COURSE OBJECTIVES AND METHODOLOGY

This course is about leadership ethics and the professional responsibilities of companies. Students will acquire a practical understanding of business responsibilities to investors, customers, employees, suppliers, and the general public. Students will learn about how ethics, law, and economics interrelate and overlap. Thus we will spend considerable time studying law and economics in this class.

Students will learn to think critically about business ethics and corporate social responsibility in three dimensions—the societal, the organizational, and the individual. We examine the complex ethical and economic relationship between business and society. We also consider whether business has to be socially responsible to achieve sustainable profits. At the organizational level we ask students to consider both governance mechanisms and corporate culture characteristics that contribute to a company’s success or demise. Finally, we focus on the personal ethical and social responsibilities of people in business, particularly leaders.

A special feature of this course is the emphasis on case discussions that are intended to make the learning experiential. Students will participate in case discussions of ethical issues that are grounded in strategic business settings.

COURSE MATERIALS

READINGS

You will need ASAP to purchase a set of Harvard Business School cases that will be available on the Harvard Business School Online website. The course link is here: https://cb.hbsp.harvard.edu/cbmp/access/21137900 If you have not yet registered with HBS Online, you should do so ASAP.

Other cases and class materials will be distributed in class or through the Blackboard website.

If you do not already have one you will also need to purchase a Triton clicker at the campus bookstore in order to participate in class discussions and polls.

You also need to purchase a copy of Santoro and Strauss, Wall Street Values: Business Ethics and the Global Financial Crisis (Cambridge University Press, 2013). Copies are available for purchase at the Barnes and Noble campus bookstore.
GRADING POLICY

The course grade will be based on 3 in-class exams and 3 papers. The exams will consist of a combination of short answers and essay questions and the precise breakdown of points for each component is noted in the syllabus.

Students must also attend every class. Absence from more than two classes for any reason will result in a reduced grade, e.g. from A- to B+. Absence from 4 or more classes will result in an F grade and the student will have to repeat the class. Students must complete the class reading prior to every class. I will be cold calling most of the students in the class during the course. If you are not prepared when called upon, it will be noted and this could also result in a lowering of your grade. Class participation can also raise a student’s grade. However, it is the QUALITY of class participation, based on the criteria described below, NOT THE QUANTITY, that could result in a raised grade.

CLASS PARTICIPATION

In a typical class, one or more students will be asked to start the class by answering a specific question or discussing a specific issue. Preparation for class (including any assignment questions) should be sufficient to handle such a leadoff assignment. After a few minutes of initial analysis, we will open the discussion to the rest of the class. As a group, we will then try to complete the analysis of the situation and address the problems and issues presented in the readings.

The development of verbal skills is given a high priority in this course. The classroom should be considered a laboratory in which you can test your ability to convince your peers of the correctness of your approach to complex problems, and of your ability to achieve the desired results through the use of that approach. Some of the things that have an impact on effective class participation are the following:

1. Is the participant a good listener?
2. Are the points that are made relevant to the discussion? Are they linked to the comments of others?
3. Do the comments show evidence of analysis of the readings?
4. Does the participant distinguish among different kinds of data, such as facts, opinions, beliefs, and concepts?
5. Is there a willingness to test new ideas, or are all comments “safe”? (For example, repetition of case facts without analysis and conclusions or a comment already made by a colleague)
6. Is the participant willing to interact with other class members?

The questions above deal with both the process of class participation and (of equal or greater concern) the content of what you say. As noted above, class participation is potentially a component of your grade in this course.
OTHER ADMINISTRATIVE DETAILS

Because faculty members tend to have somewhat different expectations as to class behavior, I’d like to outline a few of my expectations concerning such matters.

1. Attendance in every class is considered extremely important. Missing any class for any reason will have an effect on your class participation grade.

2. In the event that for some unavoidable reason you have to miss a class, I would appreciate it if you would let me know in advance of class by means of an e-mail message. Also, if you do miss a class, it is your responsibility to find out from your classmates what materials were covered, what additional assignments were made, and what items may have been distributed in class.

3. As a courtesy to your classmates and to me, you are expected to be in class, ready to roll, on time. Anyone coming in late will be a prime candidate for a cold call.

4. I plan to be prepared for every class and expect you will do the same. Since I frequently call on individuals whose hands are not raised, you should let me know before the start of the class if some emergency has made it impossible for you to be prepared adequately for that class.

