

One day at the office of (fill in  
your name)



**Is your institutional culture a ticking time bomb?**



FINANCIAL TIMES

VW admits guilt and pays \$4.3bn emissions scandal penalty

**NEW YORK POST**

**Wells Fargo will pay \$110M to settle fake-accounts scandal**

**FORTUNE** | International

**Foreign Investors Sue Toshiba over Accounting Scandal**

**BBC**

**GlaxoSmithKline fined \$490m by China for bribery**

**theguardian**

Canadian mining doing serious  
environmental harm, the IACHR is told

**Chicago Tribune**

Ex-Penn State president guilty of child  
endangerment in Sandusky scandal

## THE WALL STREET JOURNAL. A President's Credibility

Trump's falsehoods are eroding public trust, at home and abroad.

**theguardian**

Rana Plaza collapse: 38 charged with  
murder over garment factory disaster

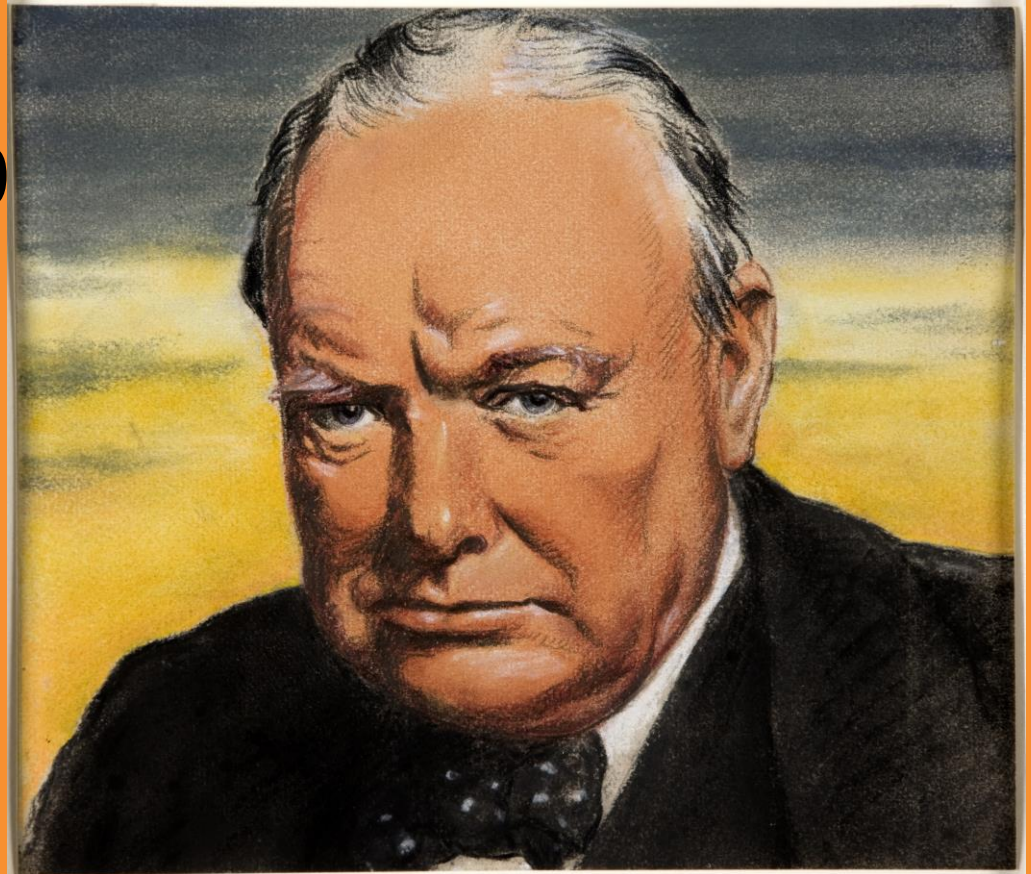
# ETHICS THEORY

- IMMANUEL KANT (1724-1804):
- PRINCIPLE OF HUMANITY: Act So That You Treat Humanity . . . Always as an End and Never as a Means
- JOHN STUART MILL (1806-73):  
Utilitarianism: The Greatest Good for the Greatest Number - Consequentialism



# WORLD WAR II

- **YOU ARE PRIME MINISTER WINSTON CHURCHILL**
- **November 1940**



# HURRICANE KATRINA

- New Orleans 2005 – Memorial Hospital
- You are the head physician
- With limited rescue equipment and limited time, who do you rescue first?

