

**2015**

**International Business Ethics  
Case Competition (IBECC)**

**Team Executive Summaries**



# Boston College

## Member Information

<b><u>Name</u></b>	<b><u>Year</u></b>	<b><u>Major</u></b>
Hyong Jun An (Steven)	2017	Accounting/Computer Science
Andrew Breckel	2017	Accounting/Business Analytics
Meagan Gonzalez	2017	Finance/Computer Science
Lauren Wedell	2017	Finance/Business Analytics

**Advisor:** Sara Nunziata

**Topic:** Facebook and the Internet: The Experiment You Didn't Know You Signed Up For

**Audience:** Facebook Board of Directors

**Presentation Outline:**

- I. Introduction of Problem
- II. Business Dimension
- III. Legal Dimension
- IV. Ethical Dimension
- V. Recommendation

## Executive Summary

In 2012, Facebook conducted a weeklong experiment in which 700,000 users' newsfeeds were manipulated to increase either positive or negative content. This study proved to have an emotional impact on its users, with those who received increased negative content subsequently posting more negatively charged comments themselves. We are here from Boston Consulting Group to assess the business, legal, and ethical issues that this experiment poses to both the company and its users. We will also propose a solution that will address the issues, a solution which we recommend that Facebook implement.

The first dimension that we will consider is business. Issues that Facebook might have to confront from this end include the potential loss of customers who feel their privacy has been violated and litigation costs if their conduct is shown to bypass the laws in place regarding research. The legal dimension will be examined next. Legal issues that

emerge in this situation include whether or not users provided informed consent to the study, whether or not Facebook properly debriefed its users after performing the experiment, and whether Facebook should be held to either the 1974 National Research Act or the standards of an Institutional Review Board. We will then analyze the ethical dimension of the problem. Here we see where issues such as the manipulation of users' emotions, inclusion of minors in the study, and possible lack of informed consent by the users may fall short of appropriate ethical standards. Lastly, we will recommend a revised methodology for Facebook to follow when performing such psychological studies in the future. The suggestions include implementing a better notification system for users, a more transparent terms and conditions, and stricter guidelines for self-regulation when performing such research.

# DeGroote School of Business

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Jeffery Lee	2015	MBA
Michael Stanko	2015	MBA
Rose Monachino	2015	MBA
Sarah Lake	2015	MBA
Zane Hussein	2017	MBA

**Advisor:** Dr. Milena Head

**Topic:** Fast Fashion and Its Dirty Laundry

**Audience:** Inditex Board of Directors and Zara Executives

## Executive Summary

The fast fashion industry is incredibly dynamic. Retailers are challenged to produce and distribute merchandise that captures the most current but fleeting fashion trends. While many fast fashion retailers have found success in producing trendy merchandise at incomprehensibly high volumes, the end result is always the same: a lot of dirty laundry.

Fast fashion promotes a consumerist society. Retailers offer trendy merchandise at prices so low that consumers buy in overly large volumes. The majority of this merchandise is produced with lower quality textiles, creating fashion pieces with a significantly reduced life expectancy: roughly 10 washes. These low quality goods are readily disposable by consumers due to their fleeting styles, minimal re-use value, and low initial cost. As a result, consumers are buying and disposing of these fashion pieces at the same rampant rate that the retailers are producing and selling these goods.

The vast majority of consumers are disposing of their unwanted or damaged clothing by throwing these items in the garbage. These discarded textiles are not reused or repurposed and ultimately accumulate in landfills. Americans dispose of 68 pounds of clothing and textiles each year; accordingly, 4% of landfill waste is made up of clothing and textiles. This unfortunate statistic will only continue to grow darker as

consumerism driven by the fast fashion industry increases. As the non-biodegradable textiles build up in landfills, the synthetic, inorganic materials leach harmful by-products and toxins into surrounding soils and groundwater. More than simply dirty laundry, these textiles are having devastating effects on the surrounding ecosystems as well.

Zara is an industry leader and pioneer of the fast fashion industry. This organization produces new fashion merchandise daily in order to quickly respond to constantly evolving fashion trends. To support this business model, Zara has developed a production and supply chain that has continuously adapted to become lean, sustainable, and responsive to change. Despite this strength in product development and responsible production, Zara has failed to address a major ethical challenge of fast fashion: how to manage the discarded clothing.

To combat the excessive waste created by the producers and consumers of fast fashion, our consulting group recommends that Zara develop a strategy to lead the movement of textile recycling management in the fast fashion industry. To supplement this strategy, it is recommended that Zara design a responsible clothing line developed from higher-quality materials that can be repurposed and reused for the company's other fashion items. This solution will result in positive business returns, a more ethical approach to textile design, and an industry-wide movement towards sustainability. Today is laundry day.

# Fordham University

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Ross Garlick	2015	Accounting & Finance
KC Schmitz	2015	Business Administration
Gabi Cinkova	2015	Business Administration
Lauren Teske	2015	Marketing

**Advisor:** Miguel Alzola

**Topic:** Self-Driving Cars

**Audience:** Google's Board of Directors

## Executive Summary

In designing for the introduction of self-driving cars, Chris Urmson (head of the Self-Driving Car project at Google) must program an algorithm that determines the action Google's self-driving car must take in a situation where an accident is unavoidable. Should the car be programmed to choose a course of action that treats all lives equally? Should the car first protect its passengers, at the expense of pedestrians or other vehicle drivers and passengers? Designing such an algorithm is technically challenging but feasible. The challenge is an ethical one, and therefore, finding the most ethical solution will ultimately determine Google's business success. Which ethical framework should then be embedded into Google's self-driving car to accelerate the rate of adoption?

Self-driving cars (or autonomous vehicles) are today closer to reality than science-fiction, with prototypes being developed for full production by Google, Mercedes, BMW, and Tesla Motors among others. Sergey Brin, Google's CoFounder, says that self-driving cars will be road legal and available for sale by 2017. Their introduction is being encouraged by regulators and lawmakers from California to the UK who see the immense social and economic benefits that may be reaped by the mass adoption of self-driving cars by the public, among them the elimination of over 5 million driving accidents caused by human error; the easing of global traffic congestion; lower greenhouse gas emissions; and increased mobility for the disabled. One report from

Daniel Fagnant at the University of Texas, Austin estimates that comprehensive savings in the US alone could exceed \$430bn annually if 90% of the cars on the road today were self-driving. Their introduction is inevitable. Despite the improved safety, it is impossible to reduce the chance of an accident to zero, and an industry standard needs to be determined in regard to which ethical framework should be embedded in the algorithm. Google, as the industry leader and as a corporate behemoth with significant political power, has the capacity to set this industry standard.

