

# CEU Business School



CENTRAL EUROPEAN UNIVERSITY

BUSI 5144

Managing Integrity Challenges in Transactions

Elective, 2 credits

KEMBA 2017 II

Fall, AY 2016-17

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## 1. PREREQUISITIES

Any course that deals with basics of integrity in business or public administration.

## 2. POLICY ON ADMITTING NON-MBA STUDENTS

This course is open for non-MBA students.

## 3. REQUIRED TEXT & READINGS AND WHERE AVAILABLE

All assigned reading will be available on Moodle.

## 4. COURSE OBJECTIVES

This course approaches business integrity from a practical point of view. Drawing on the latest trends in supply chain management, human resources management and procurements participants will get acquainted with management tools that ensure integrity in these transactions. Integrity in business is

not considered as a moral obligation but as a management option that business people can or cannot choose. The aim of the course is to present the strategic advantages of integrity tools in supply chain management, human resources management and procurement. Students will have the opportunity to develop integrity management tools for their own real or imagined enterprises that create competitive advantage in the market.

By the end of this course students will

- understand global trends of integrity management
- get acquainted with the consequences of loss of integrity
- be familiar with techniques of ensuring integrity
- understand how integrity can be a competitive advantage

in supply chain, human resources and procurements.

## 5. MAIN TOPICS

- Integrity risks in business transactions
- Management solutions and tools to encounter integrity risks
- Integrity management as a strategic decision to ensure competitive advantage

## 6. INTENDED LEARNING OUTCOMES

Interpersonal Communication Skills	During simulation games on the introduction of integrity management tools students will get acquainted with the vocabulary of business ethics as well as with leadership communication skills.
Cultural Sensitivity and Diversity	The understanding of integrity management in multinational business transaction depends on culture. Therefore it is crucial to consider cultural differences to deal with and apply the tools presented in this course.
Quantitative reasoning	Students will learn to support with quantitative arguments the application of integrity tools in managing business transactions.
Critical Thinking	Students will be expected to dispute and argue critically about already existing management solutions and integrity tools developed by fellow students.
Ethics and Responsibility	The course will present different solutions and tools to manage ethics in business life.
Management Knowledge and Skills	The course presents management practices of integrity in business transactions. Students` management knowledge will improve in the field of business integrity.

## 7. HOW THE CLASS SESSIONS WILL BE CONDUCTED

The course will be based on various teaching methods such as formal presentations, guest lectures, group work, guided brainstorming, case studies and the development of own tools. The class will draw on the active participation of students.

#### **8. POLICY ON THE AVAILABILITY OF LECTURE NOTES**

Lecture notes will be available on CEU Learning Site after each session.

#### **9. MINUTE PAPERS**

Minute papers are unannounced short written exercises, given at the beginning, during, or end of a class. Their purpose is one or more of the following: (1) to check preparation on the assignment's key points; (2) to stimulate critical thinking and sound reasoning; and (3) to obtain feedback about topics discussed in class.

#### **10. POLICY ON CLASS ATTENDANCE**

Regular and punctual attendance at every class session is a requirement of all degree programs at CEU Business School. Each class covers material not found in the readings. Furthermore, participation in class discussions is an important part of the learning experience for all students as well as a factor in grading. Any absence may affect your grade. If illness or another unusual circumstance requires missing a class, please do your best to inform me (or, if I cannot be reached, the Program Manager) in advance. A grade of "AF" (Administrative Fail) may be assigned for failure to regularly attend a course, to drop the course in time, or to complete requirements on time. This is a general CEU regulation that the Business School also follows. The "AF" grade earns no credit, 0 points, and affects your GPA in the same way as a regular "F" grade. Lateness will not be tolerated—it is disruptive and disrespectful to the class. Therefore, the requirement for punctuality is 100% and the consequences of disregarding this policy is after two lateness's, the course grade is reduced by 10 percent.

#### **11. CLASS PARTICIPATION**

The course requires active participation of students. Class participation, communication strength and active discussion will be evaluated. During the course one absence per student is allowed. Should you have problems of showing up or getting prepared please consult the professor or the program coordinator (see session on Policy on Class Attendance above).

#### **12. GRADING**

The course is assessed on the basis of class participation, case presentation and individual assignment.

