

**LGST 1000-002**  
**ETHICS AND SOCIAL RESPONSIBILITY**  
**Spring 2023**

**SYLLABUS**<sup>1</sup>  
*Professor Friedman*<sup>2</sup>

**COURSE AND INSTRUCTOR INFORMATION:**

**Class Meetings:** *Monday/Wednesday 12:00-1:30 pm*  
**Room:** *JMHH F45*  
**Email:** [friedmaa@wharton.upenn.edu](mailto:friedmaa@wharton.upenn.edu).  
**Office Hours:** *By appointment*

**Required Texts:** Bulk Pack

**Course Overview, Goals and Objectives:**

We will cover the philosophical and other bases for business ethics; to what extent does/should the law define the parameters of business ethics; ethical behavior in a global environment; the substantive areas of compliance; and the implementation of a compliance program. The Course goals and objectives include:

1. Identify and understand the sources and frameworks for business ethics, particularly in the context of a global economy with differing cultural environments.
  - What is the overlap of law and business ethics?
2. Recognize and address business ethical issues:
  - What duties do businesses owe and to whom?
  - How do, and how should, we hold businesses and business people accountable?
  - Identify and understand current and emerging ethical issues
3. Understand how to set up an effective compliance program, including developing the skills for setting up a program, risk analysis, crisis management and managing investigations.

**GRADING:**

- **Response to Class Readings:** For the first 10-15 minutes of every class, designated students to share with the class their (1) Key Takeaway(s) from the Readings for that class and (2) Issue(s) they would like to discuss related to the class topic and readings. The exact number of students and opportunities to respond to be determined by the size of the class: **15%**.

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<sup>2</sup> Bio at end of Syllabus.

- **Research Paper** (see presentation and paper rubrics at end of Syllabus): Research Papers of approximately 10 pages long, due at the end of the term.
  - A topic is to be submitted to me and approved in the first 3 weeks of the course.
  - Each student will do a short presentation with a power point of their topic to the class (10 minutes) of their topic after Spring Break: **20%**
  - Paper to be submitted by May 1, 2023: **40%**
- **Reflection Papers (1-2 pages): 10%.**
  - Key take-aways from the class
  - What insights have I gained from the course
- **Class Participation (15%)** includes case studies.

**Class Etiquette:** Laptops and tablets are for class-related purposes only. No cell phones.

**Attendance and Participation:** Regular and prompt attendance is required. Absences from class because of illness, quarantine, or self-isolation will be excused, and the student is expected to make up the work.

**Academic Integrity:** Please refer to the Academic Code of Conduct, which includes the School’s policies on plagiarism, cheating, and other matters. Students shall not rely on or use someone else’s words, ideas, data, or arguments without clearly acknowledging the source and extent of the reliance or use.

## SPRING 2023 Semester Assignments

Class	Topic	Bulk Pack Assignment	Other Material
Jan. 11	Introduction		Complete the Schwartz Values Scale before class. <a href="https://yourmorals.org/">https://yourmorals.org/</a>
Jan. 18	Philosophical Frameworks	1. Michael Sandel, <i>What Money Can't Buy</i> 2. Sucher & Hsieh, <i>A Framework for Ethical Reasoning</i> (Harvard Business School, 9-610-050, 2011); 3. Werhane, <i>A Note on Five Traditional Theories of Moral Reasoning</i> , Darden Business Publishing (1994)	The UN Global Compact, <a href="https://www.unglobalcompact.org/what-is-gc/mission/principles">https://www.unglobalcompact.org/what-is-gc/mission/principles</a> . The folly of trolleys: Ethical challenges and <b>autonomous vehicles</b> , Heather M. Roff (2018), <a href="https://www.brookings.edu/research/the-folly-of-trolleys-ethical-challenges-and-autonomous-vehicles/">https://www.brookings.edu/research/the-folly-of-trolleys-ethical-challenges-and-autonomous-vehicles/</a> .
Jan. 23	Business Ethics: <ul style="list-style-type: none"> <li>• Corporate accountability to Shareholders versus Stakeholders</li> <li>• Corporations as a Moral Agent</li> <li>• Capitalism and the Ethics of</li> </ul>	1. Milton Friedman, <i>The Social Responsibility of Business is to Increase its Profits</i> . 2. R. Edward Freeman, <i>Managing for Stakeholders</i> , (2007) 3. Lynn Stout, <i>The Problem of Corporate Purpose</i> .	1. LARRY FINK'S 2022 LETTER TO CEOs: The Power of Capitalism, <a href="https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter">https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter</a> 2. Business Roundtable Redefines the Purpose of a Corporation to Promote 'An Economy That Serves All Americans', <a href="https://www.businessroundtable.org/business-roundtable-redefines-the-">https://www.businessroundtable.org/business-roundtable-redefines-the-</a>