Given that passengers will have zero liability in the event of an accident, the bulk of the liability will fall on the manufacturers and algorithm designers. However, because of the aforementioned societal benefits of self-driving cars, these manufacturers and engineers have a strong argument for legislation that limits their liability (such as the legal precedent set by the 1986 National Childhood Vaccine Injury Act).

Our recommendation is that the algorithm first seeks to protect the life of its passenger above all others, and subsequently to treat all other lives equally. Our argument rests on the observation that the passenger(s) of a self-driving car will always be innocent - they have no ability to control the action taken by the vehicle they are in and thus cannot be responsible for the accident the car is dealing with. This recommendation also ensures the car's actions will follow a consistent set of rules that can be understood and accepted as a societal norm, giving the self-driving car a chance to achieve critical mass adoption amongst car consumers, rather than remaining as a niche product. The implementation of our recommendation offers the greatest opportunity for Google to establish a passenger-first framework as the industry standard for self-driving cars, offering significant business opportunity while operating under a responsible ethical framework.

# Global Business School Barcelona

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Anton Dokuchaev	2015	International Business
Valeriya Siretskaya	2015	International Business
Salman Taghiyev	2015	Marketing
Artsiom Bahamazau	2015	Entrepreneurship

**Advisor:** Roger Lloret Blackburn

**Topic/Audience:** The Khimki Forest Destruction: a Need or a Want?

**Audience:** International Civil and Business Organizations

## Executive Summary

The Khimki Forest, a 1000 hectares tree forest in Moscow region, is the part of the so-called "Green Belt" of woods surrounding Moscow. An \$8 billion high-speed toll road M-11, the Moscow–Saint Petersburg highway, sponsored by North-West Concession Company, co-owned by the N-Trans Group, together with companies owned by the entrepreneur Arkady Rotenberg and the French corporation Vinci, with a financial help of Russian state-owned banks Vneshekonombank (VEB) and Sberbank, was proposed to pass through the forest, in the 15-58 km road section, near the Sheremetyevo International Airport, to connect two Russian "capitals" Moscow and Saint Petersburg in 2004. For this purpose, part of the forest was cut down. The construction triggered large protests, which turned violent in July, 2010. On the 26<sup>th</sup> of August, Russian President Dmitry Medvedev ordered the construction to be halted. However, later on the construction of the road continued and it is supposed to finish in 2018.

Numerous eco-activists and journalists describing this issue were beaten up, arrested or intimidated by government, furthermore, local protests were suppressed, and information about the upcoming forest's cutting down was tried to be concealed till the very last moment. Additionally, many independent reports by WWF, Greenpeace, etc. claimed that every negative effect carried out to Khimki forest – even simple

fragmentation of the forest tract - will be totally irreversible and impossible to reimburse, thus, leading to damaging the ecosystem of the whole Moscow region.

The project was supposed to be a real breakthrough for the number of reasons: firstly, it provides the easiest and the fastest way to travel from Moscow to Saint Petersburg and, secondly, it was conducted as a public-private partnership project (concession), which is a rather unusual situation for Russian market. However, in Russian realities the merging of powerful business elites and totalitarian government ended in a huge uncontrolled 'Leviathan' that pursues only its own interests instead of being responsible and accountable to society. Nevertheless, it is a power of business that initially provokes unethical arbitrary behavior of state. When business is ready to invest into such projects putting the interests of society aside, government starts backing it up by both legal and illegal means.

We propose that it is impossible to overcome such a crisis either by tightening national law or by work of activists. The Khimki forest example illustrates that the best solution to stop unethical business projects is to address business elites directly and convince them to act in accordance with CSR and sustainability principles. In order to promote the ethical business behavior, the international community should make an effort to prepare a set of methods of control and sanctions against violations of ethical business principles all over the world. Nowadays it seems that the international community is ready to take actions only for political reasons (Crimea sanctions), however, nobody puts the same stress on ecological, human rights and ethical issues. All international talks on such precedents remain rhetorical.

# The Hong Kong University of Science and Technology (HKUST)

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Mick Aguirre	Year 1	Graduate (MBA)
Pitchaya Charnpreechakul	Year 1	Graduate (MBA)
Yang Hua	Year 1	Graduate (MBA)
Metas Leevarapakul	Year 1	Graduate (MBA)
Vishnu Prabhakaran	Year 1	Graduate (MBA)

**Advisors:** Joseph Salvacruz, Roger Levermore

**Topic:** Fifty Shades of Supply Chain

**Audience:** The Company Management Team

## Executive Summary

1. With the onset of globalization and fierce competition, the pressure on companies to lower costs has been great. Analyzing the supply chain of some companies – from sourcing of raw materials, manufacturing, and extending to distribution and after sales – reveal that some parts are not aligned with the values that the companies stand for. Our team will explore the importance of having ethical value and supply chains using the experience of one of the largest supply chain firms in the world - Li & Fung. Specifically, we will scrutinize its effects on the triple P bottom line - Profits, People, and Planet.

More than the brand image issue, unethical supply chains translate to real costs:

- Inventory write-downs
- Product recalls
- Customer churn (move to competitors)
- Decline in sales
- Regulatory sanctions
- Lawsuits from stakeholders and stockholders
- Environmental damage and degradation
- Serious injuries to employees

2. There are a number of root causes that have aggravated supply chain issues:

- Deliberate attempt to ignore the issues
- Poor corporate governance
- Lack of due diligence before engaging third parties
- Weak regulatory framework and implementation

3. Outlined below are possible solutions to mitigate the risk posed by unethical supply chains:

- Make contract and incentives contingent not just on the delivery of the product or service, but also on upholding a standard Code of Conduct
- Include KPIs metrics on ethical and environmental standards
- Regular audits of suppliers and partners
- 24/7 access to information from head office
- Embed self-regulating culture with the suppliers
- Engage governments

4. The benefits of building ethical supply chains are significant:

- Creates trust from customers, regulators, and management
- Increase in productivity from better working conditions
- Decrease in risk of accidents
- Decrease in environmental footprint
- Increase in brand equity and better credit standing

#### Case study: Li & Fung

Nike and Coty's perfumes are big brands in developed markets. These brands endear themselves to customers through endorsements by models and sports stars. Are you aware of a common linkage that these brands enjoy with the developing world? -Li & Fung - a global firm, based in Hong Kong, that supplies high-volume, time-sensitive consumer goods from an extensive global network of suppliers and distributors. We examine the entire value chain and understand issues which concern human life in this global supply chain. With our case, we wish to explore the profits of global corporations and the human cost of these profits.

