, preparation, and engagement in class are critical. Please alert me *before* class of any absence. Attendance will be taken on a regular basis. A seating chart will be created in class and students will be expected to sit in the same seats for the rest of the term. If you are late or miss class, it is your responsibility to find out what you missed. Please note that habitual tardiness and failure to participate will negatively impact your participation grade.

Please see or email me right away if you have any concerns with being able to attend every class session. I expect you to treat class like showing up to an important job. The only absences that are excused are those for medical reasons and family emergencies. Students unable to

attend class due to quarantine or illness caused by COVID should contact the professor for guidance on how to make up for any material they miss.

I understand that there may be organized Penn activities and job interviews that may conflict with class. While the expectation is that you will try to schedule these outside of class time, I realize that may not always be possible. Up to two times during the semester, you may ask permission from the TAs to write a 1000-word essay about a class topic to excuse your absence for a job interview or organized Penn activity. If you miss a group presentation day, additional work will be required; contact the professor for more details. Classes missed for other reasons will impact your attendance grade.

Midterm (25% of final grade)

On Wednesday, March 23 there will be an in-class midterm exam, covering all prior material in the class. The exam will consist of short answer, multiple choice, true/false, and fill in the blank questions.

Impact Investing Project (30% of final grade)

This semester we will use the Impact Investing Project as our way of practicing: 1) articulating values to different stakeholder groups, 2) defending those values in analytically rigorous and compelling ways, and 3) integrating those values into ongoing business decisions. As we will discuss at length in class, “impact investing” is a type of socially responsible finance that seeks to find investible opportunities that advance a social or environmental value.

The project will have three stages, each stage requiring an in-class presentation by each of the groups. Additionally, you will be graded on your participation during others’ presentations, as outlined below.

The three stages are as follows:

1. Articulation of the fund’s values and selection criteria
2. Pitch of two portfolio companies
3. Response to a dilemma

Stage 1: Impact Investing Values & Selection Criteria (10%)

For this assignment, you will take on the role of creator and portfolio manager for a new impact investment fund (for public securities only). You must first decide the one social or environmental value your fund stands for and the investment criteria that will define your investment selection process. You will be assessed on how well articulated your value (as an investible financial value) is, how creative you are constructing your selection process, and your ability to articulate a defense of your value and selection criteria. Your financial returns goals can be either market-rate or non-market-rate. Your emphasis should be on articulating and defending your social or environmental impact goal and the selection criteria that accord with that goal.

Presentation length: 10 minutes per group, plus 5 minutes of Q&A.

Your group will present your fund idea to the class. The class will function as MANAGERS at a financial institution that you hope will adopt your fund. Your job is to persuade them that they should support the creation of your fund at the institution, rather than in the other funds your classmates present. The class will be graded on their active engagement during Q&A.

Stage 2: Pitch Deck (10%)

Once you decide on your value and your fund's selection criteria, you will need to evaluate relevant companies and find two publicly listed investments that represent the closest alignment with your fund's financial and impact goals. Ultimately, you are to prepare a slide deck in which you explain the investible opportunities and their alignment with your fund's values. The deck is due to be uploaded to Canvas by March 8 at noon.

Your initial investment in the fund is a hypothetical \$10 million. Based on the price of the two securities, you will allocate the \$10 million. For example, if the stock of Firm A is trading at \$10 a share and the stock of firm B is trading at \$50 a share, you may choose to buy 500,000 shares of Firm A and 100,000 shares of Firm B. Include in your deck an Appendix slide that lists the stock price of each of your investments with the date of that price, as well as the number of shares of each security you will purchase, and the total.

You will be graded on how well you have operationalized your fund's value through these investment decisions. You will also be graded on the strength of your research about your two chosen firms, your rationale for rejecting similarly positioned firms, and the alignment of the chosen firms with your investment criteria.

Presentation length: 10 minutes per group, plus 5 minutes of Q&A.

Your group will pitch these investment opportunities to the class. The class will function as potential INVESTORS. Your job is to persuade them that they should invest in your fund. The class will be graded on their active engagement during Q&A.

Stage 3: The Dilemma (10%)

In your groups, you will have to make a tough decision. I will construct a dilemma specific to each of your investment funds. You will be forced to either sacrifice your values as articulated in the first presentation, or your specific investment(s) as you presented on pitch day.

Presentation length: 10 minutes per group, plus 5 minutes of Q&A.

The class will be composed of your financial institution's SHAREHOLDERS. Your mission is to persuade your shareholders that what you are doing is, all things considered, best. The class will be graded on their active engagement during Q&A.

Future Reference Memorandum (25% of final grade)

For the sake of your future self, you are to write a final paper in the form of a future reference memo (no more than 1,000) words **uploaded to Canvas by 11:59pm on Monday, May 2**. Your memo will communicate the most helpful lessons, models, or concepts you've learned about ethics in business, up to three, for your personal reference. What ideas have you come across this semester that you don't want to forget? Why are those ideas important to your future business success and personal flourishing? You will be graded based on the seriousness of your engagement with the course materials, as well as the reflection and insight you demonstrate in tying those materials to your future career aspirations.