

LGST 1000-001
ETHICS AND SOCIAL RESPONSIBILITY
Spring 2024

SYLLABUS¹
Professor Friedman²

COURSE AND INSTRUCTOR INFORMATION:

Class Meetings: *Monday/Wednesday 8:30-10:00 am*
Room: **F70**
Email: friedmaa@wharton.upenn.edu.
TA: **Prahith Sai Chakka**
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.

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² 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 Chair of the Association of Corporate Counsel Compliance and Ethics Network.

GRADING:

- **Class Attendance and Participation: 10%:** You are expected to attend all classes unless excused and to participate in class discussions. This includes:
 - 1 assignment to be done in advance and discussed in class (Discrimination)
 - 2 in-class exercises (Fraud and Investigations).
- **Mid-Term Exam: 20%**
- **Response to Class Readings 20%:** For the first 30 minutes of every class, four designated students to share with the class divided into two groups. First group (2 students) to lead discussion of Key Takeaway(s) from the Readings for that class and (see Takeaways Rubric below); and (2) second group (two students) to present and discuss case study(ies) (see Case Studies Rubric below).
- **Topic Presentation 20%** (see Topic Rubric at end of Syllabus).
 - 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.
- **Reflection Papers (1-2 pages): 5%.**
 - Key take-aways from the class
 - What insights have I gained from the course
- **Final Exam 25%.**

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 2024 Semester Assignments

Class	Topic	Bulk Pack Assignment	Documents/Case Studies/Activity
Jan. 22	Introduction	Complete the Schwartz Values Scale before class. https://yourmorals.org/ ,	
Jan. 24	General Frameworks - Philosophical - Psychological	1. Sucher & Hsieh, <i>A Framework for Ethical Reasoning</i> (Harvard Business School, 9-610-050, 2011). 2. Werhane, <i>A Note on Five Traditional Theories of Moral Reasoning</i> , Darden Business Publishing (1994).	Document The UN Global Compact, https://www.unglobalcompact.org/what-is-gc/mission/principles . CASE STUDY: The Parable of the Sadhu, https://hbr.org/1997/05/the-parable-of-the-sadhu .

		3. Mazar, Amir and Ariely, <i>The Dishonesty of Honest People, A Theory of Self-Concept Maintenance</i> , American Marketing Association (2008).	
Jan. 29	Business Ethics: <ul style="list-style-type: none"> • Corporate accountability to Shareholders versus Stakeholders • Capitalism and Distributive Justice 	<ol style="list-style-type: none"> 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. Moriarity: Business Ethics, an Overview. Philosophy Compass, 2008 4. Lynn Stout, <i>The Problem of Corporate Purpose</i>. 5. Morton and Ariely, <i>Building a Better America – One Wealth Quintile at a Time</i>, Perspectives on Psychological Science, January 2011, Vol. 6, No. 1 pp 9-12. 	<ol style="list-style-type: none"> 1. LARRY FINK'S 2022 LETTER TO CEOs: The Power of Capitalism, https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter 2. Business Roundtable Redefines the Purpose of a Corporation to Promote ‘An Economy That Serves All Americans’, https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans.
Jan. 31	Ethics in a Global Economy Roundtable 1	<ol style="list-style-type: none"> 1. Thomas Donaldson, <i>Values in Tension: Ethics Away from Home</i>, From the Magazine (HBR 1996). 2. Kirsten E. Martin, Google Inc, in China, New York Times April 23, 2006). 	<ol style="list-style-type: none"> 1. CASE STUDY: Merck & Co, Inc, (A), The Business Enterprise Trust, 9-991-021. 2. CASE STUDY: Laurie P. Cohen, <i>Chiquita Under the Gun</i> (2007).
Feb. 5	Ethical Issues in the Workplace: Discrimination	<ol style="list-style-type: none"> 1. Sophia Moreau: <i>What is Discrimination</i>. Deliverable: Prepare a One Page reaction paper to one of the three topics in next box to be submitted to the TA by EOD February 4. We will discuss in class. 	<p>Three Topics for Deliverables:</p> <p>Group 1: “Are older applicants less likely to be invited to a job interview? – an experimental study on ageism” Eva Berde, Manual Laszo Mago</p> <p>Group 2: “Getting a job: Is there a Motherhood Penalty?” Shelley Correl, Stephen Bernard, In Paik</p> <p>Group 3: “Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination?” M. Bertrand, S. Mullainathan</p>
Feb. 7	Employee Rights Roundtable 2	<ol style="list-style-type: none"> 1. Strudler, <i>Confucian Skepticism About Workplace Rights</i> (2008 Business Ethics Quarterly) 	