# Marist College

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Madeline Kachou	2015	Business Administration: Finance
Jenna Snyder	2015	Business Administration: Finance
Corinne Bruckenthal	2015	Business Administration: Marketing
Anthony Graci	2015	Business Administration: International Business
Benjamin DelGiorno	2016	Business Administration: Finance

**Advisor:** Dr. Joanne Gavin

**Topic:** Indian Roulette: The Social and Economic Impact of Native American Casinos

**Audience:** Native American Casino: Board of Directors

## Executive Summary

As Native American casino profits continue to rise, the social, economic and ethical implications of these institutions are being questioned by all involved. In 1988, the Federal Government approved the Indian Gaming Regulatory Act, which allowed Native American tribes the ability to operate casinos on trust land with fewer requirements than Non-Native Americans. Under this federal regulation, Native Americans were permitted to use revenues from gambling for tribal economic development and for personal financial gains. Conversely, the revenues generated by Non-Native American casinos are redistributed to the respective state government's general fund and public education. This presents a clear issue regarding the distribution of gambling revenue between Non-Native Americans and Native Americans. This case study will address the social issues surrounding Native American casinos and the regulations that govern them. Additionally, it will include an analysis of the economic issues that are created by the current flexible regulatory environment that pertains to Native American casinos. Finally, it will discuss the ethical issues that arise by allowing one group of citizens a right that is unique to them compared to the rest of society. These issues will be discussed and a recommendation as to how the board of directors within the Native American casinos can help change the way Native American casinos operate in the future will be provided.

# Marywood University

## Member Information

<b><u>Name</u></b>	<b><u>Year</u></b>	<b><u>Major</u></b>
Caroline Andrews	2015	Philosophy
Ellen Clauss	2016	Marketing/Philosophy
Meryl Fioriti	2016	Actuarial Science
Grace Morrissey	2015	Philosophy
Jin Tan	2015	Finance

**Advisors:** Dr. Sarah Kenehan, Dr. Murray Pyle

**Topic:** Privacy in Technology – tracking consumer Internet activity and the use of target advertising

**Audience:** Board of Directors for CustomU, an agency focused on target advertising

### **Presentation Outline:**

- I. Introduction:
  - a. Target Advertising and How it Works
  - b. CustomU background
- II. Legal Framework
  - a. US Code Title 18
  - b. Bills in Congress
- III. Ethical Framework
  - a. Definitions
  - b. Impact on stakeholders
- IV. Cases of unethical advertising
  - a. Target
  - b. Wal-Mart
- V. Recommendation

## **Executive Summary**

The 21<sup>st</sup> century has brought with it enormous technological advancements, from medicine to travel to the World Wide Web in the palm of your hand. But at what cost does this technology come? This presentation will explore the concepts of privacy and anonymity, and the value they hold in a capitalistic and democratic society. It will also explore how these concepts can be compromised simply by connecting to the Internet. Most websites use cookies, small pieces of data that are stored on the user's browser and send information about the user's previous activity back to the server. While these cookies can be valuable and even essential to the operation of a website, they can also be used in an unethical fashion.

Our team will be consulting you, the Board of Directors of CustomU, a target-advertising agency, on how to best collect and distribute data. Advertising is essential to a capitalistic society, but data security and collection can walk a fine line between ethical and unethical. First, we will cover an in depth analysis on how target advertising works, who the main clients are, and how it affects the regular consumer. Next, we will explore the legal regulation surrounding the collection and distribution of data such as Chapter 119 and 121 of the US Code Title 18, and other such bills in Congress. After the legal framework, we will argue for a set of ethical limits to guide this practice, and then explore certain cases in which target advertising has violated these limits; we will then show how you can avoid making similar mistakes. Finally, we will propose an ethical, lucrative, and efficient way to run your target-advertising agency going forward.

# Mercer University

## Stetson School of Business

### Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Andrew J. Donaldson	2015	Master of Business Administration
Brandon Monk	2015	Master of Business Administration
Varnica Singh	2015	Master of Accountancy/ Master of Business Administration
Brigitte Zaman	2016	Master of Business Administration

**Advisor:** Dr. Robert D. Perkins

**Topic:** Waking up Blind: Crime and Cover-up at Emory Clinic

**Audience:** Professional Standards and Ethics Committee

### Executive Summary

Dr. Dwight H. Cavanaugh was the Chairman of the Emory Ophthalmology Clinic from 1978 to 1987. Our case began when Drs. Campbell and Gammon complained about Cavanaugh's irrational behavior, malpractice and fraud. Emory leadership turned a blind eye, punished the whistleblowers, and finally settled nine lawsuits. The case is thoroughly documented (Harbin, 2005) and examines behavioral patterns that continue to pose ethical problems in contemporary organizations.

As hired consultants to Emory's Professional Standards and Ethics Committee (PSEC), we will review legal, business, and ethical issues and recommend actions to create an ethical culture and prevent future abuse to professional staff and patients.

**The Malpractice:** Cavanaugh was a brilliant surgeon, educated at Harvard and Johns Hopkins. Using his surgical practice as a fundraising tool, his primary goal was raising \$10 million (\$23.7 million in 2015) for a new building. Pathologist Dr. John Wright complained that Cavanaugh was performing surgeries to remove normal corneas. Dr. Allen Gammon told Cavanaugh's supervisor, Dr. Charles Hatcher, of his "irrational behavior." Weeks later, Cavanaugh operated on the wrong eye of Sargus Houston.