# DRIVERLESS CARS





# WILLIAM SHAKESPEARE



*To do a great right*

*Do a little wrong*

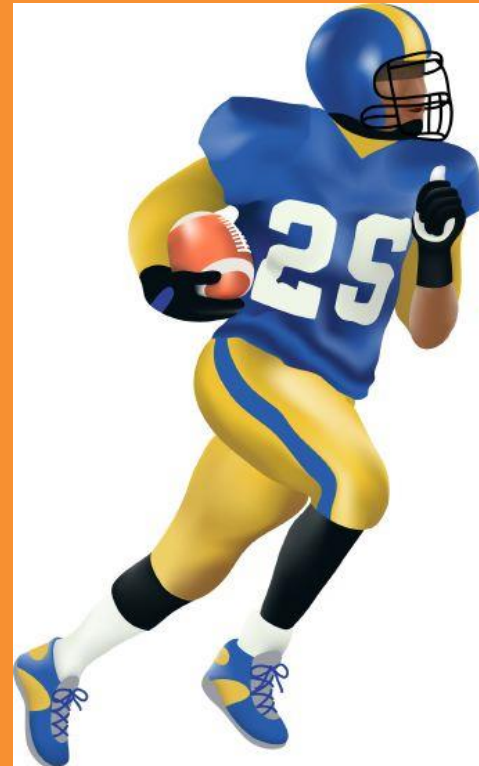
Merchant of Venice

# THE FORCES AT WORK

- HOW AND WHY DO CORPORATIONS AND OTHER INSTITUTIONS AND THEIR EXECUTIVES GET THEMSELVES INTO TROUBLE?

# CONFLICT OF INTEREST

## PENN STATE – 2002-2017



# THE E-MAIL

- 2001: “The only downside” is if Sandusky does not respond properly to our warning “and then we become vulnerable for not having reported it.”

# ADDING INSULT TO INJURY

- **ANOTHER ETHICALLY CHALLENGED DECISION BY THE UNIVERSITY**
- **THE WHISTLEBLOWER MIKE McQUEARY**





# WILLIAM SHAKESPEARE

*Oh what men dare do*

*Oh what men may do*

*Oh what men daily do*

*Not knowing what they do*

Much Ado About Nothing

# TIME TO THINK

- DAVID LEONHARDT –NEW YORK TIMES -- May 2017
- “EVEN BEFORE SMARTPHONES, THIS COUNTRY’S (USA) PROFESSIONAL CULTURE HAD COME TO VENERATE FRENETICISM . . . OUR SOCIETY NEEDS MORE REFLECTION TIME”

# **ENRON 2002**

**ENRON – “THE SMARTEST  
GUYS<sup>e</sup> IN THE ROOM” AND  
THEIR “USEFUL IDIOTS”**

ENRON – FORCES AT WORK

ENRON – “THE 7<sup>TH</sup>  
LARGEST

CORPORATION IN THE  
U.S.” - \$60 BILLION –



# ENRON

- COOKING THE BOOKS





# ENRON

- **A HOUSE OF CARDS**



# ENRON

- CONFLICT OF INTEREST
- THE MENTALITY OF EXECUTIVES and OTHERS (HOW THEY THINK)
- CORPORATE CULTURE

# **WHERE WERE THE GATEKEEPERS?**

- **THE AUDITOR – ARTHUR  
ANDERSEN**
- **THE BANKS AND FINANCE HOUSE**
- **THE LAW FIRM**
- **THE CREDIT RATING AGENCIES**
- **THE FINANCE JOURNALISTS**
- **INVESTORS**