		<p>2. Rudin & Werhane, <i>Employment At-Will, Employment Rights, and Future Directions for Employment</i> (2003 Business Ethics Quarterly)</p> <p>3. Jeffrey Moriarity, What's in a Wage? A New Approach to the Justification of Pay, 2020 Business Ethics Quarterly</p>	
Feb. 12	<p>(1) Conflicts of Interest and (2) Insider Trading</p> <p>Roundtable 3</p>	<p>1. A. Strudler, <i>Insider Trading, A Moral Problem</i>, Philosophy & Public Policy Quarterly (Volume 29, Number 3/4 Summer/Fall 2009).</p>	<p>CASE STUDY: Conflict on a Trading Floor (A) Harvard Business School, 9-394-060 (2006).</p>
Feb. 14	<p>The Ethics of Profit Maximization</p> <ul style="list-style-type: none"> • Bluffing/ Ethics in Contract Negotiations • Ethical Pricing • Ethical Market Research <p>Roundtable 4</p>	<p>1. Shell, <i>When is it Legal to Lie in Negotiations</i>, Sloan Management Review, Spring 1991.</p> <p>2. Albert Carr, <i>Is Business Bluffing Ethical?</i></p> <p>3. Alan Strudler, <i>Deception Unraveled</i>, The Journal of Psychology (Sep. 2005), Vol. 102, No. 9 pp. 458-473.</p>	<p>1. CASE STUDY: Martha McCaskey (Case Study 9-403-114,), Harvard Business School, January 2004</p> <p>2. Sovaldi: <i>Who's to Blame for the \$1,000 a Day Cure?</i> April 16, 2014, https://knowledge.wharton.upenn.edu/article/sovaldi-whos-blame-1000-day-cure/.</p>
Feb 19	<p>Ethics and Marketing</p> <ul style="list-style-type: none"> • Product Liability • Advertising <p>Roundtable 5</p>	<p>1. Gioia, <i>Pinto Fires and Personal Ethics: A Script Analysis of Missed Opportunities</i>, Journal of Business Ethics. (1992)</p> <p>2. Crisp, <i>Advertising, Autonomy and the Creation of Desire</i>, Journal of Business Ethics, July 1987, Vol. 6, No. 5, pp. 413-418.</p>	<p>1. CASE STUDY: Tobacco Marketing: Camel: Joel B. Cohen, <i>Playing to Win: Marketing and Public Policy at Odds over Joe Camel</i>, Journal of Public Policy & Marketing Fall 2000, 155-167, https://citeseerx.ist.psu.edu/document?repid=rep1&type=pdf&doi=ea9e03ccf65e78966bbd4c563c1e7030edbc92f6;</p> <p>Juul: https://portal.ct.gov/AG/Press-Releases/2022-Press-Releases/AG-Tong-Leads-Multistate-Agreement-With-JUUL-Labs;</p> <p>2. CASE STUDY: Just Do It? Nike, Social Justice, and the Ethics of Branding, https://www.mediaethicsmagazine.c</p>

			<p>om/index.php/browse-back-issues/210-fall-2018-vol/3999245-just-do-it-nike-social-justice-and-the-ethics-of-branding.</p> <p>3. Purdue: see, Patrick Radden Keefe, <i>The Family That Built an Empire of Pain: The Sackler dynasty's ruthless marketing of painkillers has generated billions of dollars—and millions of addicts</i>.</p> <p>https://ezproxy.villanova.edu/login?URL=https://search.ebscohost.com/login.aspx?direct=true&db=asn&AN=125772433&site=ehost-live&scope=site</p> <p>If you have Hulu: The “Dopesick” miniseries.</p>
Feb. 21	Marketing Ethics and Vulnerable Populations Roundtable 6	<p>1. David Palmer and Trevor Hedberg, <i>The Ethics of Marketing to Vulnerable Populations</i> Journal of Business Ethics. Vol. 116, No. 2 (August 2013), pp. 403-413.</p>	<p>1. CASE STUDY: Michael Moss, <i>Extraordinary Science of Addictive Junk Food</i>, New York Times, February 20, 2013.</p> <p>2. CASE STUDY: Kedra Newsom Reeves, Mindy Hauptman, Caitlin Guzman Hartman, Ryan Curley, Mike Marcus, and Brian O'Malley, <i>Racial Equity in Banking Starts with Busting the Myths</i>, FEBRUARY 02, 2021, https://www.bcg.com/publications/2021/unbanked-and-underbanked-households-breaking-down-the-myths-towards-racial-equity-in-banking.</p>
Feb 26	Fraud Roundtable 7	<p>1. Badaracco, Jr. <i>Personal Values and Professional Responsibilities</i>, HBS 9-304-070, 2004.</p>	<p>Document: The Fraud Triangle, https://butlerhansen.com/wp-content/uploads/The-Fraud-Triangle.pdf.</p> <p>In Class Exercise: Group 1: <i>United States v. Moshe Porat, et al.</i>: https://www.justice.gov/usao-edpa/united-states-v-moshe-porat-et-al; indictment at https://www.justice.gov/usao-edpa/page/file/1481641/download.</p> <p>Group 2: Operation Varsity Blues: See e.g. Daniel Golden and Doris Burke, <i>The Unseen Student Victims of the “Varsity Blues” College-</i></p>