**The Cover-up:** Cavanaugh immediately altered Houston's medical records. He intimidated Physician's Assistant, Switz, and Corneal Fellow, Dr. Newman to agree the healthy eye was diseased. Emory Clinic refused to remove Cavanaugh, or sanction his malpractice, or require counseling. Instead, they exonerated him, despite his negligent postoperative care that caused Houston's total blindness.

**Legal Damages:** Emory hired high-profile lawyers, yet settled seven patient lawsuits for millions. The patients charged Emory Clinic under the Racketeer Influenced and Corrupt Organizations Act (RICO), alleging a fraudulent scheme to deceive patients. Patients also charged Emory with a second cover up to harass and discharge Clinic doctors and staff who advocated honesty. Finally, Emory delayed settlement of Campbell and Gammon's retaliation suits for 14 years.

**Business Damages:** Was Emory acting reasonably to protect its reputation? The Clinic's tactics generated damaging headlines: "Surgeon Tried to Cover up Mistake, Court Told, Doctor Operated on Wrong Eye," "Doctor Sues Emory Alleging Fraud" and "Blind Man Settles for \$4 million." The lawsuits undoubtedly cost more than the \$10 million Cavanaugh had risen.

**Ethical Recommendations:** We offer the PSEC practical and research-based recommendations to rehabilitate the Clinic's corrupt culture. We believe an ethics-based culture will end employee intimidation, ensure a higher standard of medical care, and prevent future harm to patients,

# Montgomery College

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Mason Buran	Sophomore	Business
Pavanjot Guraya	Sophomore	Business
Abigail Hollandsworth	Sophomore	Business
Aaron Huie	Sophomore	Business
Cara Wiley	Sophomore	Business

**Advisors:** Stephen Lang, Brian Baick

**Topic:** Washington Redskins' Team Name and the NFL

**Audience:** Washington Redskins

## Executive Summary

Due to growing ethical concerns, customer dissatisfaction, expected legislation, and potential future issues, Macklin Associates has been hired by the Washington Redskins to discuss and make suggestions on the current controversy regarding the Washington Redskins' team name. Many groups, including Native Americans, view the current name as offensive and in poor taste. The issue revolves around freedom of speech and autonomy for the Washington Redskin's team; versus implementation of a new team name.

Our recommendations include a multi-tiered approach which will first; and in the short-term, require the Redskins to change their current name. The proposed name change is warranted because it will balance ethical, financial, and legal considerations. In the long-term, the Redskins should take a leadership role and petition the NFL to include a new policy which addresses the issue of insensitive branding. This will enable the Redskins and the NFL to thwart potential future lawsuits; financial issues; and get ahead of the regulatory curve.

Clearly, a solution that is affordable, legal, and ethical is imperative for a corporation facing a problem that has endured for many decades. In light of the current bad publicity and potential ramifications, it is of utmost importance that the Redskins react appropriately.

# NEOMA Business School - France

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Jiang Dengfeng	Specialized Master	Global Management
Nina Gatermann	Specialized Master	Global Management
Julien Govaert	Specialized Master	Global Management
Orianne Grégoire	Specialized Master	Global Management
Mengyi Wang	Specialized Master	Global Management

**Advisor:** N/A

**Topic/Audience:** Hepatitis C and the Sovaldi treatment

## Executive Summary

### **How much would you pay for a life-saving treatment?**

An estimated number of 170 million people around the globe are currently suffering from Hepatitis C, at least 3.5 million of them living in the US. Hepatitis C is a chronic condition, which is hard to diagnose and it is not treatable unless the patient receives a liver transplant. Even with a liver transplant the cerement is not guaranteed. Moreover, the condition of Hepatitis C is going to be concentrated in low-income, minority patients. Compare with other common sicknesses, such as cancer, we are facing here socioeconomic classes issue.

### Gilead Science's answer to Hepatitis C: Sovaldi

In 2013 the Californian pharmaceutical corporation Gilead launched a revolutionized treatment for Hepatitis C. It consists of a 12 weeks program of taking pills and no liver transplant is needed. The treatment runs under the name Sovaldi. Sovaldi is showing a promising 90 percent of elimination of the Hepatitis C virus of patients when it is used alongside another drug so far. Furthermore, it decreases side effects than past treatments and is more tolerated by the human organism. After all, it increases the vitality of patients.

In economics the theory about the fair price exists, but nowadays pioneers are rather examining demand and supply than focusing on the morality of how much value and responsibility they carry living in a society. Sovaldi is a perfect example for the fair price model or rather a perfect example how to abuse it:

*The Sovaldi's 12 weeks treatment costs 84.000 USD. Gilead has set a new benchmark for profit maximization with the outrageous price for Sovaldi. Gilead strongly believes that the price of Sovaldi reflects the value of the medicine by shorten the treatment and prevent the patient from the potential liver transplant. Yet industry insiders estimate that the retain mark up for Sovaldi accounts for 279,000 percent over the costs of producing the drug. What we have to take into account are the tremendous Research and Development costs that accrue when searching for a new drug. Moreover, we also have to consider that the private pharmaceutical industry has to cover expenses for other unsuccessful projects such as failing to develop a new drug. Fact is that most Hepatitis C infected people cannot afford the treatment. Never before has the price of a drug been that high to treat such a large group of patients. Usually high priced drugs are supported only to treat rare diseases that affect only a few people, but as mentioned above we are dealing with almost 170 million patients concentrated in low-income, minority class. According to several reports the estimated price of treating all Hepatitis C infected Americans with Sovaldi would sum up to 227 billion USD. Nowadays Hepatitis seems like the problem child among the heavy diseases, which will have a huge impact on social costs in the future. According to the "2013 Drug Trend Report" the U.S. will spend 1,800 percent more on Hepatitis drugs by 2016 (comparable year 2013), because of Sovaldi.*

### Ethical issue

The ethical issue in this is quite obvious: Is Gilead, which claims to be "*inspired by the opportunity to address unmet medical needs for patients living with life-threatening diseases around the world*", allowed to exclude any patient from a live improving/saving treatment in order to rise profits? Is it ethical that millions of Americans have to pay indirect a tremendous sum of money because one corporation is greedy to maximize its profits? On the flipside, how can we as a society reward the breakthrough drug makers, without putting too much pressure on insurance companies while at the same time encouraging the private sector to keep on researching for new treatments. Where lays the balance between its present value and the future benefit, in such a way that society will be able to benefit in a sustainable manner.