5. Given the importance of class participation, please use a name card through the course.
CLASS SCHEDULE AND ASSIGNMENTS

Unit I: Forms of Legal and Ethical Reasoning

September 3--Introductory Lecture

September 5, 10--Ethical Theory

HBS Case: *Five Traditional Theories of Moral Reasoning*

Do the twelve-question quiz at [http://selectsmart.com/PHILOSOPHY/](http://selectsmart.com/PHILOSOPHY/) and check out the philosopher you have the strongest kinship with according to the quiz.

September 12--Scientific Approaches to Ethics


September 17--First Exam (10%)

Unit II. Business and Society: Theoretical Perspectives

September 19--Corporate Social Responsibility: Legal Perspectives

Legal Materials (To be Distributed)

September 24--Corporate Social Responsibility: Economic Perspectives


Economics Handout (To Be Distributed)

September 26--Corporate Social Responsibility: Ethical Perspectives

Case: *Managing for Stakeholders*

October 1--Second Exam (15%)

Unit III. Corporate Social Responsibility: Case Studies
**October 3—CSR and Profits**

HBS Case: *Burt's Bees*

Study Questions:

1. How far along is Burt’s Bees in their sustainability journey?
2. Which of their 2020 goals is the most challenging? Why?
3. Could any company do this? Is their ‘Greater Good’ Business model replicable?
4. It is clear that the more a company grows, the more difficult it is to be sustainable. How has Burt’s Bees balanced the tension thus far?
5. Moving forward, what are the risks and opportunities from the Clorox acquisition?

**October 8—CSR and Brand Management**

HBS Case: *Warby Parker: Vision of a "Good" Fashion Brand*

Study Questions:

1. What is Warby Parker’s approach to corporate social responsibility?
2. How does its CSR policy relate to its business model and marketing strategy?

**October 10—CSR and Strategy**

HBS Case: *IBM: The Corporate Service Corps*

Study Questions:

1. In July 2007, what is the biggest challenge facing Kevin Thompson?
2. Are IBM’s CSR activities a coherent whole? Where does the CSC fit into the broader portfolio?
3. What is your assessment of the CSC’s effectiveness and impact (both business and social)? What are the strengths and weaknesses of the program?

**October 15—CSR Reporting**

HBS Case: *Driving Sustainability at Bloomberg L.P.*

Study Questions:

1. Assess the evolution of the ESG project at Bloomberg and what the best next steps are. Should Bloomberg begin deriving data and/or providing ratings? Or should they stick to their traditional business of just providing information?
2. What is Bloomberg’s competitive position in the ESG data space? Do they have any particular competitive advantages or liabilities?

**October 17: First Paper Due (15%)**

Unit IV. **October 17-31: Ethics on Wall Street**
Reading: Wall Street Values: Business Ethics and the Global Financial Crisis


Economics Handout (To Be Distributed)

Corporate Governance at UBS (To Be Distributed)

HBS Case: Barclays and the LIBOR Scandal

Sunday, November 3—Second Paper Due (20%)

Unit V. Ethics in the Pharmaceutical Industry

November 5—Patents and Innovation: Economic and Business Perspectives

Michael A. Santoro, Economics of Patents Handout (to be distributed)


Legal Requirements of a Patent

November 7—Patents and Human Rights

HBS Case: Pfizer: Protecting Intellectual Property in the Global Economy


November 12—Pharmaceutical Industry Ethics: Marketing and Product Stewardship I

HBS Case: Developing and Marketing a Blockbuster Drug: Lessons from Eli Lilly’s Experience with Prozac

Study Questions: To Be Provided

November 14—Pharmaceutical Industry Ethics I: Marketing and Product Stewardship II

HBS Case: Myriad and OncorMed: Marketing the First Genetic Tests for Breast Cancer Susceptibility

Study Questions: To Be Provided

November 19—Third Exam (20%)

Unit VI. International Business Ethics

November 21, 26—Business Ethics in China
M. Santoro, China 2020 (to be distributed)

December 3—Child Labor

HBS Case: IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor (A)

Study Questions:

1. How should Marianne Barner respond to the invitation for IKEA to have a representative appear on the upcoming broadcast of the German video program?
2. What actions should she take regarding the IKEA supply contract with Rangan Exports?
3. What long-term strategy would you suggest she take regarding IKEA’s continued operation in India? Should the company stay or should it exit? (Be prepared to describe the impact of such a decision and how you would manage it.)

December 5—International Corruption

HBS Case: Fighting Corruption at Siemens

JP Morgan in China (materials to be distributed)

December 10—Third Paper Due (20%)

Concluding Lecture