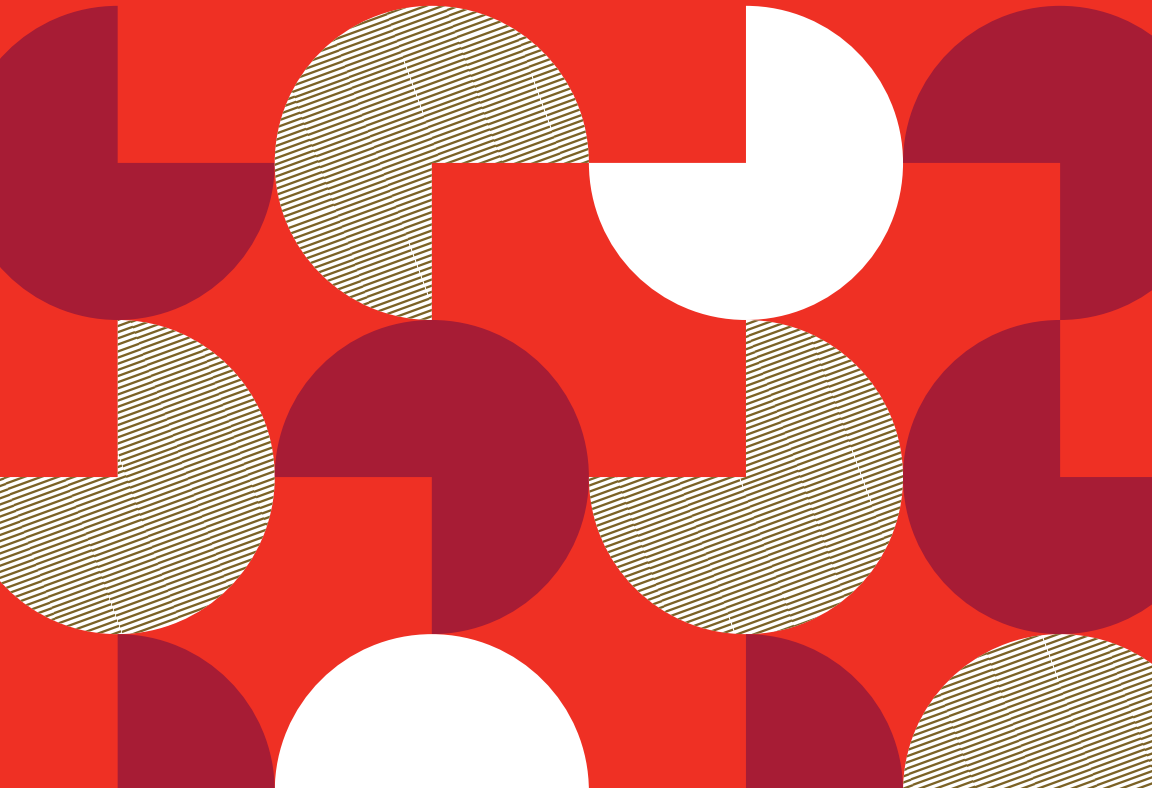


# BUSINESS ETHICS

**2018**



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Cases, slices of business life, focus on actual problems and decisions facing a company. Students are challenged to put themselves in the protagonist's place and suggest business strategies, tactics, and solutions.

### New Cases

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#### **Apple: Privacy vs. Safety?**

In 2015, Apple debuted the iPhone 6s with security measures that inflamed a worldwide debate on privacy and public safety. Amid controversy and court cases, CEO Tim Cook considered his responsibilities to the U.S. government as well as to Apple's customers, employees, and shareholders. [TN](#) *Harvard Business School* #316069

#### **Banking on Change: Aligning Culture and Compensation at Morgan Stanley**

After the 2008 financial crisis, governments in the U.S. and Europe created wide-ranging regulations aimed at improving risk management and bankers' ethics. Banks have also been implementing their own culture-change programs. This case describes one such program at Morgan Stanley. [TN](#) *Harvard Business School* #917402

#### **Building a "Back Door" to the iPhone: An Ethical Dilemma**

After Apple challenged a court order to decrypt a suspected terrorist's iPhone, the ensuing public debate pitted proponents of national security against those in favor of customers' digital privacy and security. [TN](#) *Ivey Publishing* #W16245

#### **Corruption in Russia: IKEA's Expansion to the East (A)**

This 4-part case series focuses on ethical issues related to corruption, governance and compliance, cross-cultural differences, and the ethical challenges of internationalization. [TN](#) *European School of Management & Technology* #ES1691