	Distributive Justice		<a href="#">purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans.</a>
<b>Jan. 25</b>	Ethics in a Global Economy: <ul style="list-style-type: none"> <li>Ethical Relativism/ Imperialism</li> <li>Complying with Non-Democratic Regulatory Requirements</li> </ul>	<ol style="list-style-type: none"> <li>1. Thomas Donaldson, Values in Tension: Ethics Away from Home, From the Magazine (HBR 1996).</li> <li>2. Merck &amp; Co., Inc, (A), The Business Enterprise Trust, 9-991-021.</li> </ol>	
<b>Jan. 30</b>	Ethical Issues in the Workplace <ul style="list-style-type: none"> <li>Diversity, Equity and Inclusion (DEI)</li> <li>Worker Representation</li> <li>Executive Compensation</li> </ul>	<ol style="list-style-type: none"> <li>1. Jeffrey Moriarity, <i>Do CEOs Get Paid Too Much</i>, 2005 Business Ethics Quarterly.</li> <li>2. Strudler, <i>Confucian Skepticism About Workplace Rights</i> (2008 Business Ethics Quarterly)</li> <li>3. Rudin &amp; Werhane, <i>Employment At-Will, Employment Rights, and Future Directions for Employment</i> (2003 Business Ethics Quarterly)</li> </ol>	<b>Gig Workers:</b> See, e.g., <i>FTC Policy Statement on Enforcement Related to Gig Work</i> , <a href="https://www.ftc.gov/system/files/ftc_gov/pdf/Matter%20No.%20P227600%20Gig%20Policy%20Statement.pdf">https://www.ftc.gov/system/files/ftc_gov/pdf/Matter%20No.%20P227600%20Gig%20Policy%20Statement.pdf</a> .
<b>Feb 1</b>	Conflicts of Interest: <ul style="list-style-type: none"> <li>Related Party Transactions</li> <li>Misuse of Corporate Assets</li> </ul>	<ol style="list-style-type: none"> <li>1. Salomon and the Treasury Securities Auction (HBS 9-292-114 (1992).</li> <li>2. A. Strudler, <i>Insider Trading, A Moral Problem</i>, Philosophy &amp; Public Policy Quarterly (Volume 29, Number 3/4 Summer/Fall 2009).</li> </ol>	
<b>Feb. 6</b>	The Ethics of Profit Maximation <ul style="list-style-type: none"> <li>Ethics in Contract Negotiations</li> <li>Ethical Pricing</li> <li>Ethical Market Research</li> <li>Ethical Competition</li> </ul>	<ol style="list-style-type: none"> <li>1. Shell, <i>When is it Legal to Lie in Negotiations</i>, <i>Sloan Management Review</i>, Spring 1991.</li> <li>2. Martha McCaskey (Case Study 9-403-114,), Harvard Business School, January 2004</li> </ol>	<b>Sovaldi:</b> Who's to Blame for the \$1,000 a Day Cure? April 16, 2014, <a href="https://knowledge.wharton.upenn.edu/article/sovaldi-whos-blame-1000-day-cure/">https://knowledge.wharton.upenn.edu/article/sovaldi-whos-blame-1000-day-cure/</a> .
<b>Feb 8-13</b>	Ethics and Marketing	1. Gioia, <i>Pinto Fires and Personal Ethics: A Script Analysis of Missed</i>	<b>1. Purdue:</b> see e.g., Patrick Radden Keefe, <i>The Family That Built an Empire of Pain:</i>

