

**Legal Studies and Business Ethics Department
The Wharton School
LGST 820/220
Spring 2014
International Business Ethics
Monday-Wednesday 1:30-3:00
Room 260 JMHH
Professor Diana Robertson**

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COURSE OVERVIEW AND OBJECTIVES

LGST 820/220 is a multi-disciplinary, interactive study of business ethics within the global economy. The class presents alternative theories about how to act responsibly in global environments, emphasizes the process of managing global business ethics, and introduces and analyzes critical current issues. Perspectives include professional and applied ethics, law, public policy, organizational design, strategy, and organizational behavior.

The course's main goal is to enable students to develop a framework to address ethical challenges as they arise within and across cultures and countries. Toward this end, the course encourages critical analysis of arguments concerning appropriate courses of action for individuals and economic enterprises in a wide variety of situations.

This course endeavors, through case conversations, to prepare you for real-life managerial challenges through development of the problem-solving, decision-making, and critical thinking skills that will propel you into and through a successful career in business. This course will offer an array of opportunities, including, but not limited to:

- Determining where you stand personally with regard to managerial ethical issues;
- Improving individual and group skills in handling business issues;
- Recognizing common patterns of success and failure in business;
- Exercising moral imagination in exploring creative alternatives to common problems;
- Appreciating the value of responsible decision-making;
- Learning the value and importance of exercising moral courage; and
- Listening to your peers and learning from them.

CLASS FORMAT

This course meets twice a week. We will use readings, cases, videos, guest speakers, and debates to examine real issues confronting managers of organizations and to practice analyzing and solving the issues.

GRADING POLICY

Grading will be at my discretion and in accordance with Wharton policies. With the exception of clerical/coding errors, no change of grades will be issued after final grade sheets are delivered to the University Registrar. No individual extensions are given for class assignments—the only extensions granted will be those given to the entire class.

GRADING

The final grade in the course is based on the following components.

Class Participation	(10%) Individual
Short memo	(15%) Individual
Case paper	(25%) Individual
Exam	(20%) Individual
Debate	(20%) Group
Presentation	(10%) Group

Details for evaluation of the assignments are in the Course Assignments section of this syllabus.

COURSE MATERIAL

The course pack will be available from Reprographics and study.net (s). There will be a separate charge for printing via Reprographics. Other materials, including journal and newspaper articles, will be available on canvas (c) or handed out in class. In some instances, a link to the article will be provided. To access canvas go to SPIKE or <https://wharton.instructure.com/login>

CLASSROOM ETIQUETTE

Students are expected to treat one another with respect, and students are expected to arrive on time. **Cell phones and computers must be turned off.** No typing or texting is permitted in class.

MEALS

You are invited and encouraged to sign up for student-faculty meals sponsored by the Wharton Meals Program. The meals are entirely voluntary, and there is no charge to students. Lunches will take place at Pod unless another viable suggestion is offered.

OFFICE HOURS

Should you have any questions or concerns about the class, please do not hesitate to see me, Andrea, or Simon. You should consider coming to office hours for any concern you may have about the course, even if you would simply like to discuss the material further. No appointment is needed to meet during my office hours (MW 3:00-4:30) and you should feel free to drop by. If you are not able to meet during office hours, please email me, Andrea, or Simon to arrange an alternative meeting time.

COURSE SCHEDULE

Wed. 1/15 Introduction to the Course

VALUES, PURPOSE, AND DECISION-MAKING

Wed. 1/22 Ethics in Financial Services
Guest Speakers: Michael Kline and Arnold Staloff
Assignment:

- Barclays and the LIBOR Scandal (s)
- Promissory Notes (c)

Mon. 1/27 Individual Purpose
Assignment:

- Christensen, How Will You Measure Your Life? (c)

Wed. 1/29 How To Think About Ethical Issues
Assignment:

- A Note on Five Traditional Theories of Moral Reasoning (s)
- Felipe Montez, Giving Voice to Values (c)
- Is This My Place? Giving Voice to Values (c)

Mon. 2/3 Individual Ethics, Values, and Purpose
Assignment:

- Sucher and Hsieh, A Framework for Ethical Reasoning (s)
- Against the Grain: Jim Teague in Tanzania (s)
- GVV video (c)

Wed. 2/5 Individual Ethics at Work
Assignment:

- Silverthorne, Blind Spots: We're Not As Ethical As We Think (c)
- Differences at Work: Sameer (A) (s)
- Muslims on Wall Street, NY Times (c)