#### **Dieselgate—Heavy Fumes Exhausting the Volkswagen Group**

Newly appointed CEO Matthias Mueller must guide the Volkswagen Group through a massive, worldwide auto emissions scandal. This case illustrates how a failure of proper corporate governance, overambitious target setting, and an authoritarian management culture can lead a successful company into crisis. [TN](#) *University of Hong Kong* #HK1089

#### **Invest or Take: A Venture Capitalist's Ethical Dilemma**

A managing partner at an Australian venture capital firm must vote on a tempting but controversial investment decision. Should his firm legally take an entrepreneur's idea for a solar-powered water filter and build a new company around it, or instead invest in the entrepreneur's company? [TN](#) *Ivey Publishing* #W16332

#### **Joan Bavaria and Multidimensional Capitalism**

Joan Bavaria, a pioneer of socially responsible investing (SRI), aimed to standardize corporate reporting on environmental performance. This case explores the opportunities and challenges of both SRI and corporate environmental reporting. *Harvard Business School* #317028

#### **Pink Tax: Gender and Other Price Discrimination Factors**

As Diana Kelly conducts pricing research for her company's new nail cream, she discovers examples of price discrimination for products sold to women. Would gender-specific packaging and pricing help Kelly's company maximize profits? Students explore issues related to consumer segmentation, pricing strategy, and price discrimination. [TN](#) *WDI Publishing at the University of Michigan* #W04C92

### **Pricing the EpiPen: This Is Going to Sting**

Public controversy erupted after drugmaker Mylan Inc. announced a substantial increase in the price of the EpiPen, a medical device used to treat severe allergic reactions. This case considers pricing fairness and price discrimination, media crises, and how to balance the competing concerns of stakeholders. **TN** *Darden School of Business* #UV7186

### **Rajwant Engineering: Survival or Ethical Values?**

Rajwant Engineering Pvt. Ltd. has been asked for a bribe by the procurement manager of its most important client. Rajwant's owner is tempted to discontinue his relationship with the client, but the company is facing major financial difficulties. Should the owner compromise his values to save his business from bankruptcy? **TN** *Ivey Publishing* #W16639

### **Schmidt Press and Mekkanischer Wahnsinn**

The owner of the small Berlin-based press is given the opportunity to publish a novel about a Muslim woman who attempts to lead an underground movement to take control of the Kaaba, the holy sanctuary at Mecca. Students discuss the ethics of free press and challenges to the profit motive in the face of political and religious world affairs.

**TN** *Darden School of Business* #UV7238

### **Screen Microtech Inc.**

As a touch screen manufacturer prepares for an IPO, the CEO and CFO stand to reap large financial rewards. Could these current incentives bias the management team's approach toward accounting policy choices? **TN** *Ivey Publishing* #W16133

### **Strategy Execution Module 13: Identifying Strategic Risk**

This module note explains the 3 sources of strategic risk; introduces the risk exposure calculator; and discusses the dangerous triad of pressure, opportunity, and rationalization that can set the stage for misrepresentation and fraud. The note is part of Robert L. Simons' Strategy Execution series: [hbsp.harvard.edu/strategyexecution](http://hbsp.harvard.edu/strategyexecution).

**TN** *Harvard Business School* #117113

### **Strategy Execution Module 14: Managing Strategic Risk**

This module note provides an overview of the business conduct boundaries, strategic boundaries, and internal control systems used to manage risk. The note is part of Robert L. Simons' Strategy Execution series: [hbsp.harvard.edu/strategyexecution](http://hbsp.harvard.edu/strategyexecution).

**TN** *Harvard Business School* #117114

### **Three Problems in Protecting Competition**

These 3 short cases provide an introduction to competition law. Students learn about the purposes of competition law, the types of questions that arise, disputed practices, and the ethical principles beyond government intervention. **TN** *Harvard Business School* #917012

### **The Toshiba Accounting Scandal: How Corporate Governance Failed**

In 2015, Toshiba was implicated in the biggest accounting scandal in contemporary Japanese history. This case examines how corporate culture can undermine even the most robust corporate governance strategies. **TN** *University of Hong Kong* #HK1097

## Popular Cases

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### **Barclays and the LIBOR Scandal**

In 2012, Barclays plc admitted that it had manipulated the London Interbank Offered Rate (LIBOR) and agreed to pay \$450 million in fines to U.K. and U.S. regulators. This case explains why LIBOR was an essential part of the global financial market, the mechanism used to establish the rate, and what Barclays did wrong.