	<ul style="list-style-type: none"> <li>Product Liability</li> <li>Advertising</li> </ul>	<p><i>Opportunities</i>, Journal of Business Ethics, (1992)</p>	<p><i>The Sackler dynasty’s ruthless marketing of painkillers has generated billions of dollars—and millions of addicts.</i>  <a href="https://www.newyorker.com/magazine/2017/10/30/the-family-that-built-an-empire-of-pain">https://www.newyorker.com/magazine/2017/10/30/the-family-that-built-an-empire-of-pain</a>) or equivalent reviews.</p> <p><b>2. Juul:</b>  <a href="https://portal.ct.gov/AG/Press-Releases/2022-Press-Releases/AG-Tong-Leads-Multistate-Agreement-With-JUUL-Labs">https://portal.ct.gov/AG/Press-Releases/2022-Press-Releases/AG-Tong-Leads-Multistate-Agreement-With-JUUL-Labs</a>; see also, <i>The Role of the Company in the JUUL Teen Epidemic</i>  Robert K. Jackler, MD  Testimony for House Subcommittee on Economic and Consumer Policy (July 24, 2019) (skim)  <a href="https://www.congress.gov/116/meeting/house/109844/witnesses/HHRG-116-GO05-Wstate-JacklerR-20190724.pdf">https://www.congress.gov/116/meeting/house/109844/witnesses/HHRG-116-GO05-Wstate-JacklerR-20190724.pdf</a></p>
Feb 15-20	<p><u>White Collar Crime:</u></p> <ul style="list-style-type: none"> <li>Lying, Cheating and Stealing</li> <li>Fraud</li> </ul>	<ol style="list-style-type: none"> <li>Max H. Bazerman, George Loewenstein, and Don A. Moore, <i>Why Good Accountants Do Bad Audits</i>, HBR (November 2002).</li> <li>Badaracco, Jr. <i>Personal Values and Professional Responsibilities</i>, HBS 9-304-070, 2004.</li> <li>Kaplan and Kikon, <i>Accounting Fraud at WorldCom</i> (HBS 9-104-071, 2004);</li> <li>Goodpaster, <i>The Corporate Scandals of 2002 (A) Enron, Inc.</i> (2004).</li> <li>John C. Coffee, Jr. <i>Limited Options</i>. 2003 Legal Affairs.</li> </ol>	<p>The Fraud Triangle,  <a href="https://butlerhansen.com/wp-content/uploads/The-Fraud-Triangle.pdf">https://butlerhansen.com/wp-content/uploads/The-Fraud-Triangle.pdf</a>.</p> <p><b>United States v. Moshe Porat, et al.:</b>  <a href="https://www.justice.gov/usao-edpa/united-states-v-moshe-porat-et-al">https://www.justice.gov/usao-edpa/united-states-v-moshe-porat-et-al</a>; indictment at  <a href="https://www.justice.gov/usao-edpa/page/file/1481641/download">https://www.justice.gov/usao-edpa/page/file/1481641/download</a>.</p> <p><b>Operation Varsity Blues:</b> See e.g. Daniel Golden and Doris Burke, <i>The Unseen Student Victims of the “Varsity Blues” College-Admissions Scandal</i>, (October 8, 2019)  <a href="https://www.newyorker.com/books/page-turner/the-unseen-student-victims-of-the-varsity-blues-college-admissions-scandal">https://www.newyorker.com/books/page-turner/the-unseen-student-victims-of-the-varsity-blues-college-admissions-scandal</a> or similar articles discussing the scandal.</p>
Feb 22	<ul style="list-style-type: none"> <li>Bribery</li> <li>Money Laundering</li> </ul>	<ol style="list-style-type: none"> <li><i>Peter Green’s First Day</i> (HBS 9-380-186) 1980</li> </ol>	<p>Transparency International Corruption Perceptions Index available at  <a href="http://www.transparency.org/countr">http://www.transparency.org/countr</a></p>