# WELLS FARGO BANK

2011 – 2017 “Cross-Selling” Culture

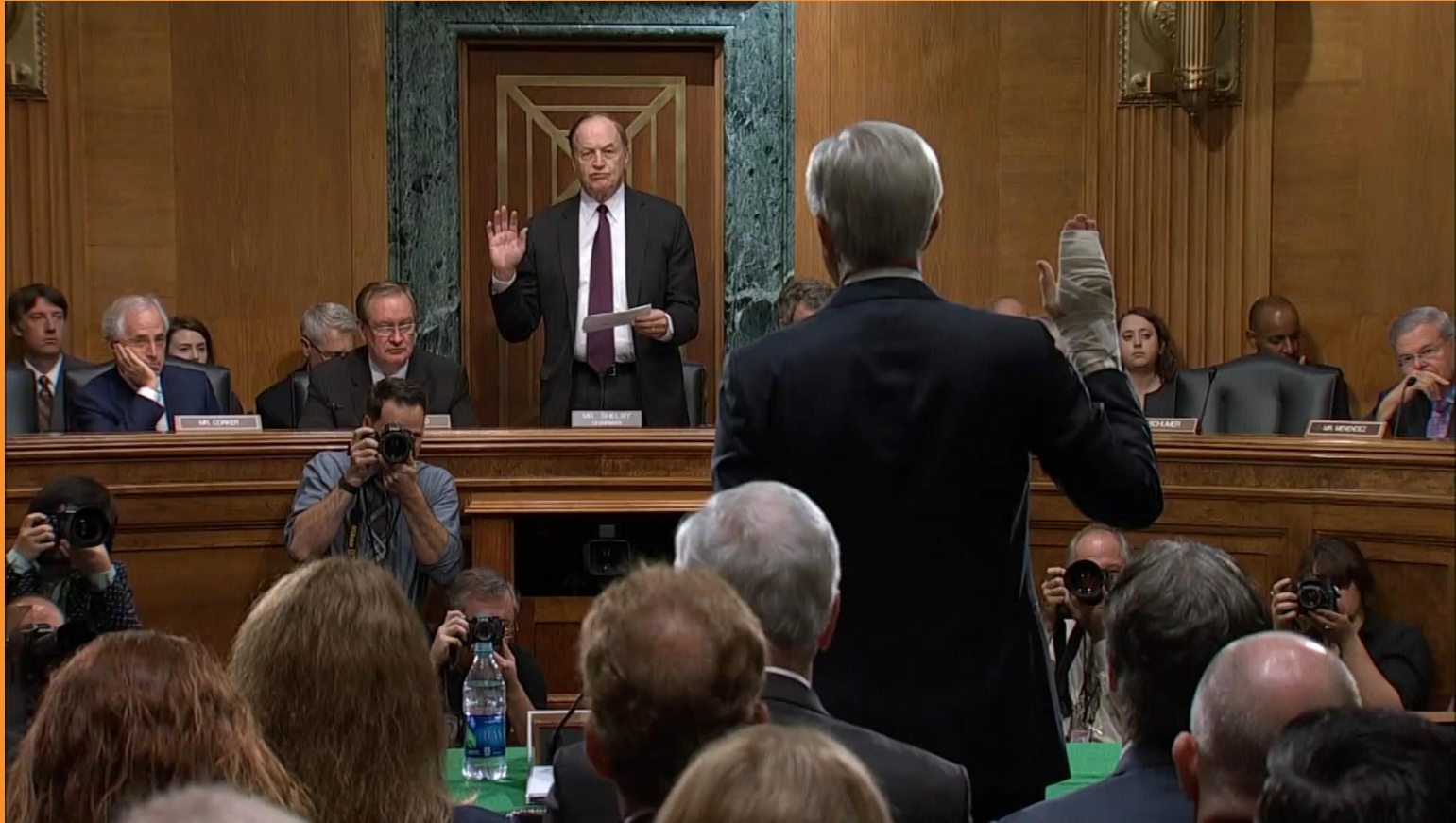


# CEO OF WELLS FARGO

“The reason we picked 8  
was that it rhymed with great  
If we had found something to  
rhyme with 10 we would have  
picked 10”



# Elizabeth Warren ripping into Well Fargos CEO





**WELLS FARGO**

There is nothing in Wells Fargo's culture that encouraged employee's unethical practice.