			<p><i>Admissions Scandal</i>, (October 8, 2019) https://www.newyorker.com/books/page-turner/the-unseen-student-victims-of-the-varsity-blues-college-admissions-scandal</p>
Feb 28	Accounting Fraud Roundtable 8	<p>1. Max H. Bazerman, George Loewenstein, and Don A. Moore, <i>Why Good Accountants Do Bad Audits</i>, HBR (November 2002). 2. John C. Coffee, Jr. <i>Limited Options</i>. 2003 Legal Affairs.</p>	<p>1. CASE STUDY: Kaplan and Kikon, <i>Accounting Fraud at WorldCom</i> (HBS 9-104-071, 2004). 2. CASE STUDY: Goodpaster, <i>The Corporate Scandals of 2002 (A) Enron, Inc.</i> (2004). If you have time, Enron: Smartest Guys in the Room (video)</p>
March 2-10	Spring Break		
March 11	Bribery and Money Laundering Roundtable 9	<p>3. Siri Shubert & T. Christian Miller, <i>At Siemens Bribery was Just a Line Item</i>.</p>	<p>Document: Transparency International Corruption Perceptions Index available at http://www.transparency.org/country. 1. CASE STUDY: <i>Peter Green's First Day</i> (HBS 9-380-186) 1980 2. CASE STUDY: Charlotte Butler & Henri-Claude de Battignies, <i>Changmai Corporation</i>.</p>
March 13	Supply Chain Compliance Roundtable 10	<p>1. <i>In China the Human Costs that are Built into an iPad</i> (New York Times, 2012) 2. Chris Meyers: Wrongful Beneficence, Exploitation and Third World Sweatshops, <i>Journal of Social Philosophy</i>, Vol. 35 No. 3 Fall 2004.</p>	<p>1. Supplier Codes of Conduct, e.g. Apple's, https://www.apple.com/supplier-responsibility/pdf/Apple-Supplier-Code-of-Conduct-and-Supplier-Responsibility-Standards.pdf. CASE STUDY: The Hershey Company and The Cocoa Controversy, Center for Ethical Organizational Cultures, Auburn University, https://dev.harbert.auburn.edu/binaries/documents/center-for-ethical-organizational-cultures/cases/hershey-case.pdf.</p>
March 18	Privacy/Data Ethics Roundtable 11	<p>1. Joseph Turow and Yphtach Lelkes from the Annenberg Center called "Americans Can't Consent to Companies' Use of Their Data." 2. Joy Buolamwini, "Gender Shades", MIT Media Lab</p>	<p>Document: AICPA Privacy Maturity Model (2011 version) https://iapp.org/media/pdf/resource_center/aicpa_cica_privacy_maturity_model_final-2011.pdf. CASE STUDY: 2021 shareholder resolution to Amazon filed by</p>

		(2018) https://www.youtube.com/watch?v=TWWsW1w-BVo	Harrington Investments, https://www.harringtoninvestments.com/wp-content/uploads/2021/02/Amazon-2021-Resolution-Final.pdf
March 20	Ethics of Social Media Roundtable 12		CASE STUDY: <i>Case Study: Does Facial Recognition Tech Enhance Security?</i> by Mary C. Gentile, David Danks, and Maralee Harrell, HBR Magazine (November–December 2022) https://hbr.org/2022/11/does-facial-recognition-tech-enhance-security .
March 25	In-Class Midterm		
March 27	Corporate Culture <ul style="list-style-type: none"> Ethical and Professional Sub-Cultures Tone at the Top and Middle Creating a Speak Up Culture Roundtable 13	Lynne Sharp Paine, <i>Managing for Organizational Integrity</i> , <i>Harvard Business Review</i> , March-April 1994.	1. CASE STUDY: Volkswagen: Nelson, Josephine (J.S.), <i>The Criminal Bug: Volkswagen's Middle Management</i> (April 19, 2016). Available at SSRN: https://ssrn.com/abstract=2767255 or http://dx.doi.org/10.2139/ssrn.2767255 . 2. CASE STUDY: Boeing: Engineering Ethics and the Boeing Scandal by Robert Prentice https://ethicsunwrapped.utexas.edu/engineering-ethics-and-the-boeing-scandal .
April 1	Elements of an Effective Compliance Program <ul style="list-style-type: none"> US Guidelines International Guidelines Self-Regulation Third Party Due Diligence 	Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework, (skim) https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf .	CASE STUDY: Morgan Stanley: Former Morgan Stanley Managing Director Pleads Guilty for Role in Evading Internal Controls Required by FCPA, https://www.justice.gov/opa/pr/former-morgan-stanley-managing-director-pleads-guilty-role-evading-internal-controls-required (2012).
April 3	Governance <ul style="list-style-type: none"> Role of Chief Compliance Officer: independence, resourcing Policies 		Documents: 1. The Three Lines of Defense model, https://www.theiia.org/globalassets/site/about-us/advocacy/three-lines-model-updated.pdf . 2. Sample Code of Conduct: Google: https://abc.xyz/investor/other/google-code-of-conduct/ .