##### *Course participation 30%*

The course requires active participation of students since their personal business experience will be used to identify risks and solutions in business transactions. Class participation, communication strength and active discussion will be evaluated.

During the course only one absence per student is allowed. Missing more than one class will result in Administrative Fail (AF). Should you have problems of showing up or getting prepared please consult the professor so that the work of your fellow students is not hindered.

##### *Presentation of cases 30%*

Course participants are expected to present one case study per student to the rest of the group. Evaluation of presentation will take into account the coherence of the case as well as the level of critical review of the case.

*Individual Assignment 40%*

Students can choose a management topic (supply chain, human resources or procurement) and will develop their own integrity tools throughout the course. Participants will discuss the concept of their presentation during the course with each other and the instructor. Participants will present the integrity tool developed at the last session. The tool will be discussed in class and will be evaluated by the professor. Evaluation criteria include: innovative approach, feasibility and coherence.

Course active participation: 30 points  
 Team presentation: 30 points  
 Individual assignment: 40 points  
**Total: 100 points**

Grade	Assessment	Points
A	Outstanding	100-90%
A-	Excellent	89-80%
B+	Good	79-64%
B	Fair	63-52%
B-	Satisfactory	51-46%
C	Minimal pass	45-40%
F	Fail	39- 0%

**13. ACADEMIC INTEGRITY**

The Business School expects all students to adhere to the fundamental principles of academic integrity in any and all behaviors associated with their course work and otherwise, as stated in the CEU Honor Code (see Student Handbook). Attempted cheating of all forms is treated extremely seriously and can result in dismissal from the School and University.

**14. INTERNET LIBRARY RESOURCES**

The CEU Library, at Nador St. 9, has the largest collection of English-language materials in the social sciences and humanities in Central Europe: 180,000 monographs and 30,000 volumes of periodicals, working papers, dissertations and so on. CEU faculty and students have access to 30,000 electronic journals, searchable via the Journal Search tool on the library catalogue page (<http://goya.ceu.hu/>); the icon is in the upper right corner.

CEU Business School core faculty, students and staff are automatically eligible for full membership in the Library, after registering at the Circulation Desk. (To use the Library, adjunct faculty should first obtain a pass at the B School Academic Office Rm 311.)

The CEU Library has 5,000 business-related titles, supplemented by leading electronic databases, accessible through <http://www.library.ceu.hu/databases.html> (Click on the icons and then click on the tag next to “connect to”.) The Ebsco Host Business Source Complete contains 3,700 periodicals in full text, many monographs, some case studies, and videos of the Harvard Faculty Seminar Series. *Emerald Management Journals* collection has a portfolio of 175 journals in management, marketing, econ and finance.

New business databases include *OneSource*, the most comprehensive company & executive information. *Global Market Information Database* has comprehensive data and reports across industries, countries and type of consumers. *Thomson One Banker* provides data on internationally quoted companies, international stock exchange indices, private equity, and financial deals. *Science Direct* is an extensive full-text database covering authoritative titles from the core scientific literature. *The Company Dossier* in Lexis Nexis Academic allows users to browse in-depth company profiles and industry reports. Core statistical databases include IFS, GFS Online, OECD Main Economic Indicators, National Accounts Statistics, and Tax Statistics. *Econlit* at the CSA/Proquest platform provides bibliographic coverage of a wide range of economics-related literature.

Business dailies and weeklies can be accessed through the library. **Business Eastern Europe** by EIU is a weekly briefing on operating a business in Eastern Europe. **Country Reports** also by EIU provide in-depth economic, political and business analysis and short-term market outlooks. Electronic versions of *The WSJ* are in PressDisplay. *The Economist* is included by EbscoHost. For *The Fin. Times online*, see Journal Search.

#### Help with Case Studies and Research Projects

Available on CEU Library reserve is a reference work that students preparing case-study assignments or undertaking individual or team research projects should find helpful, *Business Case Studies: Preparation, Teaching and Learning* (compiled, with contributions, by Susan Harmeling, Lead Case Writer, Harvard Business School, and Paul Marer, Professor, CEU Business School). This work, whose reference code is CM-GSB, can be found on the shelf marked Business School Readers, right behind the Circulation Desk, at the CEU Library on Nador utca.