**TN** *Harvard Business School #313075*

### **Blood Bananas: Chiquita in Colombia**

In 2004, Chiquita voluntarily revealed that it had been making protection payments to terrorist groups in Colombia. The result of this revelation was a plea deal with the U.S. Department of Justice that included a \$25 million fine and the distinction of being the first major U.S. company to be convicted of dealing with terrorists.

**TN** *Thunderbird School of Global Management #TB0245*

### **Cipla 2011**

Dr. Yusuf Hamied, head of the Indian pharmaceutical and generics manufacturing company Cipla, weighs options for how to continue to support the global fight against HIV/AIDS while positioning his company for growth in a changing regulatory landscape.

*Harvard Business School #511050*

### **Following Lance Armstrong: Excellence Corrupted**

After years of denials, in 2013 Lance Armstrong admitted that he “doped” in each of his record 7 consecutive Tour de France victories. This confirmed the findings of the U.S. Anti-Doping Agency that he had orchestrated “a massive team doping scheme, more extensive than any previously revealed in professional sports history.”

**TN** *Harvard Business School #314015*

### **The National Football League and Brain Injuries**

Football is the most popular spectator sport in the U.S., and the National Football League is a major economic entity. But as a growing body of evidence exposes the serious, long-term health effects of playing American football, questions are being raised about how to protect players. Students examine the ethical, legal, and economic aspects of an issue related to employee health and safety. *Harvard Business School #815071*

### **Note on Human Behavior: Situation versus Character**


Conventional wisdom holds that moral behavior stems from personal integrity and strong character. But recent research suggests that situational factors often dominate character in ethical decision making—for leaders and for members of their organizations.

*Harvard Business School #316078*


### **A Note on Moral Disengagement**

Moral disengagement is a process that enables people to engage in negative behaviors, from small misdeeds to great atrocities, without believing that they are doing wrong. This note provides an overview of the 8 mechanisms of moral disengagement and provides examples of how they operate in our daily lives. *Harvard Business School #612043*

### **PepsiCo, Profits, and Food: The Belt Tightens**

This case describes the issues facing Indra Nooyi after 5 years of PepsiCo's new and controversial nutrition strategy. Students examine the challenges that leaders face when they take on important social and economic responsibilities and must think and act in strategic, financial, pragmatic, and political terms.  *Harvard Business School* #314055

### **Ziqitza Health Care Limited: Responding to Corruption**

Sweta Mangal, CEO of India's Ziqitza Health Care Limited (ZHL), must decide how to respond to a government official who has demanded a bribe to release payment for the ambulance services ZHL provides.  *INSEAD* #INS295



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## **BRIEF CASES**

**Rigorous and compact, Brief Cases from Harvard Business School present realistic management challenges for students to discuss. Audio versions are available for select Brief Cases to aid in student preparation.**

### **WeaveTech: High-Performance Change**

VP of Human Resources Frank Jennings must recommend how to reduce WeaveTech's management workforce by 20%. The company has a new CEO, a new strategy, a changing market, a long history, and a deeply embedded high-performance culture. This case explores the HR manager's ethical responsibilities during a period of noncrisis-driven change.


 #914553 

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## **MULTIMEDIA CASES**

**Available online, Multimedia Cases put students in the center of business dilemmas by bringing concepts to life with animated charts, audio, and video segments.**

### **Fighting Corruption at Siemens**

In 2006, German prosecutors raided the offices and homes of Siemens AG staff as part of an ongoing investigation into bribery, and the subsequent investigations spanned operations in Asia, Africa, Europe, the Middle East, and the Americas. This Multimedia Case takes a look at how one of the world's largest companies faced corruption head-on.  #112702

### **The Future of Financial Reporting**

This case addresses the Securities and Exchange Commission's work on improvements to financial reporting. Students review topical audio and video from various sources, including SEC footage and interviews with others involved. Students will be required to make actionable suggestions on the future of fair-value accounting and principles-based accounting.  #110701

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## ARTICLES

Articles from *Harvard Business Review*, HBR.org, and other renowned sources provide up-to-the-minute ideas from the best business thinkers.