		<p>2. Charlotte Butler &amp; Henri-Claude de Battignies, <i>Changmai Corporation</i>.</p> <p>3. Siri Shubert &amp; T. Christian Miller, <i>At Siemens Bribery was Just a Line Item</i>.</p>	<p><a href="https://www.justice.gov/opa/pr/former-morgan-stanley-managing-director-pleads-guilty-role-evading-internal-controls-required">y.</a></p> <p><b>Morgan Stanley:</b> Former Morgan Stanley Managing Director Pleads Guilty for Role in Evading Internal Controls Required by FCPA, <a href="https://www.justice.gov/opa/pr/former-morgan-stanley-managing-director-pleads-guilty-role-evading-internal-controls-required">https://www.justice.gov/opa/pr/former-morgan-stanley-managing-director-pleads-guilty-role-evading-internal-controls-required</a> (2012).</p>
<b>Feb. 27</b>	<p>Supply Chain Compliance:</p> <ul style="list-style-type: none"> <li>• Forced labor, Conflict minerals</li> <li>• Export Controls and Trade Sanctions</li> </ul>	<p>1. <i>In China the Human Costs that are Built into an iPad</i> (New York Times, 2012)</p> <p>2. Celia R. Taylor, <i>Conflict Minerals and SEC Disclosure Regulation</i>, Harvard Business Law Review Online (2012).</p>	<p>1. Supplier Codes of Conduct, e.g. Apple's, <a href="https://www.apple.com/supplier-responsibility/pdf/Apple-Supplier-Code-of-Conduct-and-Supplier-Responsibility-Standards.pdf">https://www.apple.com/supplier-responsibility/pdf/Apple-Supplier-Code-of-Conduct-and-Supplier-Responsibility-Standards.pdf</a>.</p> <p>2. ILO, <i>Global Estimates of Modern Slavery: Forced Labour and Forced Marriage</i> (September 12, 2022) (skim) <a href="https://www.ilo.org/global/topics/forced-labour/publications/WCMS_854733/lang-en/index.htm">https://www.ilo.org/global/topics/forced-labour/publications/WCMS_854733/lang-en/index.htm</a></p>
<b>March 1</b>	<p>Privacy/Data Ethics</p> <ul style="list-style-type: none"> <li>• Who Owns Personal Data?</li> <li>• Consent and Dark Patterns</li> <li>• Minors and Sensitive Data</li> <li>• Ethics in AI</li> <li>• Data Breaches</li> </ul>	<p>Kirsten E. Martin, <i>Google Inc, in China</i>, New York Times April 23, 2006).</p>	<p>1. AICPA Privacy Maturity Model (2011 version) <a href="https://iapp.org/media/pdf/resource_center/aicpa_cica_privacy_maturity_model_final-2011.pdf">https://iapp.org/media/pdf/resource_center/aicpa_cica_privacy_maturity_model_final-2011.pdf</a>.</p> <p>2. <b>Equifax Data Breach</b>, April 30, 2021, by Irini Kanaris Miyashiro, <a href="https://sevenpillarsinstitute.org/case-study-equifax-data-breach/">https://sevenpillarsinstitute.org/case-study-equifax-data-breach/</a>.</p> <p>3. Joy Buolamwini, "Gender Shades", MIT Media Lab (2018) <a href="https://www.youtube.com/watch?v=TWWsW1w-BVo">https://www.youtube.com/watch?v=TWWsW1w-BVo</a>;</p> <p>4. 2021 shareholder resolution to Amazon filed by Harrington Investments, <a href="https://www.harringtoninvestments.com/wp-content/uploads/2021/02/Amazon-2021-Resolution-Final.pdf">https://www.harringtoninvestments.com/wp-content/uploads/2021/02/Amazon-2021-Resolution-Final.pdf</a></p>
<b>March 6-8</b>	Spring Break		
<b>March 13-22</b>	Student Presentations		