# University of Oxford – Saïd Business School

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Rex Betar	2015	MBA
Seamus Coleman	2015	MBA
Arjun Prasad	2015	MBA

**Advisor:** N/A

**Topic:** Commercialized Cannabis: The Highs and Lows

**Audience:** National Cannabis Industry Association

## Executive Summary

As a result of state level regulatory changes a commercialized cannabis industry has recently emerged in the United States. Despite this, the long term impacts of cannabis use on both individual users and the community remain unclear. In light of this, we analyze whether it is ethical for businesses to enter the cannabis industry and how businesses should mitigate any long term harmful effects this industry causes.

We will argue that businesses should adopt a utilitarian rather than a deontological approach when determining whether to enter the cannabis industry. The aggregated benefits to society of a commercialized cannabis industry are preferable to an illicit one and therefore businesses should support the former.

Given there may be unknown long term effects from widespread cannabis use, we argue that the industry should self-regulate by establishing an industry compensation scheme, funded through a levy on all industry participants. This protects individuals and the community against long term harms and overcomes challenges with obtaining compensation from a fragmented and fragile industry.

This self-regulatory approach would help to overcome the complex legal status of the cannabis industry which remains subject to diverse and sometimes contradictory regulatory schemes at a state and federal level.

We argue that in the long term this approach will be profitable for business. Self-regulation will mitigate against a re-criminalization of cannabis or crackdowns by federal government agencies. Additionally, this compensation fund will reduce perceived counterparty risk, and decrease costs throughout the cannabis supply chain. Finally, we argue that this compensation fund will improve customer perceptions of the industry and drive overall market growth.

# St. Petersburg College

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Courtney McArdle	Sophomore	Physics
Erin Kelly	Senior	Science Education
Jared Morgenstein	Sophomore	Economics
Jonathan Perez	Freshman	Accounting

**Advisors:** Professor George Sherman, Professor Adeniji Odutola

**Topic/Audience:** Hershey's and Child Slavery/Board of Trustees

## Executive Summary

Bittersweet – Outline:

1. Summary/Background
2. Legal
3. Financial
4. Ethics
5. Recommendations/Conclusion

We will start with a consideration of the legal aspects of child slavery to demonstrate that there are no legal justifications in the use of child slavery to harvest cocoa beans. We will continue with the financial point of view that the use of child harvested cocoa beans negatively impacts the profits of Hershey's. There are two ethical aspects that we will use in analyzing this situation – rule utilitarianism and contractarianism; both of these positions clearly demonstrate that there is no ethical basis for the continuing use of cocoa harvested with the use of child slaves. Our recommendations to Hershey's will show how to preserve their financial and legal security while honoring their ethical obligations.

# Texas State University, Graduate Team

## Member Information

<b><u>Name</u></b>	<b><u>Year</u></b>	<b><u>Major</u></b>
Travis Stockton	2 <sup>nd</sup> Year Master's	Applied Philosophy & Ethics
Alejandro Tamez	2 <sup>nd</sup> Year Master's	Applied Philosophy & Ethics
Shaula Schneik Rocha	1 <sup>st</sup> Year Master's	English Literature

**Advisor:** Coleen Watson

**Topic:** Holding FIFA Accountable for Its Ethical Violations

**Audience:** The FIFA Executive Committee

## Executive Summary

In a historic decision, our committee has been asked by the main decision-making body of the International Federation of Association Football (French: Fédération Internationale de Football Association), colloquially known as FIFA, to analyze the ethical, legal and financial concerns within the organization and to address the apparent disconnect between the FIFA code of ethics and the actual practices taking place within the organization, including but not limited to money laundering, bribery, vote-rigging, blanket tax exemption, and limited workers' rights.

Although FIFA does not control the rules of the game of football, it is responsible for both the organization of a number of tournaments and their promotion, which generate revenue from sponsorship. FIFA bears public responsibility to safeguard the integrity and reputation of football worldwide, and the conduct of persons bound by the FIFA code must reflect the unifying, educational, cultural, and humanitarian values of the game of football. To that end, our committee calls for FIFA to analyze the following triumvirate of ethical, legal, and financial concerns, and follow our recommended steps for remedying the multiplicity of concerns within the International Federation of Association Football.

### **Financial**

In this portion of our presentation we will argue that FIFA can hold itself accountable to its code of conduct while sustaining growth and developing means to increase revenue. These benefits will be evident in brand growth, ability to secure sponsorship through promoting this positive brand, and positive influence on the workers who make the World Cup possible, as well as the game of football as a whole. FIFA is not only concerned with

organizing the World Cup tournaments, but also with putting on various charitable programs that give youth across the globe the opportunity to play football where they might not have the chance without FIFA. These programs, as well as the close relationship FIFA has with the United Nations, require a strong financial foundation to commence, and a commitment to ethical concerns to ensure legitimacy with its partners around the world. We will show how FIFA's advocating for and ensuring human rights is financially feasible, profitable for the organization and participants in football, and ethically required of an organization of this size and with this amount of influence.

### **Legal**

Although classified as a Non-Governmental Organization (NGO), FIFA is still required to build political capital with national (Switzerland) and international governments. Abiding by national and international laws is part and parcel to FIFA's ability to produce league competitions that eventually lead up to the World Cup. Thus, the political capital portion of our presentation addresses three legal issues. First, we address questionable legal maneuvers FIFA has performed in the last two world cups. Two such maneuvers include the establishment of FIFA courts in South Africa and forcing Brazil to change its laws regarding alcohol consumption in sports arenas. Second, our analysis addresses the potential legal boundaries that might prevent FIFA from taking a hardline position against countries that are notorious for violating human rights. Finally, contingent to our discussion of possible legal boundaries, we consider the possible legal options FIFA may take to consistently promote the values declared in its mission statement.