### New Articles

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#### **Don't Let Power Corrupt You**

Research shows that the powerful are more likely to engage in rude, selfish, and unethical behavior. Author Dacher Keltner, a psychology professor who has studied this phenomenon in a variety of professional settings, describes how executives can avoid succumbing to this syndrome. *Harvard Business Review* #R1610K

#### **Fixing Discrimination in Online Marketplaces**

Research has shown that online marketplaces such as eBay, Uber, and Airbnb are susceptible to discriminatory behavior among their users. Platform designers should be mindful of the potential for discrimination and open to experimenting with different options for automation, algorithms, and the use of identifying data. *Harvard Business Review* #R1612G

#### **How to Manage Client Entertainment in China**

Client entertainment is an important business practice in China. This article explains client entertainment's purpose, prevalence, and persistence in China, and identifies the pitfalls that foreign firms often encounter. *Business Horizons* #BH749

#### **The Leadership Blind Spots at Wells Fargo**

In the wake of the fraud scandal at Wells Fargo, most of the scrutiny focused on the high-pressure sales environment. But testimony from CEO John Stumpf as well as industry research suggests the leadership team's blind spots—as well as deterrents to speaking up—contributed to the wrongdoing. *Harvard Business Review* Web Article #H036US

#### **Leadership in the Promotion of Peace: Interviews with the 2015 Business for Peace Honorees**

This article provides an overview of the relevant literature on business for peace and ethical leadership. It also features interviews and speeches from the 2015 Business for Peace Foundation honorees. *Business Horizons* #BH755

#### **Sustainability as a Marketing Tool: To Be or to Appear to Be?**

In this article, the authors propose a self-assessment matrix that identifies a better way to make sustainability a source of competitive advantage through a transparency-based approach. *Business Horizons* #BH751

#### **Transforming Companies into Respected Institutions: A More Holistic View of the Firm**

This article examines how a holistic vision that combines economic performance with respect for people, customer orientation, and interest in the common good of society will help companies regain the respect they have lost. *IESE Insight Magazine* #IIR157

#### **We're Unethical at Work Because We Forget Our Misdeeds**

The authors introduce the concept of unethical amnesia—an adaptive mechanism for coping with the psychological distress and discomfort of behaving unethically. *Harvard Business Review* Web Article #H02W6C

### **What Aristotle Can Teach Firms about CSR**

Corporations would do well to learn from Aristotle and incorporate the role of emotion into their corporate social responsibility (CSR) efforts. Firms will yield better results by treating CSR as a virtue rather than an obligation. *Harvard Business Review* Web Article #H03486

### **When Tough Performance Goals Lead to Cheating**

This article explores the link between goal setting and unethical behavior. The authors examine the question: If aggressive goal setting can cause people to act unethically, why is it still such a popular and widespread managerial practice?

*Harvard Business Review* Web Article #H03463

### **When You Feel Pressured to Do the Wrong Thing at Work**

In this article, Joseph L. Badaracco advises leaders to work through ethical problems as managers—but to resolve them as human beings. This approach can help leaders avoid stark choices between getting ahead and doing what they know is right.

*Harvard Business Review* Web Article #H038N7

### **Why Companies Are Becoming B Corporations**

Certified B corporations are social enterprises committed to creating value for non-shareholding stakeholders, such as employees, the local community, and the environment. More companies are identifying as B corporations in order to publicly stake their claims in both shareholder and stakeholder success. *Harvard Business Review* Web Article #H02Y90

### **Why Ethical People Make Unethical Choices**

Despite good intentions, organizations set themselves up for ethical catastrophes by creating environments in which people feel forced to make choices they never could have imagined. *Harvard Business Review* Web Article #H03CRD

### **Why We're Seeing So Many Corporate Scandals**

Most 21st-century corporate scandals can be reduced to some combination of new technologies, flat corporate structures, and leadership failures.

*Harvard Business Review* Web Article #H03D37

## **Popular Articles**

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### **Developing and Sustaining an Ethical Corporate Culture: The Core Elements**

Unethical corporate activity is significant in terms of potential negative impact—and it's truly difficult to properly address. This article discusses the 3 key elements necessary to develop and maintain an ethical corporate culture. *Business Horizons* #BH506

### **Ethical Breakdowns**

Despite investments in compliance programs, unethical behavior in business remains widespread. The reason is that cognitive biases and organizational systems blind managers to unethical behavior. The authors of this article offer 5 reasons for this blindness and suggest what to do about them. *Harvard Business Review* #R1104C

### **Fostering an Ethical Organization from the Bottom Up and the Outside In**

Efforts to fight fraud often fail because a systematic approach is being used for a problem that is irregular and complex. The authors of this article propose a new approach that emphasizes informal practices that work from the bottom up and the outside in.

