RESPONSIBILITY IN GLOBAL MANAGEMENT

Course Overview:
This course uses the global business context to introduce students to important legal and ethical challenges they will face as business leaders. Cases and materials will address how business leaders, constrained by law and motivated to act responsibly in a global context, should analyze relevant variables to make wise decisions. Topics will include an introduction to the basic theoretical frameworks used in the analysis of ethical issues, such as: rights-based, consequentialist-based, and virtue-based reasoning; and conflicting interpretations of corporate responsibility. The course includes materials to introduce students to basic legal (common law and civil law) and normative (human rights) regimes at work in the global economy as well as sensitize them to the role of local cultural traditions in global business activity. Depending on the section, topics may also include such issues as comparative forms of corporate governance, bribery and corruption in global markets, human rights issues, diverse legal compliance systems, corporate responses to global poverty, global environmental responsibilities, and challenges arising when companies face conflicting legal and ethical demands between home country and local (host country) laws and mores. The pedagogy emphasizes globalized cases, exercises, and theoretical materials from the fields of legal studies, business ethics and social responsibility.

IMPORTANT NOTE: This is a preliminary syllabus. Sessions may be re-ordered and readings changed before the course begins, and further changes may be made during the course to accommodate the interests of the students enrolled. However, the basic content and structure of the course will be as described here.

Instructor:
Arnold Rosoff, J.D., is Professor of Legal Studies and Business Ethics and also holds appointments in Wharton’s Health Care Management Department and the School of Medicine’s Family Practice and Community Health Department. His scholarship is in the area of health law and policy, with recent emphasis on public health and healthcare reform, especially the U.S.’s historical and current attempts to achieve universal health care, and the promotion of evidence-based medical and public health practice. Professor Rosoff’s healthcare-related studies have taken him around the world, with visiting appointments at INSEAD, Singapore Management University, Bocconi University (Milan), Keio University (Tokyo), Harvard’s School of Public Health, The Brookings Institution, and the Georgetown Law Center. In these settings he has examined the cultural, legal and political contexts in which health services, an essential element for human wellbeing and achievement, are provided. Despite his focus on
health care, Professor Rosoff’s teaching of LGST 611 will only incidentally draw on this area.

Readings: Readings will be available for purchase on Study.net and supplemental readings will be posted on the course’s Canvas website:

Grading:

1. **Mid-term exam** (25%). A closed-book intra-term exam will be given on the materials discussed and assigned in classes 1 through 4.
2. **Class participation:** (25% points) Twenty-five percent of the grade will be based on class attendance, participation, and peer evaluations.
3. **Final exam** (50%). An essay-based, take-home final exam will be handed out in the final class and will be due within one week of the last class.

**CLASS TOPICS AND ASSIGNMENTS
(SEE IMPORTANT NOTE ON PRECEDING PAGE ABOUT POSSIBLE CHANGES.)**

**Class 1, Jan. 7: Introduction to Ethical Themes and Legal Frameworks**
Instructor presents:

I. Hierarchy of concepts in the course: (In ascending order of specificity):
   a. Basic theory
   b. Mid-level theory
   c. Specific issues and cases
   d. Individual actions

II. Local norms and rules vs. global/transnational norms and rules

III. What is law? How is law different from or similar to ethics?


Exercise: The Ultimatum Game

**Class 2, Jan. 9: Foundations: Ethical Theory**
Discuss: Principles vs. Consequences vs. Social Contract Theory

Readings:
- Responsibility and Utility (materials from Prof. Alan Strudler, TBD)

Class 3, Jan. 14: Markets and Responsibility
Discuss:
- Efficiency (basic economic model) vs. Fairness (distributive justice)
- Law and Markets: Libertarian vs. Welfare Perspectives

Readings:


Exercise: Used car negotiation

Class 4, Jan. 16: The Purpose of the Corporation
Discuss:
- Shareholder vs. Stakeholder Theory
- Basic Legal Structure of the Corporation