CULTURE AND MULTINATIONAL CORPORATIONS

Mon. 2/10 Ethics in the Workplace
Assignment:

- Foreign Assignment (c)

- Wed. 2/12 Global Advertising**
Assignment:
- Trompenaars, Resolving International Conflict: Culture and Business Strategy (c)
 - Unilever's Real Beauty Campaign (s)

Fri. 2/14 **SHORT MEMO DUE TODAY TO CANVAS**

- Mon. 2/17 Bribery and Corruption**
Assignment:
- Donaldson, Values in Tension (c)
 - Wal-Mart Accused of Using Mexican Governor to Push Bribes, Bloomberg (c)
 - Corruption Getting Worse, Says Poll, BBC news (c)
 - Ecuador Judge Testifies to Taking Bribes in Chevron Suit, Bloomberg (c)
 - Khan Bribery Case (c)
 - Ipaidabribe.com (look at website) (c)

GLOBAL HEALTH

- Wed. 2/19 Shareholder/Stakeholder Theories**
Assignment:
- Jensen, Value Maximization and Stakeholder Theory (c)
 - Friedman, The Social Responsibility of Business is to Increase Its Profits (c)
 - Mykon's Dilemma (c)
- **List of group members for debates is due****
****In-class lottery to assign debate topics****

- Mon. 2/24 Duty to Rescue**
Assignment:
- Singer, The Life You Can Save (c)
 - Merck & Co (A) (s)

CORPORATE SOCIAL RESPONSIBILITY

- Wed. 2/26 Corporate Social Responsibility Theory**
Assignment:
- The Oxford Handbook of Corporate Social Responsibility (c)
 - Porter and Kramer, The Link Between Competitive Advantage and Corporate Social Responsibility (c)

Fri. 2/28 **Case paper topic due today to canvas**

- Mon. 3/3** **CSR and International Human Rights: Labor**
Assignment:
- Ruggie Report (c) Read paragraphs 1-9, 51-81.
 - Foxconn Technology Group (A) (s)
 - ABC Foxconn Video (c)
 - 1 Million Workers. 90 million iPhones. 17 Suicides. Who's to Blame? (c)

- Wed. 3/5** **CSR and International Human Rights: Labor (cont.)**
Assignment:
- Vogel, Markets for Virtue (c)
 - The Dhaka Factory Fire: Who Is Responsible? (c)
 - Planet Money Makes a T-Shirt NPR (c)
 - Velasquez, UNOCAL in Burma (c)
 - Child Labour Uncovered in Apple's Supply Chain, The Guardian (c)

Fri. 3/7 ****Case paper due today to canvas****

Mon. 3/10 **NO CLASS; SPRING BREAK**

Wed. 3/12 **NO CLASS; SPRING BREAK**

- Mon. 3/17** **Corporate Social Responsibility: Global Poverty**
Assignment:
- Tobacco Firms' Strategy Limits Poorer Nations' Smoking Laws, NY Times (c)
 - Poverty: Not Always With Us, The Economist (c)
 - In-class discussion of debate topics and debate preparation

Wed. 3/19 **Global Regulation**
Guest Speaker: Pierre Gentin

Fri. 3/21 ****Debate teams to sign up for country presentations on canvas****

EMERGING ISSUES

- Mon. 3/24** **CSR and the Environment**
Assignment:
- Liu and Diamond, China's Environment in a Globalizing World (c)
 - Vietnam Tanning Factory Suspended Over River Pollution, Radio Free Asia (c)
- Wed. 3/26** **Debate: The sale of human organs should be legalized.**
- Why Selling Kidneys Should Be Legal, NY Times (c)