*Business Horizons* #BH623



### **Greased Palms, Giant Headaches**

Bribery is pervasive in emerging markets, in part because of growth imperatives from headquarters, and companies can rack up millions in fines. The authors of this article draw on extensive research to suggest steps managers can take to keep employees on the right side of the law. *Harvard Business Review* #F1209A

### **How (Un)Ethical Are You?**

This article explores 4 related sources of unintentionally unethical decision making: implicit bias, in-group bias, a tendency to overclaim credit, and conflicts of interest. To counter these unconscious biases, traditional ethics training is not enough.

*Harvard Business Review* #R0312D

### **Learning to Navigate the Rough Seas of Ethics**

This article tackles 3 major myths surrounding cross-cultural management: the appeal to local etiquette over moral considerations, the idea that tolerance will solve cross-cultural dilemmas, and the belief that profit justifies dubious means. *IESE Insight Magazine* #IIR027

### **A Question of Principles**

One of the greatest fallouts of the recent economic crisis was a loss of trust, both between people and between companies and institutions. This article examines the foundations of trust, its value, and the methods used to build and maintain it. *IESE Insight Magazine* #IIR013

### **Someone to Watch Over Me: The Integration of Privacy and Corporate Social Responsibility**

Firms' relationships with key stakeholders are increasingly threatened by privacy concerns. Given the role of firms' corporate social responsibility (CSR) initiatives in strengthening these relationships, this article examines the intersection between privacy issues and CSR activities. *Business Horizons* #BH706

### **When the Crowd Fights Corruption**

Corruption is one of the greatest impediments to conducting business in Russia, as in many emerging markets, but recent citizen-driven initiatives are raising public awareness about the problem. This article focuses on RosPil, a web-based effort to expose corruption in Russia, and the issues that this and similar efforts raise for businesses.

*Harvard Business Review* #R1301K

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## **BOOKS & CHAPTERS**

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### **Changing Your Company from the Inside Out: A Guide for Social Intrapreneurs**

This book is a road map for intrapreneurs seeking to reshape their companies into drivers of change. Drawing on lessons from social movements and successful intrapreneurs, the authors offer tools for creating positive social change within organizations.

Available as an eBook. *Harvard Business Review Press* #11057

### **Conscious Capitalism: Liberating the Heroic Spirit of Business**

In this book, Whole Foods Market cofounder John Mackey and Conscious Capitalism, Inc., cofounder Raj Sisodia argue for the inherent good of both business and capitalism. Featuring some of today's best-known companies, they illustrate how these 2 forces can—and do—work most powerfully to create value for all stakeholders.  
*Available as an eBook. Harvard Business Review Press #10845*

### **Defining Moments: When Managers Must Choose between Right and Right**

Defining moments occur when managers face business decisions that trigger conflicts with their personal values. In this book, best-selling author Joseph L. Badaracco explains how to approach these dilemmas using 3 case examples.  
*Available as an eBook. Harvard Business Review Press #10085*

### **Managing for Ethical-Organizational Integrity**

*Business Expert Press*

These chapters provide a practical overview of business ethics for managers and students. They include:

- Appendix Material #BEP114
- Ethics Programs #BEP113
- Doing What Is Good #BEP111
- Rights, Duties, and Other Obligations #BEP112

### **Managing in the Gray: Five Timeless Questions for Resolving Your Toughest Problems at Work**

The hardest decisions are those made in the “gray areas”—situations where you are faced with an uncertain, complex, and high-stakes problem. In this book, Joseph L. Badaracco offers a powerful, practical way to resolve gray-area problems.  
*Available as an eBook. Harvard Business Review Press #10029*

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The Case Startup Kit recommends cases ideal for teaching as a “first case” for aspiring case teachers, with cases selected for their brevity, ease of use, and teachability. Each case comes with a Teaching Note. Cases for Business Ethics include:

- Against the Grain: Jim Teague in Tanzania (A) #112069
- Chris and Alison Weston (A) #612019
- IKEA's Global Sourcing Challenge: Indian Rugs and Child Labor (A) #906414
- A Letter from Prison #110045
- Martha McCaskey #403114
- The Redgrove Axial Workshop #409034
- Two Tough Calls (A) #306027

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- Ethics at Work #9018

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- Franco Bernabe at ENI (A) #498034
- Merck Latin America (A) #401029
- Timberland and Community Involvement (Abridged Version) #304086

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