	<ul style="list-style-type: none"> • Audits and Monitoring • Metrics 		
April 8	<p>Risk and Crisis Management - Root Cause Analysis</p> <p>Roundtable 14</p>		<p>CASE STUDIES:</p> <p>1. Ingersoll and Locke, <i>BP and the Deepwater Horizon Disaster of 2010</i>, MIT Sloan Management, 10-110 (2012).</p> <p>2. <i>The Coca-Cola Company Struggles with Ethical Crises</i>, Center for Ethical Cultures Auburn University.</p>
April 10	Internal Investigations	Mayer, <i>Why Are Some Whistleblowers Vilified and Others Celebrated?</i> (HBR Sep. 2016).	In-Class Exercise
April 15	<p>Social Responsibility of Business: CSR, ESG and Corporate Philanthropy</p> <p>Roundtable 15</p>	<p>1. Robert Solow: <i>Sustainability: An Economist's Perspective</i>.</p> <p>2. Joe DesJardins: <i>Corporate Environmental Responsibility</i> [3. ESG Antitrust issues].</p>	<p>1. CASE STUDY: <i>Should Business Influence the Science and Politics of Global Environmental Change? The Oil Industry and Climate Change</i>, from Part 4, <i>Corporate Values: International Business (A) and (B)</i> pp. 519-546.</p> <p>2. CASE STUDY: Liana Downey, <i>Mobil in Aceh, Indonesia</i>.</p> <p>3. CASE STUDY: Gideon Lewis-Kraus: Sam Bankman-Fried, Effective Altruism, and the Question of Complicity, <i>New Yorker</i>, (December 1, 2022), https://www.newyorker.com/news/annals-of-inquiry/sam-bankman-fried-effective-altruism-and-the-question-of-complicity.</p>
April 17	Topic Presentations		
*Friday, April 19 (Double class) to replace April 22-24 which is Passover	Topic Presentation Marathon		
April 29	Compliance and Emerging Technologies		<p>1. Theranos: See DOJ press release at https://www.justice.gov/usao-ndca/us-v-elizabeth-holmes-et-al and</p>

			<p>the indictment at https://www.justice.gov/file/1072521/download. and watch “The Dropout” on Hulu or listen to the Podcast; or book “Bad Blood” by John Carreyrou.</p> <p>2. ‘Fake It ‘Til You Make It’: Meet Charlie Javice, The Startup Founder Who Fooled JP Morgan” https://www.forbes.com/sites/alexandrarevine/2023/01/19/charlie-javice-jp-morgan-frank-lawsuit/?sh=4a66e0b91f64.</p>
May 1	Reflection Papers Conclusion		

Rubrics:

I. Roundtable Rubrics

Key Takeaways Rubric:

<p>Format:</p> <p>Slides: 2 slides: 1. Your 3 Key takeaways from readings; 2. 3 Key Issues you would like to discuss in class.</p> <p>Presentation: Presentation of slides and class response to key takeaways and issues.</p>	
<p>Grading: Substance, depth of preparation, and clarity; response to questions by others.</p>	

Case Study Rubric:

<p>Format:</p> <p>Slides: 1. Brief Summary of Facts; 2. Key Issues;</p> <p>Presentation: 1. Class Discussion of Issues; 4. Resolution</p>	
<p>Grading: Substance, depth of preparation, and clarity; response to questions by others.</p>	

II. Topic Presentation Rubric:

<p>Format:</p> <p>Slides (3 slides: 1. facts; 2. issues, 3. your perspective)</p> <p>Presentation: Class Discussion of takeaways and issues.</p>	
<p>Grading: Substance, depth of preparation, and clarity; response to questions by others)</p>	