<b>March 27</b>	Compliance in Specific Industries	Michael Moss, <i>Extraordinary Science of Addictive Junk Food</i> , New York Times, February 20, 2013.	
<b>March 29</b>	Corporate Culture <ul style="list-style-type: none"> <li>Ethical and Professional Sub-Cultures</li> <li>Tone at the Top and Middle</li> <li>Creating a Speak Up Culture</li> </ul>	Lynne Sharp Paine, <i>Managing for Organizational Integrity</i> , <i>Harvard Business Review</i> , March-April 1994.	<b>Volkswagon:</b> Nelson, Josephine (J.S.), <i>The Criminal Bug: Volkswagen's Middle Management</i> (April 19, 2016). Available at SSRN: <a href="https://ssrn.com/abstract=2767255">https://ssrn.com/abstract=2767255</a> or <a href="http://dx.doi.org/10.2139/ssrn.2767255">http://dx.doi.org/10.2139/ssrn.2767255</a> . <b>Boeing:</b> Engineering Ethics and the Boeing Scandal by Robert Prentice <a href="https://ethicsunwrapped.utexas.edu/engineering-ethics-and-the-boeing-scandal/">https://ethicsunwrapped.utexas.edu/engineering-ethics-and-the-boeing-scandal/</a> ;
<b>April 3- April 5</b>	Elements of an Effective Compliance Program <ul style="list-style-type: none"> <li>US Guidelines</li> <li>International Guidelines</li> <li>Self-Regulation</li> <li>Third Party Due Diligence</li> </ul>		Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework, (skim) <a href="https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf">https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf</a> .
<b>April 10</b>	Governance <ul style="list-style-type: none"> <li>Role of Chief Compliance Officer: independence, resourcing</li> <li>Policies</li> <li>Audits and Monitoring</li> <li>Metrics</li> <li>Whistleblowing</li> </ul>	Mayer, <i>Why Are Some Whistleblowers Vilified and Others Celebrated?</i> (HBR Sep. 2016)	1. The Three Lines of Defense model, <a href="https://www.theiia.org/globalassets/site/about-us/advocacy/three-lines-model-updated.pdf">https://www.theiia.org/globalassets/site/about-us/advocacy/three-lines-model-updated.pdf</a> . 2. Sample Code of Conduct: Google: <a href="https://abc.xyz/investor/other/google-code-of-conduct/">https://abc.xyz/investor/other/google-code-of-conduct/</a> .
<b>April 12</b>	Risk and Crisis Management - Root Cause Analysis		
<b>April 17</b>	Internal Investigations	In-Class Exercise	