Readings:
- Milton Friedman, "The Social Responsibility of Business is to Increase Its Profits."
- “R. Edward Freeman, "Stakeholder Theory of the Modern Corporation”
- “American Law Institute, Section 2.01”


Jan. 21 -- Martin Luther King Day – No class

Class 5, Jan. 23: INTRA-TERM EXAM -- IN-CLASS, ALL MATERIAL TO DATE

JAN. 24 TO FEB. 1 – NO CLASSES (DEDICATED INTERVIEW PERIOD)

Class 6, Feb. 4: The Corporation in the Global Context
Discuss: Comparative Antitrust Regulation

Readings:

Case study: ‘Coca Cola India”

Class 7, Feb. 6: Corporate Social Responsibility: The Duty to Rescue
Discuss:
- Do Firms with Unique Competencies for Rescuing Victims of Human Catastrophes have Special Obligations?”
- The problem of imperfect compliance with legal standards and norms

Readings:
- Selections from “Exploitation and Developing Countries: The Ethics of Clinical Research”
Case Studies: “Merck & Co., Inc.” (A) and (B), Ethical Issues in Business, pp. 250-256; Drug testing in Nigeria

**Class 8, Feb. 11: Comparative Corporate Governance**

Discuss:
- Corporate governance systems in different countries
- Role and composition of boards of directors in Europe/Asia/USA
- The rise and role of sovereign wealth funds in global business
- The concept of socially responsible investing

Readings:
- “The Purpose of the Corporation in Business and Law School Curricula,” Darrell West (available on LGST webCafe, prepared by Prof. Eric Orts).

Case study: “Norway Sells Wal-Mart” (A) [HBS 9-308-019] Robert Pozen and Aldo Sesia

**Class 9, Feb. 13: The 2008 Financial Crisis: Policy Domains — Ethics and Law**

Discuss: Free Market? How free? Does the “invisible hand” need more guidance?

Readings:
- Stiglitz, “Needed: A New Economic Paradigm”
- O’Driscoll, “An Economy of Liars”
- Donaldson, “Three Ethical Roots of the Financial Crisis”
- Thaler, “Recipes for Ruin, in the Gulf or on Wall Street”
- Bel Bruno, “Goldman’s Tourre Denies SEC’s Allegations”

Legal Perspective: Brief Summary of Dodd-Frank Wall Street Reform

**Class 10, Feb. 18: Human Resources, Human Rights, Diversity and the Global Enterprise**

Discuss:
- Labor relations in a global context
- International rules related to child labor, discrimination

Readings
- International rights documents (from Prof. Ann Mayer’s “International Legal Texts” section available on LGST Canvas)
- “The Politics of the EU Charter of Fundamental Rights,” by M. Weiss (prepared by Prof. Janice Bellace.)
- "The Oil Rig” Ethical Issues in Business, pp. 221-222.
- “Foreign Assignment,” Diana Robertson

Case Studies:
- Google in China (studies prepared by Prof. Nien He Hsieh)
• Lay-offs at Solaris (prepared by Prof. Janice Bellace)

**Class 11, Feb. 20: The Problem of Corruption**

Discuss:
• The Economics of Corruption
• Comparative Perspectives on Corrupt Practices Laws

Readings:

Case Studies:
• “BizCase” and “BusCase Practicioner” (prepared by Prof. Phil Nichols)

**Class 12, Feb. 25: Global Business and Environmental Sustainability**

Discuss:
• The Environmental and Sustainability Challenges
• Local vs. Global Environmental Rules

Readings:
• Exercise: *Stabilization wedges game*. Details can be found at http://cmi.princeton.edu/wedges/. This game demonstrates the emissions cuts required and the tools available to meet those cuts.

Case Studies:
• “Proctor & Gamble and Disposable Diapers”
• “Du Pont Freon® Products (A)” *HBS*

**FINAL EXAM – WILL BE HANDED OUT IN CLASS; DUE BY MARCH 4TH.**

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