### **Ethical**

The ultimate goal for a governing body as powerful as FIFA's Executive Committee is to utilize its power as an expression of responsibility and duty toward the whole community. It is possible to grow monetarily and also to enhance and grow human rights. The projected death of over four thousand workers in building the infrastructure that will deliver the 2022 World Cup is ethically unacceptable. FIFA must accept responsibility for its workers in Qatar. We call for FIFA to encourage the growth of its human capital, which increases productivity, output, and physical reproducible capital. We call for FIFA to adopt the changes pushed forward by various international human rights organizations: abolish slave labor systems, allow freedom of association and collective bargaining, institute a minimum wage and grievance procedures for all workers, and work with responsible international recruitment agencies.

# Texas State University, Undergraduate Team

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Nestor Sierra	Senior	Philosophy, Applied Mathematics
James Knicker	Sophomore	Business Management
Jennifer Meyer	Sophomore	Public Administration
Sean Johnson	Junior	Philosophy

**Advisor:** Coleen Watson

**Topic:** Holding FIFA Accountable for Its Ethical Violations

**Audience:** FIFA Executive Committee

## Executive Summary

We the Ethics Committee of the Fédération Internationale de Football Association, better known as FIFA, are concerned with the recent scrutiny FIFA has fallen under regarding various ethical, legal and business practices. Such weaknesses in our organization run contrary to FIFA's mission statement: "to improve the game of football constantly and promote it globally in the light of its unifying, educational, cultural and humanitarian values." It is our belief that creating the proper balance of financial, political and human capital by ethical means will yield optimum results for each area. We suggest actualizing such goals by implementing a tiered developmental plan that will not only meet and exceed FIFA's mission statement, but also promote FIFA's brand longevity while preserving its organization's fiscal and political interests.

### Ensuring a Financial Base

Although FIFA is a nonprofit organization, financial resources are still necessary to fulfill and promote its mission statement. FIFA does not need to sacrifice its high ethical standards for the sake of profit seeking practices. These very ideals can serve to both enhance economic resource acquisition and promote FIFA's brand and influence. Consider the example of marketing, advertising, and the effects FIFA's brand image has on its bottom line with respect to these revenue-generating departments. By correcting inefficiencies in current revenue models, long-term brand image is made a higher priority. Such modifications would result in more ethical and profitable operations while simultaneously ensuring the success of FIFA's youth programs around the world, in addition to strengthening partnerships with the United Nations that serve to grow football.

An ideal balance of FIFA's financial, political, and human capital, in alignment with core values, will maximize FIFA's brand longevity and fiscal performance as well as better meet its duty to the sport of football.

### **Strengthening Legal Legitimacy**

As the sole governing body of international association football and the exclusive proprietor of the World Cup, FIFA holds immense international influence, both politically and culturally. In the past year, FIFA has been subject to allegations of corruption in the form of money laundering and bribery, which resulted in the resignation of a prominent member of their ethics committee. Additionally, the public has grown increasingly frustrated with how FIFA has responded to human rights violations conducted by host countries. In light of this, we move for FIFA to increase transparency and accountability in World Cup bidding proceedings and throughout the organization as a whole. Also outlined in this presentation are the legal pathways that FIFA can take to not only promote humanitarian values in countries already chosen to host the World Cup such as Russia and Qatar, but also potentially increase the standing FIFA holds as a political entity, and to further the international game of football. These legal pathways will be shaped in a way to recognize international precedent in regards to human rights while respecting local customs and policies.

### **Maintaining Ethical Standards**

As a nonprofit organization, FIFA has a stated duty as the representative of the sport of football. Such a commitment places FIFA in the context of a global conversation, with a proclaimed dedication to humanitarian values. In order to truly actualize these values, certain considerations should be made in the actions - or lack thereof - taken on the part of the organization. Application of pressure by FIFA that has historically been applied to meet certain basic financial means can and should be used to reach ends less immediately necessary, but of equal value in terms of the lives of the affected people, the reputation of FIFA, and ultimately the popularity and impact of the sport itself. As a generalized matter, FIFA should look to emphasize and enhance its role as a contributor to the global community in which it operates, rather than merely engendering the illusion of such effects. We suggest accomplishing this by use of ideas from virtue ethics to regulate a tiered capital development plan. Such values benefit all levels of the organization's operations, including its fiscal base, the application of its legal and ethical capital within its interactions, and ultimately the sport of football itself.

# University of Florida

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Katie Wylly	Senior	Business Management
Alexander Maller	Sophomore	Accounting
Connor Lowther	Junior	Finance

**Advisor:** Dr. Michelle Darnell

**Topic/Audience:** Indentured Servitude? An Overview of Apple's Supply Chain

## Executive Summary

The ethicality of Apple's supply chain has come into question over the last few years. Apple has previously contracted with Flextronics, Inc. to manufacture, inspect, and assemble many of their products. Recently an incident involving a Flextronics employee named Bibek Dhong made national news; it has been said that, "All press is good press", however, our team believes Apple would disagree.

Bibek Dhong is a 27-year-old man living in Karthmandu Valley, Nepal. In attempt to find work to support his family, Dhong pursued a foreign job. After forfeiting \$1,000 to private contractors - years' worth of his dairy farming wages – and giving up possession of his passport, Dhong finally found a job at Flextronics, Inc. in Malaysia inspecting iPhone 5 cameras for \$178 per month. Unfortunately, work for Dhong and his coworkers quickly stopped due to production defects in the iPhone 5 cameras. Moreover, they were not told whether the production delay was permanent, and many people were denied the proper documents to go home. Most workers ended up waiting in their living quarters in deplorable conditions for over two months. Ultimately Dhong was left without a job, while still having to pay back the private contractors and support his family.

Dhong's plight and consequential financial ruin is heartbreaking. However, in regards to legality, Malaysia's laws are tailored to benefit companies like Flextronics Inc., which hold considerable leverage over migrant workers. Still, Dhong and his co-workers' basic human rights were clearly violated, and labor standards in SE Asia are

nowhere near US standards. Apple is faced with the ethical dilemma of turning a blind eye to labor issues along, or taking responsibility for, its own value chain.

The importance of speed in Apple's supply chain is undeniable, and Apple is not directly responsible for the actions of Flextronics, Inc. However, humans are intrinsically valuable and are not merely a means to an end. Furthermore, association with manufacturers such as Flextronics threatens to tarnish the production of Apple's newest innovation, the iWatch. As management consultants we want to clarify why Apple's previous management of its supply chain depicts a lack of consideration of business ethics, and what Apple can do to remedy this. Our team recommends that Apple strengthens its core values internally, communicates them clearly to their business partners, and takes a more proactive approach to supply chain management.