## 15. COURSE OUTLINE

Session	Topic	Teaching method
Session 1.	<p><b>Course Introduction</b></p> <p><b>The business case of supply chain integrity</b>            Statistics, corporate scandals and their consequences, global market trends, international frameworks, definition</p> <p><b>Risks and roots</b>            General and integrity-related expectations and risks</p> <p><b>Recommended reading</b></p>	<p>Lecture and guided brainstorming</p> <p>Case studies, guided brainstorming,</p>

	<p>Charles Duhigg: In China, Human Costs Are Built Into an iPad, The New York Times, January 2012  <a href="http://www.nytimes.com/2012/01/26/business/ieconomy-apples-ipad-and-the-human-costs-for-workers-in-china.html?pagewanted=all">http://www.nytimes.com/2012/01/26/business/ieconomy-apples-ipad-and-the-human-costs-for-workers-in-china.html?pagewanted=all</a></p> <p>Sean Ansett and Jeffrey Hantover: Bangladesh factory fires – the hidden dangers of subcontracting, Ethical Corporation, February, 2013 (blog entry)  <a href="http://www.ethicalcorp.com/supply-chains/bangladesh-factory-fires-%E2%80%93-hidden-dangers-subcontracting">http://www.ethicalcorp.com/supply-chains/bangladesh-factory-fires-%E2%80%93-hidden-dangers-subcontracting</a></p> <p>Barry Bearak: Lives Held Cheap in Bangladesh Sweatshops, New York Times, April, 2001  <a href="http://www.nytimes.com/2001/04/15/world/lives-held-cheap-in-bangladesh-sweatshops.html">http://www.nytimes.com/2001/04/15/world/lives-held-cheap-in-bangladesh-sweatshops.html</a></p>	<p>lecture, students survey</p>
<p><b>Session 2.</b></p>	<p><b>Integrity in Marketing</b>  Guest Lecture by Dr. Ildikó Fazekas, Head of the Self-Regulating Body on Marketing</p> <p><b>Integrity in procurements</b>  <b>The business case for integrity in procurements</b>  <b>Risks and roots</b>  <b>Critical assessment of procurement policies</b>  <b>Managing conflict of interests</b></p> <p><b>Recommended reading</b>  Rethinking Procurement Integrity Contractors Must Protect Themselves Through Compliance, 2013  <a href="http://www.hklaw.com/publications/Rethinking-Procurement-Integrity-Contractors-Must-Protect-Themselves-Through-Compliance-04-15-2003/">http://www.hklaw.com/publications/Rethinking-Procurement-Integrity-Contractors-Must-Protect-Themselves-Through-Compliance-04-15-2003/</a></p> <p>Cooper, W.R., Frank, G.L., Kemp, R.A.: A Multinational Comparison of Key Ethical Issues, Helps and Challenges in the Purchasing and Supply Management Profession: The Key Implications for Business and the Professions, Journal of Business Ethics, 23: 83–100, 2000.</p> <p>OECD Principles for Integrity in Public Procurements</p> <p>Integrity Pacts in the Water Sector, Water Integrity Network and Transparency International, 2010  <a href="http://www.transparency.org/whatwedo/publication/integrity_pacts_in_the_water_sector_an_implementation_guide_for_government">http://www.transparency.org/whatwedo/publication/integrity_pacts_in_the_water_sector_an_implementation_guide_for_government</a></p>	