<b>April 19</b>	Social Responsibility of Business: ESG <ul style="list-style-type: none"> <li>• E: Greenwashing</li> <li>• S: Corporate Philanthropy</li> <li>• G: Board Diversity</li> </ul>	1. 2. Ingersoll and Locke, <i>BP and the Deepwater Horizon Disaster of 2010</i> , MIT Sloan Management, 10-110 (2012). 2. <i>Should Business Influence the Science and Politics of Global Environmental Change? The Oil Industry and Climate Change</i> , from Part 4, Corporate Values: International Business (A) and (B) pp. 519-546. 3. Laurie P. Cohen, <i>Chiquita Under the Gun</i> (2007). 4. Liana Downey, <i>Mobil in Aceh, Indonesia</i> .	<b>Unilever:</b> Compass strategy: <a href="https://assets.unilever.com/files/92ui5egz/production/ebc4f41bd9e39901ea4ae5bec7519d1b606adf8b.pdf/Compass-Strategy.pdf">https://assets.unilever.com/files/92ui5egz/production/ebc4f41bd9e39901ea4ae5bec7519d1b606adf8b.pdf/Compass-Strategy.pdf</a> ; Unilever Climate Transition Action Plan, <a href="https://assets.unilever.com/files/92ui5egz/production/bbe89d14aa9e0121dd3a2b9721bbfd3bef57b8d3.pdf/unilever-climate-transition-action-plan-19032021.pdf">https://assets.unilever.com/files/92ui5egz/production/bbe89d14aa9e0121dd3a2b9721bbfd3bef57b8d3.pdf/unilever-climate-transition-action-plan-19032021.pdf</a> ; Sustainability progress index: <a href="https://www.unilever.com/investors/corporate-governance/other-governance-information/remuneration-topics/">https://www.unilever.com/investors/corporate-governance/other-governance-information/remuneration-topics/</a> Supply chain implementation: <a href="https://www.unilever.com/planet-and-society/climate-action/partnering-with-suppliers-to-deliver-net-zero/">https://www.unilever.com/planet-and-society/climate-action/partnering-with-suppliers-to-deliver-net-zero/</a> .
<b>April 24</b>	Compliance and Emerging Technologies <ul style="list-style-type: none"> <li>• High Tech: The Ethics of Disruption “Fake it until you Make it”</li> </ul>		<b>Theranos:</b> See DOJ press release at <a href="https://www.justice.gov/usao-ndca/us-v-elizabeth-holmes-et-al">https://www.justice.gov/usao-ndca/us-v-elizabeth-holmes-et-al</a> and the indictment at <a href="https://www.justice.gov/file/1072521/download">https://www.justice.gov/file/1072521/download</a> .
<b>April 26</b>	Reflection Papers Conclusion		

**Rubrics:**

**Presentation Rubric:**

<b>Slides</b> (3 slides only: 1. facts; 2. issues, 3. your perspective)	<b>50%</b>
<b>Presentation</b> (substance, depth of preparation, and clarity; response to questions by others)	<b>50%</b>

**Paper Rubric:**

<b>Introduction</b> (compelling, relevant, accurate, lays out the problem, arguments and thesis)	<b>15%</b>
<b>Argumentation</b>	<b>60%</b>

1. Reflects in-depth understanding of the issue including relevant law and facts	
2. Reasoned arguments with logically related and supported analysis	
3. Argumentation reflects legal and policy research appropriate to the topic; arguments are supported by reliable, diverse sources; primary sources are used where available	
4. Effective use of space; delivers a targeted, well thought-out argument	
5. Addresses any clear weaknesses in argument or responses to argument with reasonable responses/counterarguments	
6. Style (ease of reading, word choice, evidence of editing and thoughtfulness in expression)	
<b>Formatting</b> (Blue Book citations, free from typos and other errors, logical flow and headings)	<b>10%</b>
<b>Conclusion</b> (succinct recap of arguments)	<b>15%</b>

**About Professor Friedman:** Professor Friedman is a privacy, ethics and compliance consultant to multinational companies and start-ups with expertise in the data/technology, life sciences and telecommunications industries. He was Associate General Counsel, Chief Compliance Officer and Chief Privacy Officer at Dun & Bradstreet, Vice President, Assistant General Counsel and Chief Privacy Officer at Pfizer; Chief Competition Counsel at Wyeth; and Senior Competition and Regulatory Counsel at British Telecom and AT&T. Professor Friedman is Co-Chair of the Privacy and Information Security Committee of the Antitrust Section of the American Bar Association and Vice Chair of the Association of Corporate Counsel Compliance and Ethics Network.