

Conflict of Interest Guidelines

**The Wharton School
University of Pennsylvania**

July 2017

THE WHARTON SCHOOL CONFLICT OF INTEREST GUIDELINES

Wharton School faculty are governed by University of Pennsylvania guidelines on conflict of interest as described in the Handbook for Faculty and Academic Administrators, Policy II.E.10 Conflict of Interest Policy for Faculty Members <http://provost.upenn.edu/faculty>.

The disclosure and reporting requirements which follow should be referenced in conjunction with the University policy. These requirements became effective on January 1, 1985, and have been subsequently amended and operationalized to protect the faculty, associated faculty, and academic support staff from potential conflicts of interest.

Philosophy

It is in the best interests of the Wharton School for its faculty members to interact with business and governmental communities, as well as colleagues at other educational and research organizations, to the maximum extent consistent with their basic obligations to the University. However, it is critically important in exercising the freedom of action traditionally associated with academic life that the Wharton School faculty (including all full-time and part-time standing faculty, associated faculty, and academic support staff) scrupulously avoid conflict-of-interest situations and exploitation of the Wharton affiliation for unacceptable purposes and private gain.

The underlying premise of the University's statement on conflict of interest is that the primary loyalty of a member of the faculty is to the academic mission of the University and its functioning as a community. This means that faculty members should not engage in extramural activities of a nature and scope that interferes significantly with the performance of their academic duties. In an attempt to quantify this obligation, the University has taken the position that no member of the full-time standing and full-time associated faculty should devote, in the aggregate, more than one day per seven-day-week to the pursuit of external interests.

The University's statement also speaks to the obligation of all faculty members and administrators to conform to the mores and ethical standards of the institution, which would require, among other things, that the individual refrain from using his or her University affiliation for the pursuit of personal goals not related to the mission of the School. In addition, Wharton School faculty are subject to the University policy on the "Principles of Responsible Conduct" http://www.upenn.edu/audit/oacp_principles.htm.

Disclosure Policy for Potential Conflicts of Interest

The following applies to all Standing, Non-Standing, and Emeritus Faculty.

It is expected that all members of the Wharton faculty will publicly disclose any financial or other significant interest that may be perceived to affect the conduct of their research. If a reasonable person would infer that a faculty member's research conclusions or opinions might be biased by his or her financial or other interests, it is appropriate that the faculty member reveal those interests. Such interests, even if not related to the funding of the research, should be disclosed when appropriate in working papers and publications along with other acknowledgements of financial support and assistance from editors, reviewers, colleagues and seminar participants.

An example disclosure might be the following: "In the interests of transparency, I acknowledge that I serve on the board of directors of the XYZ corporation, a company that is in the business of ABC."

Some examples of financial or other interests that could merit disclosure might arise from research funding, external consulting arrangements, service on a board of directors and/or other significant relationships.

Executive Education

Executive education poses a special challenge to the conflict-of-interest guidelines, particularly with respect to the Wharton School's right to undertake educational programs for external clients and the use (or misuse) of the Wharton name. Since the central mission of the Wharton School is education, an executive education program of any other organization, whether it be an educational institution, business firm, or government agency, is potentially in competition with the School. The development of educational materials, such as those used in synchronous and asynchronous distributed learning environments, could potentially be in competition with the School. If a Wharton faculty member participates in an external educational activity, he or she may be in violation of the obligation to give the School the opportunity of first refusal.

Promotion materials of external educational programs in which Wharton faculty participate are a potential source of improper exploitation of the Wharton name and reputation. The materials may give the impression that the program is associated with the Wharton School in some manner. Even worse, the material may state that the program was developed at the Wharton School. The mere listing of Wharton faculty participants with their affiliation may lead the brochure recipient to conclude that the Wharton School is connected with the undertaking. Improper academic titles may be used; for example, a Wharton School lecturer or assistant professor may be given the title of professor. An adjunct faculty member may be identified in a manner that suggests that he or she is a member of the standing faculty. These examples constitute direct conflicts with the University guidelines and should be avoided. As a monitoring

device, promotional material for external (open to the public) executive education programs should be submitted as part of the advance approval process to assure compliance with the University guidelines regarding the use of University or Wharton affiliation.

Disclosure and Reporting Requirements

The following disclosure and reporting requirements apply to full-time *standing (tenure track) faculty, associated faculty* (adjuncts, visitors, research faculty, and practice professors) and *academic support staff* (full-time lecturers, instructors, senior fellows, post doctoral fellows, research associates, and investigators), and *faculty administrators*.

1. Extramural activity should be reported annually to the Dean with the number of days involved being shown separately for each engagement.
2. The following types of engagements should receive advance approval by the departmental Chairperson and the Deputy Dean.
 - a. Any engagement or relationship of a continuing nature, such as board membership or consulting retainer.
 - b. Any external engagement involving research that might logically be conducted within the University and for which, under existing guidelines, the University should have the right of first refusal.
 - c. Any engagement in a non-Wharton executive education program (including those of universities, governmental agencies, research organizations, and for-profit firms).
 - d. Any commitment to or relationship with a student launched business venture.
3. For faculty holding appointments for a portion of the academic year (i.e., fewer than 12 months), reporting requirements and the one-in-seven days rule apply for the term of their appointments. In all cases, advance approval rules apply for the entire academic year.
4. Part-time faculty should understand that they are subject to the conflict of interest constraints. In particular, they should not use the University or Wharton names to solicit business.

Disclosure and Reporting Requirements for Executive Education Consultants

Individuals without faculty appointments (“consultants”) who are contracted to teach non-credit bearing courses in Executive Education should receive advance approval from the Vice Dean of Executive Education for each engagement in a non-Wharton executive education program (including those of universities, governmental agencies, research organizations, and for-profit firms).

Enforcement of Guidelines

Minor breaches of the guidelines should not be subject to disciplinary action, unless they persist over a period of time. More serious breaches, whether revealed through the formal reporting mechanism or discovered by other means, should, as a minimum, be made the subject of consultation between the offending faculty member and the Deputy Dean or Dean.

If the consultation proves ineffective and the abusive conduct continues, appropriate sanctions should be invoked. Persistent and flagrant violation of the one-day-in-seven rule could reasonably justify a change in status from membership in the standing faculty to an adjunct affiliation. The grossest violations should lead to complete severance of the individual's employment relationship with the University, preferably through resignation, but, if necessary, through use of the provisions of the *Handbook for Faculty and Academic Administrators* dealing with suspension or termination for just cause.

Appeals and Grievance Procedures

Appeals from the rulings of the Deputy Dean on matters related to the conflict-of-interest guidelines should be taken to the Dean, and if necessary to the School's Committee on Academic Freedom and Responsibility. Any sanctions imposed for breach of guidelines would have to meet the legal and ethical requirements of due process and be in compliance with the procedures developed by the University for the protection of individual rights promulgated in *the Handbook for Faculty and Academic Administrators*.

Revised 4/17