<p><b>Session 3.</b></p>	<p><b>Supply Chain integrity management</b>  Due diligence, contractual obligations, training, monitoring, organizational development, dealing with non-performance, cooperation, collective actions, transparency capacity building approach</p> <p><b>Required reading</b>  Amy Rau and Raymond Wong: Accuform: Ethical Leadership and its Challenges in the Era of Globalization, Asia Case Research Center, University of Hong Kong, 2006</p> <p><b>Recommended reading</b>  Fighting Corruption in the Supply Chain: A Guide for Customers and Suppliers, UN Global Compact, 2010</p> <p>OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones, OECD, 2006</p> <p>ICC guidance on supply chain responsibility  <a href="http://www.oecd.org/daf/inv/corporateresponsibility/36885821.pdf">http://www.oecd.org/daf/inv/corporateresponsibility/36885821.pdf</a></p> <p>From Vulnerable to Valuable: How integrity can transform supply chain, PwC, 2008</p> <p><b>Beyond supply chain integrity</b>  General business rewards arising from a cooperation-based supply chain management system</p> <p><b>Further Reading</b>  Andrea Bonime-Blanc: The GlobalEthicist – Supply chain risk: what companies need to know, Ethical Corporation, October, 2013 (blog entry)</p> <p><a href="http://www.ethicalcorp.com/supply-chains/globalethicist-%E2%80%93-supply-chain-risk-what-companies-need-know">http://www.ethicalcorp.com/supply-chains/globalethicist-%E2%80%93-supply-chain-risk-what-companies-need-know</a></p> <p>Honor Our Veterans and Compliance in the Supply Chain - FCPA Compliance and Ethics Blog (blog entry), November 2013  <a href="http://tfoxlaw.wordpress.com/2013/11/11/honor-our-veterans-and-compliance-in-the-supply-chain/">http://tfoxlaw.wordpress.com/2013/11/11/honor-our-veterans-and-compliance-in-the-supply-chain/</a></p>	<p>Group work,  Case studies,  Lecture</p>
<p><b>Session 4.</b></p>	<p><b>Integrity in HR management</b>  <b>Risks and roots</b>  Identifying and analyzing HR functions  HR management activities</p>	<p>Case study  Guided  Brainstorming</p>

	<p><b>Required reading</b></p> <p>Case Study: Le Moulin Blanc, Richard Ivey School of Business, 2012</p> <p>Case Study: Dovernet</p> <p><b>Further reading</b></p> <p>Robert L. Mathis and John. H. Jackson Human Resource Management 12th Edition, South-Western CENGAGE Learning, Canada, 2008</p> <p><b>Beyond HR integrity management</b></p> <p>General business rewards arising from strategic HR management practices</p> <p><b>Required reading</b></p> <p>Case Study: GE’s Talent Machine: The Making of a CEO</p> <p><b>Recommended reading</b></p> <p>Davis, A.L. and Rothstein, H.R. The effects of perceived behavioral integrity of managers on employee attitudes: a meta-analysis, Journal of Business Ethics, 67, pp. 407-419, 2006</p> <p>Christopher A. Bartlett and Sumantra Ghoshal: Building Competitive Advantage Through People, MIT Sloan management Review, Winter 2002, pp. 34-41</p> <p>Berenbeim, R.: Utilizing HR and Ethics and Compliance Collaboration to Promote an Ethical Culture, Employment Relations Today, 37 (1), 17–26., 2010</p>	
<p><b>Session 5.</b></p>	<p><b>The operation of a compliance system</b></p> <p><b>Guest lecture: Maria Thestrup, Chief Compliance Officer, Novartis</b></p>	<p>Group work, lecture</p>
<p><b>Session 6.</b></p>	<p><b>Presentation of team assignments</b></p> <ul style="list-style-type: none"> <li>• Whistleblowing</li> <li>• Vodafone Supply Chain Management System</li> <li>• Integrity Pacts</li> </ul>	<p>Lecture, Guided Brainstorming</p>
<p><b>Session 7.</b></p>	<p><b>Managing conflicts of interests</b></p> <p><b>Board Simulation</b></p> <p><b>Required reading</b></p> <p>Case study: Premier</p>	
<p><b>Session 8.</b></p>	<p><b>Presentation and discussion of individual assignments</b></p>	



	Discussion of individual assignments with supply chain and HR specialists <b>Wrap up</b>	
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**16. BRIEF BIO OF THE INSTRUCTOR**

Noemi Alexa is an assistant professor of the Center for Integrity in Business and Government of CEU Business School since June 2013. She holds a Ph.D. in Multidisciplinary Social Sciences from Corvinus University and M.A degrees in Cultural Anthropology and Humanities in Spanish from ELTE University. She attended the M.A. course of Politics and Government of the University Pompeu Fabra. She has experience in providing executive trainings, supervising and managing research projects and work in an international environment.

Before joining the Business School she worked as the Executive Director of Transparency International Hungary for seven years. Besides the financial and human management of the organization she was responsible for ensuring high-quality professional content about corruption in the political and business sector in Hungary. Prior to that, she gained research and practical experience in the use of EU funds as a Ph.D. fellow and as the Deputy Head of Department of International Affairs in the Ministry of Social Affairs.

After gaining practical experience in the field of corruption she focuses now on the academic background of the topic. Her current research focuses on integrity in the business sector and the impact of increased transparency and accountability of businesspeople and enterprises on competition.