- Mon. 3/31** **CSR and the Environment (cont.)**
Assignment:
- Hardin, The Tragedy of the Commons (c)
 - Clemons, The Environmental Prisoner's Dilemma (c)
 - Secret funding helped build vast network of climate denial thinktanks, the Guardian (c)
 - OPTIONAL: 360 Risk Project, Lloyds of London (c)
- Wed. 4/2** **Debate: Google did the "right" thing in leaving China.**
Assignment:
- Heskett, The China Dilemma for U.S. Firms: Comply, Resist, or Leave? (c)
- Mon. 4/7** **EXAM**
- Wed. 4/9** **Debate: It is ethical for companies to outsource production to the developing world.**
- Hajmiragha, The Ethics of Outsourcing Labor (c)
- Fri. 4/11** **** Country presentations approval by today****
- Mon. 4/14** **The Ethics of Technology**
Assignment:
- U.S. Agencies Said to Swap Data With Thousands of Firms, Bloomberg (c)
 - Apple Supplier Uses Face Recognition to Screen Workers, The Wall Street Journal (c)
 - Egypt Shuts Down Internet, Cellphone Services (c)
 - The Federal Government's Reaction to Bitcoin is an Acknowledgement of the Dollar's Vulnerability, Forbes (c)
- Wed. 4/16** **Debate: American MNCs should use the same code of ethics in America and abroad.**
- Hanson and Rothlin, Taking Your Code To China (c)
- Mon. 4/21** **Microfinance**
Guest speaker: Ana Demel
Assignment:
- Banks Making Big Profits from Tiny Loans, NY Times (c)
 - Murdoch, How Microfinance Really Works (c)
 - Rhyne and Otero, Microfinance Matures (c)
- Wed. 4/23** **Social Entrepreneurship**
Guest Speaker: Rafi Musher
- Mon. 4/28** **Country/Region Presentations**

COURSE ASSIGNMENTS

Class Participation (10%)

The course is intended to allow you to develop the analytic skills and substantive framework to address challenges as they arise in business. Many of these challenges will involve justifying your position to those who disagree with you. To this end, the course emphasizes articulating reasoned arguments. Participation is expected and required in this class. Although good participation involves good listening, listening alone does not constitute satisfactory participation. Both quality and quantity are taken into account. Participation involves making valuable contributions to class discussions through thoughtful comments or questions. Consider participation an evaluation of how much you contribute to moving class discussions forward.

Attendance will be taken on a regular basis. Class participation contributes to your grade, and you cannot participate if you are not present. A seating chart will be created in class and students will be expected to sit in the same seats for the rest of the term. In addition, please write the name by which you would like to be called on a name card (placard) and place it in front of you so that we as a class can refer to one another by name.

If you are late or miss class, it is your responsibility to find out what you missed. After checking with classmates, feel free to contact me with additional questions. There is no such thing as an “excused” absence—an absence is an absence. More than three absences will result in an automatic grade reduction.

Short Memorandum (15%) (Due Friday, February 14)

You are to write a short memorandum about ONE of the hypotheticals below. Andrea and Simon will be available to review outlines/drafts of your papers. References may be included if needed, but are not required, and will not be counted as part of the word count.

1. In India nearly 70% of the population lives on less than \$2 per day. Recently India implemented a law mandating that children between the ages of 6 and 14 go to school. You are the Head of Business Development of a mining company looking to expand into Khlieriat, the isolated northeast part of India. Many other mining companies employ child workers there but pay them next to nothing. Your company is in a position to pay \$1 an hour to those who work in the mine. The CEO of your company wants to know the relevant ethical considerations and issues regarding whether to recruit children to work in the company’s mines. In 500-750 words explain your thoughts in a coherent memorandum and make a recommendation of action.
2. You are the President of Worldwide Research and Development in a pharmaceutical company. You have just spent \$1 billion dollars on the research and development of a new drug that could cure AIDs. You do not know what the side effects will be. Nearly 35 million people are living with AIDs though with 1 million of those people living in Malawi. There is no regulation preventing you from testing your new drug on the people

of Malawi. You are willing to compensate the participants (who will be voluntary) enough money to make them the richest people in their village. Most of the participants are currently extremely poor and are also illiterate. The CEO of your company wants to know the relevant ethical considerations and issues regarding whether to test your novel drug on the people of Malawi. In 500-750 words explain your thoughts in a coherent memorandum and make a recommendation of action.

3. You are the Business Director of a charity based in the U.K. that works in over 70 countries with the primary focus of eradicating poverty. The Board of Directors has made it clear to you: your job is to invest with the goal of obtaining the best possible financial return. After evaluating different investments, you determine that the return from investing in tobacco, alcohol and arms firms is significantly higher the returns from other investments. The CEO of your company wants to know the relevant ethical considerations and issues regarding whether you should invest in tobacco, alcohol and/or arms firms. In 500-750 words explain your thoughts in a coherent memorandum and make a recommendation of action.

The following criteria will be used to grade this assignment:

Identification of the relevant issues	20 points
Thoughtful analysis of both sides of the issue	20 points
Well-formulated recommendations for resolution of the issue	20 points
Professionalism of the memorandum	10 points
Effectively incorporating course materials	30 points

Post your paper to canvas by midnight on February 14.

