

RESPONSIBILITY IN GLOBAL MANAGEMENT

LGST611005 (Q-3)

Spring 2014

Instructor: Thomas Donaldson

Classroom: 250 Huntsman Hall
Office: 644 Huntsman Hall
Class times: 12:00-1:20 Mondays and Wednesdays
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This course introduces students to important legal and ethical challenges they may face in global business. It is designed to raise difficult ethical and legal conflicts and dilemmas, and to provide plausible frameworks for dealing with those conflicts. It is also designed to reveal common patterns of success and failure. It is not intended to convert sinners into saints, preach absolute truths, convey the wisdom of moral philosophers, or deter the morally vulnerable. Class sessions will consist of collaborative case discussions, exercises, and discussions of theoretical frameworks for interpreting ethics and law.

Readings:

All reading materials will be found either on **Study.net** <https://www.study.net/> or on **CANVAS**. On **CANVAS** please find all materials, including the syllabus, in the "Files" folder.

(Items are marked by location in the list below.)

GRADING:

1. **First exam** (25%). A closed-book first exam will be given on materials discussed and assigned during the first half of the course. Approximately one fourth of the exam will consist of so-called objective questions, i.e., short answer, multiple choice, or true/false. The other three fourths will be essay questions. All questions will deal with issues and case studies from the class.
2. **Class participation:** (40%) Forty percent of the grade will be awarded based on the basis of class participation.
3. **Second exam** (35%). A closed book exam, with an emphasis on material covered since the first exam. Most of the weight of the second exam will involve the student's analysis of a case-study. A very small portion of the weight of the exam will consist in answering "objective" questions.

CLASS TOPICS AND ASSIGNMENTS

Class 1: *How to think about ethics: Some simple ways*

January 13

Do we need different methods to study ethical issues from those we need to study empirical ones? Is one ethical view any better than another?

Assignments:

- Case Study: “When is a Tip?” CANVAS

Class 2: *How to calculate ethical cost*

January 15

How do we integrate the assessment of financial risk alongside ethical challenges?

Assignments:

- Case Study: “Dicing with Death? A case study of Guidant Corporation’s implantable defibrillator business,” by Martin E. Sandbu and Jeisun Wen, 2008. CANVAS.
- Donaldson and Werhane, “Introduction to Ethical Reasoning,” from *Ethical Issues in Business: A Philosophical Approach (8th Edition)* by Thomas Donaldson and Patricia Werhane CANVAS

Class 3: *Law and ethics*

January 22

How do we manage legal obligations alongside those of ethics?

Assignments:

- Case Study: “Chiquita and the U.S. Department Of Justice” UVA-BRI-1006. CANVAS
- Milton Friedman. "The Social Responsibility of Business Is To Increase Its Profits," *New York Times Magazine*, September 13, 1970. Reprint 96502. CANVAS

Class 4 *The Purpose of the Corporation*
February 3

What is the best way to understand the purpose of the modern, for-profit corporation?

Assignments:

- Case study: Case Study: “Barclays and the LIBOR Scandal” HBS 9-313-075 **Study.net**
- Sen, A. 2010. “The Economist Manifesto” *New Statesman*, 139(4998): 29. **CANVAS**
- Sandbu, M. 2010. Two Extreme Views: Managing for Shareholders or Stakeholders? In M. Sandbu (Ed.), *Just Business: Arguments in Business Ethics*: Draft Manuscript **CANVAS**.

Class 5 *The Global Context: Cultural perceptions*
February 5

What remains the same, and what is different, when managing ethics away from home?

Assignments:

- Case Study: “The Oil Rig” **CANVAS**
- Case Study: “Foreign Assignment” **CANVAS**
- Donaldson, Thomas, “Values in Tension: Ethics Away from Home,” *Harvard Business Review*, September-October, 1996. **Study.net**

Class 6 *Can corporations be angels?*
February 10

Does a corporation’s ethical obligation ever extend to rescuing strangers? Should corporations ever be altruistic?

Assignments:

- Case study: Merck & Co. Inc. – **CANVAS**
- “Self-Inflicted Industry Wounds: Early Warning Signals and Pelican Gambits,” Donaldson and Schoemaker, *California Management Review*, Winter, 2013. **CANVAS**

Class 7 (FIRST EXAM)
February 12

Class 8 *When home and host country norms conflict.*

February 17

How does a manager arbitrate between home and host country norms?

Assignments:

- Case Study: "What Price, Safety?" **CANVAS**
- “UN Ruggie-protect-respect-remedy-framework” (From the 2010 Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises) **CANVAS**

Class 9 *Corruption*

February 19

If bribes are bad, how should a manager navigate contexts where bribery happens?

Assignments:

- Case Study: Kitchen Best: Ethics When Doing Cross-Boundary Business in Southern China HKU948-PDF-ENG **Study.net**
- “A Business Case for Complying with Bribery Laws” **CANVAS**

Class 10 *Policy Domains: Ethics, Law and the Financial Crisis*

February 24

What are the ethical implications of the Financial Crisis?

Assignments (See folder in **CANVAS** readings marked “Financial Crisis Readings”):

- Stiglitz, “Needed: A New Economic Paradigm” **CANVAS**
- O’Driscoll, “An Economy of Liars” **CANVAS**
- Donaldson, “Three Ethical Roots of the Financial Crisis” **CANVAS**
- Thaler, “Recipes for Ruin, in the Gulf or on Wall Street” **CANVAS**
- Bel Bruno, “Goldman’s Tourne Denies SEC’s Allegations” **CANVAS**
- Floyd Norris, “In Actions, S.&P. Risked Andersen’s Fate,” *New York Times*, February 7, 2013

Class 11 Social Impact Business Models and BoP (Base of Pyramid)

February 26

How should we evaluate business models that combine profit with social purpose?

Assignments:

- SKS and the AP Microfinance Crisis (HBS Case: 9-212-018) **Study.net**
- Wertheimer, Alan and Zwolinski, Matt, "Exploitation," *The Stanford Encyclopedia of Philosophy* (Spring 2013 Edition.) **CANVAS**
- [Optional reading]: "Can firms aim to do good if it hurts profits?" Angus Loten, WSJ, April 10, 2013.

Class 12

March 3

- In-class Exercise: "Used Car Dilemma" (no pre-reading necessary)
- **Second exam** (Held in the regular classroom at the regular class time.)

The exam will include:

- The analysis of a brief case-study (80% weight). The case will be handed out in class.
- Short answer questions. (20% weight).

What's allowed, and not, in this class:

	Materials							People				
LGST 611 Responsibility in Global Management Instructor: Donaldson	Approved calculator	Laptop / other electronics	Summary sheet	Current book / class notes	Past notes / summaries	Past exams / assignments	Internet content / other outside materials	Learning team / approved work team	Other student(s) in same section	Student(s) in other sections (same term)	Wharton student not taking the class this term	Person outside of Wharton
Readings & Cases	A	A		A				D	D	D		
Exam Prep	A	A		A				D	D	D		
Midterm Exam	A											
Second exam	A											
	A = Allowed material Blank Cell = Not allowed							W = Allowed to work together D = Discussion of general concepts and procedures is allowed but no sharing of specific answers. Blank Cell = Not allowed				