# The University of Melbourne

## Ormond College

### Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Wallace Jin	2 <sup>nd</sup> Year UG	BSc (Physiology)
Roshan Karri	2 <sup>nd</sup> Year UG	BBiomed (Pathology)
George Longbottom	2 <sup>nd</sup> Year UG	BComm (Accounting/Finance)

**Advisor:** Dr Rufus Black

**Topic:** Apple and Planned Obsolescence

**Audience:** Board of Directors, Apple Inc.

### Executive Summary

Apple Inc. is an American consumer electronics and software company which is also the world's largest corporation by market capitalisation<sup>1</sup>. Central to its success is the widespread global adoption of their core products (the iPhone, iPad and Mac), the majority of which new and updated versions are released on a yearly basis.

In early March 2015, the French government introduced the "Energy Transition Towards Green Growth" decree, mandating manufacturers of electronic goods to state the functional life spans of their products in France. With many of Apple's devices malfunctioning in as little as two years, the problem of planned obsolescence\* will be resultantly brought to the attention of consumers not only in France but also across the globe, posing a significant risk to the company's finances and brand image.

Three major ethical issues are associated with Apple's practice of planned obsolescence: firstly, the unsustainable use of resources to maximise profits; secondly, the maximisation of profits at the expense of technological innovation; and thirdly, the ethical obligation of Apple to consumers given its capacity as a market leader to influence consumer behaviour in a saturated market.

To ensure Apple's response addresses these ethical problems and is financially viable, JKL Consulting Group recommends that the company implement a 3-point integrated

---

<sup>1</sup> Financial Times, 2014. *Financial Times Global 500*. [Online] Available at: <http://www.ft.com/intl/cms/s/0/988051be-fdee-11e3-bd0e-00144feab7de.html> [Accessed 20 March 2015]

solution: to increase the functional life span of its products and employ targeted marketing strategies and cost-management to complement this. This approach will enable Apple to positively redefine the electronics industry by: firstly, positioning the company as a market leader; secondly, stimulating ethical corporate practice across the industry; and thirdly, positively benefiting consumers.

\**Planned obsolescence*: the practice of designing products with restricted life spans to ensure consumers purchase subsequently released products.

# University of St. Thomas

## Opus College of Business – Graduate Team

### Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Seth Spronk	2015	MBA
Jessica Tjornehoj	2015	JD/MBA
Jake Weinand	2015	JD/MBA

**Advisors:** Professors Dawn Elm, Susan Marsnik, James Arnold

**Topic:** Locating your headquarters in the United States or performing a tax inversion

**Audience:** Executive Committee and CEO

### Executive Summary

Our team has been tasked with advising Oxt Innovations' (OI) executive committee and CEO on the ethical, business, and legal implications of performing a corporate tax inversion. OI is considering purchasing Irish company Trakker Technologies and re-locating its corporate headquarters to Ireland after the merger is complete.

OI is an international, Fortune 500 technology company that produces "smart devices" from plants in Switzerland and the United States. The "smart devices" include smart watches, glasses, belts, and headphones. Trakker Technologies is an Ireland-based company that produces motion-sensing software for fitness products. OI hopes to leverage business synergies created by the acquisition to further its mission:

"Fostering self-improvement through smart technology."

Ethical analysis will reflect on OI's responsibilities to vested interests at home and abroad. A sound decision must consider the views of constituents internal to the company as well as external. In particular, OI must consider the views of company, country, and global stakeholders. Large deals like this acquisition can be easily mired; the board must be expertly guided in order to manage all potential pitfalls.

Research indicates that substantial tax savings can be realized by inverting, creating a compelling business case. Moreover, synergies between the acquiring firm and target firm in many mergers can increase operating efficiency and cash flows from

operations. However, companies that move overseas can suffer from negative publicity, which could affect sales and general public opinion. Furthermore, integrating two entirely different business cultures can be very difficult from a business perspective.

Although both the United States and Ireland currently allow corporate inversions, the legal landscape of inversions is uncertain and ever-changing. Legal systems at home and abroad must be accounted for, and potential changes to the laws governing corporate inversions could significantly impact the attractiveness of this option. Will an inversion help OI further its mission and make it a stronger company? Should OI move forward, or are the risks from the business, legal and/or ethical perspectives simply too great to overcome?

Following our team's recommendation, OI's executive committee and CEO will be fully equipped to determine the best location for its headquarters.

# University of Washington Foster School of Business

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Naveen Ahmed	2016	Marketing
Kayla Erickson	2016	Marketing
Garin Wedeking	2015	Finance

**Advisor:** Professor Elizabeth Umphress

**Topic/Audience:** Data Security/Uber Executives

## Executive Summary

### Overview:

Uber is a dominant player in the emerging app-based personal transportation market valued at roughly \$41B, and is considered a hot contender for an IPO in 2015. Uber must address its history of breaches in data security by implementing more stringent information privacy policies and practices. As a result, Uber will further develop its brand value, increase market share, and ultimately develop into a sustainable, ethically sound enterprise.

### Legal Issues:

Uber's approach to data security is a legal issue. In order to use Uber's services, customers give their personal information, including credit card information, real-time location and other information that could easily be used for extortion, rights violations, and other physical safety concerns. As Uber amasses this huge database of information it becomes increasingly attractive to high-tech criminals who profit from stealing consumer information. Uber currently faces, and will continue to, face litigation from violated consumers.

### Business Issues:

We recommend that Uber becomes an industry leader by providing more stringent privacy and security standards for customers. This will address Uber's top competitive

opportunities for growth in the market place: 1) strengthening brand equity, 2) market penetration and 3) long-term growth.

Uber has received an onslaught of negative publicity since 2014 as multiple stories emerged of inappropriate use of consumer's data. Our presentation will demonstrate how it is in Uber's best interest to establish trust with the consumer by demonstrating honesty, integrity and transparency in their actions.