Case Paper (25%) (Due Friday, March 7)

You are to write a case about a current international business ethics case (one that we are not covering in our course.) Suggested topics will be circulated by Friday, February 7th. You are to post your topic to canvas at the latest by February 28th. Andrea and Simon will be available to review outlines/drafts of your papers.

The paper is to be 1,200 to 1,500 words, double-spaced. References (which should be included and are important to the paper) and any appendices will not be counted as part of the word count. References can be in any format, including MLA, as long as the reference is clearly recognizable.

You are to write a short description of the case situation (no more than one page), then devote the rest of the paper to an analysis of the situation. Your analysis includes identification of the ethical issue(s) involved, reference to ethical theories and other course materials, and your recommendations as to how the situation should be handled.

The following criteria will be used to grade this assignment:

Choice of an interesting and appropriate topic	10 points
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Clear and concise description of the case itself	10 points
Evidence of thorough research on the topic	20 points
Analysis of the case including reference to course concepts	40 points
Well-formulated recommendations for resolution of the issue	20 points

Post your paper to canvas by midnight on March 7.

Examination (20%) (Monday, April 14)

This closed-book examination will include short-answer questions (two to three sentence answers), short essay, multiple choice and true/false questions. The purpose of the examinations is to test your comprehension of the major concepts introduced in the readings and classes.

Group debate (20%)

Teams will have the responsibility for developing and advocating a position supporting or opposing a debate proposition. A list of team members is due in class on Wednesday, February 19th. Debate topics will be assigned to teams via a lottery process in class that day.

March 26	Debate: The sale of human organs should be legalized.
April 2	Debate: Google did the “right” thing in leaving China.
April 9	Debate: It is ethical for companies to outsource production to the developing world.
April 16	Debate: American MNCs should use the same code of ethics in America and abroad.

Each team has the following specific responsibilities:

- To prepare a PowerPoint presentation of your team’s arguments. A hard copy is due the day of the debate. The PowerPoint may be used in the Opening Statement, but not in Rebuttal or Closing Statements.
- To present in class a constructive argument of the team’s proposition and a rebuttal of the opposing team’s position, and manage questions from the opposing team and classmates.

The debate format follows:

(Caution: This debate format has been invented by the instructor and is not intended to bear any resemblance to standard debates that you may have experienced in the past.)

Pro Team Opening Statement.....	8 minutes
Con Team Opening Statement.....	8 minutes
Pause for Team Members to Confer.....	2 minutes
Pro Team Rebuttal.....	3 minutes
Con Team Rebuttal.....	3 minutes
Con Team One Question for Pro Team.....	1 minute
Pro Team Answer to Con Team Question.....	2 minutes
Pro Team One Question for Con Team.....	1 minute
Con Team Answer to Pro Team Question.....	2 minutes
Con Team Closing Statement.....	2 minutes
Pro Team Closing Statement.....	2 minutes
Pro and Con Teams Field Questions from Class	10 minutes

The presentation in class will be assessed based on your ability to construct and present a compelling argument supporting your position and to rebut and answer questions about opposing points of view. In your debate you should present your position clearly, coherently, and in an engaging way to your audience of classmates. Your classmates will have an opportunity to “judge” the debate and will have input into the grading of the debate.

The following criteria will be used to grade the debates:

- A clear set of arguments tied to course materials 55 points
- Research that provides strong evidence to support your arguments 25 points
- Clear, persuasive, and engaging presentation 20 points

Country/Region Presentation (10%)

You will work with your debate team on this assignment. Each team will prepare a ten-minute PowerPoint presentation on business ethics and/or corporate social responsibility in accordance with the following guidance:

You are among the top management of 1) a social enterprise business OR 2) a clothing manufacturing business and are looking to expand into a new region. Choose a country within Eastern Europe, the Middle East, South America or Africa into which you wish to expand. Analyze your enterprise/company’s decision to enter into that country. Your analysis should focus on the ethical issues surrounding the expansion and should include, but is not limited to 1) the reasons why you have chosen that country, 2) the ethical issues you anticipate that you will encounter in that country, and 3) how to resolve those issues.

Groups selecting social enterprise businesses may choose to be creative, but may also simply replicate an existing social enterprise in a different country since the emphasis should be on the ethical component.

Groups selecting clothing companies are constrained to making t-shirts.

Debate teams will be asked to sign up for a presentation time by March 21. Both the country and choice of business must be approved at least a week before your presentation.

The following criteria will be used to grade the presentations:

- Evidence of thorough research including citation of sources 40 points
- Insight about business ethics/CSR in the country 40 points
- Clear and engaging presentation 20 points