*There was no incentive to do bad things.*

- ✓ Unrealistic Goals
- ✓ Distorted Incentives
- ✓ Lack of Whistle-Blower Protection
- ✓ Lack of Supervision
- ✓ A Sense of Bank "Moral Superiority"
- ✓ Internal Culture





- ✓ Unrealistic Goals
- ✓ Authoritarian Leadership
- ✓ Lack of Supervision



“[Volkswagen CEO Martin Winterkorn] has been classified as a hard-driving perfectionist bent on securing the top spot among global car manufacturers”

# CORPORATE AND NATIONAL CULTURES

- Fukushima Dai-ichi Nuclear Plant Explosion – March 11, 2011 --- what caused the disaster?
- Earthquake, tsunami, + ?

# INTERNATIONAL BUSINESS

- **INVESTMENT – MINING, PETROLEUM, TIMBER, MANUFACTURING, INFRASTRUCTURE**
- **SUPPLY CHAIN ETHICS – ELECTRONICS, FAST FASHION, SPORTS SHOES ETC.**
- **BRIBERY**



# SUPPLY CHAIN ETHICS

- YOU ARE THE CEO/ IN-HOUSE COUNSEL OF THE ACME CAT FOOD COMPANY IN HONG KONG. THE FISH COMES FROM SUPPLIERS IN THAILAND.



# **International business – Conceptual tools**

- Thinking across space and time
- Relativism
- Out of sight, out of mind
- Bhopal disaster

# Rationalisation

- Underestimating risks
- “It seemed like a good idea at the time”: Unintended consequences  
-- BIOFUELS
- Spiderweb theory

# THE FAST FASHION INDUSTRY

- **MAKE IT FAST AND MAKE IT CHEAP**
- **YOU ARE THE LAWYER  
NEGOTIATING THE SUPPLY  
CONTRACT WITH A FACTORY  
OWNER IN BANGLADESH – WHAT  
DO YOU WORRY ABOUT?**

# **RANA PLAZA COLLAPSE BANGLADESH - 2013**

- **Fast fashion factories**
- **1129 people killed, 2500 injured**

# **FAST FASHION ENVIRONMENTAL IMPACT**

## **THE LIFE-CYCLE:**

**GROWING COTTON – HEAVY WATER  
USE, HEAVY PESTICIDES USE**

**POLLUTION OF RIVERS AND LAKES  
FROM PESTICIDES, DYES AND OTHER  
CHEMICALS**

# **FAST FASHION**

**POLYESTERS AND COTTON MADE  
FROM PETROCHEMICALS – NOT  
BIODEGRADABLE**

**CARBON EMISSIONS IN MANUFACTURE  
AND TRANSPORTATION**

- **THE DISPOSAL OF FAST FASHION  
GOODS**



# **TRUTHINESS AND FAKE NEWS**

**TECHNOLOGY GETTING  
AHEAD OF ETHICS:  
SOCIAL MEDIA**

# JOHN KEATS



*BEAUTY IS TRUTH*

*TRUTH IS BEAUTY*

ODE ON A GRECIAN URN

# **BENJAMIN FRANKLIN ( (1700-1790)**

- **“Honesty is the Best Policy”**
- **“It Takes Many Good Deeds to Build a Good Reputation and Only One Bad One to Lose it”**
- **“Who Has Deceived Thee as Often as Thyself?”**

# BENJAMIN FRANKLIN

- **“I Conceive That The Great Part of The Miseries of Mankind Are Brought upon Them by False Estimates They Have Made of the Value of Things”**