Competitors abound in the app-based transportation market. Lyft and Sidecar are already quickly eating up Uber's market share. More market saturation in the near future poses a significant threat to Uber's success. Through a full commitment to our security recommendations, Uber has an opportunity to surpass rivals in security practices, and become an industry leader in an arena that is highly valued by consumers. As a result, Uber will win back market share it has recently lost. If Uber chooses to become public in 2015, then our recommendations prepare Uber for sustainable long-term growth as they become accountable to more stakeholders.

### **Ethical Issues:**

We believe that ethically-minded companies stringently protect their customers' fundamental right to privacy. Uber has a duty to their customers to provide protection against data breaches, and if they ignore this duty, consumers will surely turn to Uber's competitors who recognize the value of data security.

With many anecdotes of Uber's many safety breaches, customers are increasingly questioning Uber's commitment to security. Therefore, Uber needs to aggressively change its public image by developing an authentic, sustainable, ethical company culture. In our presentation we will detail the most effective way to create lasting cultural change within the company.

# University of Wyoming

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Danielle Fisch	2015	Business Administration
Patricia Shepherd	2015	Management
Bianca Zuniga	2015	Finance
Marie Makepeace	2016	Finance
Mollie Purcell	2015	Marketing

**Advisor:** Professor Tim C. Mazur

**Topic:** Corruption, Collusion, Conspiracy, and Chicanery: The Four C's of the Diamond Industry's Kimberly Process Certification Scheme

**Audience:** Tiffany & Co. Corporate Responsibility Committee

## Executive Summary

### Introduction/Overview

Tiffany & Co., along with most companies that market diamonds, works within the Kimberley Process Certification Scheme (KPCS), an industry process intended to avoid the purchase of "blood diamonds" that fund conflicts. We represent a team of Tiffany & Co. marketing professionals asked by the Board of Directors to review KPCS and our relationship with it. We've concluded that when consumers realize that KPCS repeatedly fails in its mission to prevent the purchase of "blood diamonds," KPCS is destined for scandal. Industry members will be challenged. As a result, demand will immediately shift toward a higher, more-legitimate standard. In response to this threat, we recommend that our company increase transparency in its Botswana operations. In our analysis, we outline the steps for Tiffany & Co. to take to increase our transparency, and take the industry lead on this issue.

### Financial Issues

If we fail to increase transparency and achieve higher standards before the anticipated KPCS scandal, we will face a number of financial setbacks.

Our proposed increase in transparency will increase our costs. Implementing a new marketing strategy to communicate our higher standards, and sharing a detailed overview of our mining, cutting, and polishing process is also going to increase our annual

marketing budgets. With a company as profitable as Tiffany & Co this will be achieved easily and it is necessary to insure the future success of our company.

### **Ethical Issues**

At this time, the KPCS is easily evaded and covers only a small portion of the ethical concerns involved in diamond mining, in that it protects only against diamonds bought and sold to fund conflicts. Once the majority of consumers learn that the process openly tolerates worker safety violations, child labor, and other basic human rights violations, the scandal will ensue.

Under the current scheme, no organization is held responsible for upholding the KPCS standards, therefore no one is accountable for its failures. The KPCS has been reported to ignore flagrant noncompliance in exchange for high-profit production. It keeps records of each mine's production but ignores their operating standards and accompanying misconduct. This reveals where the KPCS priorities lie and the roots of the inevitable scandal.

### **Legal Issues**

The Clean Diamond Trade Act of 2003 made it illegal for any United States company to import diamonds that are not KPCS-certified. Some retailers have found ways to circumvent the process to improve their bottom line. Certificates are often forged or diamonds are imported from KPCS-certified countries after they've been shipped there from non-member countries. In addition, KPCS certification applies only to rough diamonds; cut and polished diamonds are exempt. It is our hope that, if Tiffany & Co. voluntarily adopts higher transparency and sees positive results, the higher standard we set will become the legal standard for the industry.

### **Conclusion/Summary**

The KPCS is an insufficient and flawed standard for ethical diamond mining. It currently is the only standard the industry is required to meet to bring diamonds into the United States, yet it is easily evaded. Tiffany & Co. seeks continued, long-term success and, therefore, should exceed the standards of KPCS certification. The result of our research and analysis is that, in this era of internet and social media, the inevitable KPCS scandal suggests that Tiffany establish its own, higher standard of transparency.

# West Virginia University

## Member Information

<u>Name</u>	<u>Year</u>	<u>Major</u>
Tim Kingsbury	2016	Management Information Systems
Taylor VanScoy	2015	Human Resource Management
Deonna Gandy	2015	Business Administration
Joshua England	2016	Business Management

**Advisor:** Suzanne Kitchen

**Topic:** To 3D and Beyond: An In Depth Analysis of the Emerging 3D Printing Market

**Audience:** Mrs. Margaret Whitman- Chairwoman, President, and CEO of Hewlett-Packard, and the remaining eleven members of Hewlett-Packard's Executive Team

## Executive Summary

3D printing is a rapidly growing market that is increasing in accessibility to the general public. Originally intended to reproduce organs for transplant patients, 3D printers found demand increasing in a variety of markets such as education, retail, and scientific research. With this rapid market expansion comes strict competition, encouraging companies to diversify their models of 3D printers, which introduced a shift from high-end organ producing printers to everyday desktop 3D printers. As the technology improves and models become affordable, both the government and manufacturers are beginning to navigate potential issues and decide how to best handle 3D printing's boundless potential.

We are honored to be chosen as Hewlett-Packard's preferred consulting firm for this potential product line expansion. We found what we believe to be significant ethical, legal, and financial considerations in this emerging market. In order to secure HP's success, we conducted a strategic analysis of the market to determine the threats of entry and competitive potential.

Hewlett-Packard's largest threat of entry is the current media attention regarding FedEx's refusal to ship a compact and affordable 3D printer that is specifically

marketed as able to print guns. HP has the opportunity to capitalize on this media attention by demonstrating a proactive stance in selling 3D printing products safely. Our recommended approach aims for Hewlett-Packard to set the industry standard for safety in production, marketing, and distribution to require ethical considerations in product development. These implementations will effectively reduce Hewlett-Packard's liability and reduce government interference in industry regulations. Partnering with companies like FedEx, who display the same values and concerns we have regarding the future of the industry, will ensure long-term financial stability and competitive advantage by building a conscious brand with customer loyalty.