The Wharton School
University of Pennsylvania
Legal Studies and Business Ethics Department
LGST 611 - RESPONSIBILITY IN GLOBAL MANAGEMENT
Spring Quarter 3, 2015
(Note: subject to revision)

Instructor:
Mark Schwartz, MBA, JD, PhD
Office: 664 JMHH
Office Hours: Wednesdays: 12:15 p.m. – 1:15 p.m. (or by appointment)
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E-mail: schwartz@yorku.ca

Sections:
001 (Mondays/Wednesdays, 9:00 am)
003 (Mondays/Wednesdays, 10:30 am)
007 (Mondays/Wednesdays, 1:30 pm)
009 (Tuesdays/Thursdays, 9:00 am)
011 (Tuesdays/Thursdays, 10:30 am)
013 (Tuesdays/Thursdays, 1:30 pm)

Classroom: F50

Overview: This module considers the legal and ethical responsibilities of managers and others who play significant roles within business enterprises. It examines difficult ethical conflicts and dilemmas that arise in a global business context. It is designed to reveal common patterns of success and failure in dealing with ethical decisions in business. Its objective is to help students anticipate issues they will confront in their business careers and to develop skills to think more clearly how such issues can and should be resolved. Class sessions will focus on discussion of cases, exercises, and theoretical frameworks used for interpreting practical problems in business ethics.

The ‘Responsibility in Global Management’ module has four objectives:

- To foster an understanding of the ethical responsibilities involved in global management;
- To improve individual skills in identifying and analyzing a select number of ethical issues that business managers face in the context or situation in which they arise;
- To encourage the development of action plans that resolve ethical conflicts and dilemmas once they have been identified; and
- To critically examine the assumptions and values that everyone brings to complex business decisions that raise ethical issues.

Reading Materials:

The required text is Corporate Social Responsibility: An Ethical Perspective (Schwartz, M.S., Broadview Press, 2011) available at the bookstore. In addition to the book, all additional reading materials (articles and cases) for each week can be found in the course pack, which is available through the Canvas course website. Additional items may be added during the semester. Items are
marked by location in the list below.

**Grading:**

The final grade will be based on a closed book multiple choice mid-term exam worth 25%, as well as an open book take-home final exam worth 75%.

The mid-term will be held on either **Monday, February 16\(^{th}\)** (sections 001/003/007) or **Tuesday, February 17\(^{th}\)** (sections 009/011/013).

The final exam involves the analysis of a case study, making use of the tools and materials discussed in class. The final exam will be available in case form and posted on the Canvas site on **Thursday, February 26\(^{th}\)** and is **due on Friday, March 6\(^{th}\) by 3:00 pm** [please note that late exams will be subject to a grade deduction of 5 percent per day (every 24 hours) for any reason with no exceptions]. Final exams will be submitted onto the Canvas course website.

Class attendance is required and will be taken during each session. Missing more than one session can impact final grades. You should inform me by email (schwartz@yorku.ca) if you are unable to attend any session.

Although class participation is not formally part of the final grade, preparation of the reading material (articles and cases) and contribution to class discussions is still expected. The submission of a personal ethical dilemma is also required (pass/fail).

**Ethical Dilemma Assignment** (Due Date: Beginning of 2\(^{nd}\) Session, January 14\(^{th}\) or 15\(^{th}\))

Students will be required to submit an actual ethical dilemma that they have encountered in a work environment. The write-up should include two parts: Part A - a brief description of the situation, the central issue or dilemma, and the possible options (clearly identify them); Part B - how the dilemma was resolved including any remaining issues. Several dilemmas will be selected for discussion throughout the course. Students should be prepared to acknowledge that they were the author of the dilemma, and to discuss it in class. In order to respect privacy and the confidentiality of others however, students are not required to identify other individuals involved, nor any organization involved. Length: 1 page. Students should bring a hard copy to be submitted at the beginning of the second session as well as submit their assignment on the Canvas course website prior to class. Pass/Fail grade.
Class 1 (Jan. 12th or 13th)

Topic: Introduction to Business Ethics

The first session is intended to introduce students to the topic of business ethics. Topics to be covered include: definitions of key concepts in business ethics; discussion of some of the myths regarding business ethics; and how ethics relates to law, religion, and etiquette. Students will also engage in a ‘market morality’ exercise by determining whether they will place their salaries in a public and/or private account.

There are no assigned readings or cases for the first session.

Class 2 (Jan. 14th or 15th)

Topic: Moral Development and Moral Responsibility

In this session we cover a number of topics such as the stages of moral development, moral responsibility, and introduce the moral reasoning process. The question of who is or should be considered a stakeholder is also discussed. We conclude with a discussion of the ‘Parable of the Sadhu’ case and how it might relate to a typical business ethics dilemma. In this case, an investment banker must decide whether to save a sadhu (i.e., an Indian holy man) or continue with his life-long dream of climbing the Himalayan mountains.

Assignment:

Case Assignment Questions:
1. What would you do if you were Bowen McCoy and encountered the Sadhu?
2. How does this dilemma relate to an ethical dilemma one might face in business?

*Note: Your personal ethical dilemma must be submitted both in hard copy at the beginning of this session and posted on Canvas before class.*
**Class 3 (Jan. 20th or 21st)**

**Topic: Ethical Decision Making - How Does One Know What is Morally Right or Wrong?**

Over the next two sessions, the basic tools are provided for engaging in ethical analysis and decision making. We focus on the question: How does one know what is ethical in business? In order to explore this, students are introduced to the first set of moral standards (e.g., core ethical values, relativism, egoism, utilitarianism) that can be used in helping to determine whether a course of action is ethical.

**Reading:**

**Class 4 (Feb. 2nd or 3rd)**

**Topic: Ethical Decision Making - How Does One Know What is Morally Right or Wrong?** (Continued)

In this session, the remaining moral standards are discussed (Kantianism, moral rights, and justice) that can be used in helping to determine whether a course of action is ethical. Each of the moral standards will then be applied to the ‘The Analyst’s Dilemma’ case.

**Assignment:**
- Case: The Analyst’s Dilemma [HBS 394-056] [coursepack]

**Case Assignment Questions:**
1. What would you do if you were the analyst? Upon which moral standards do you base your decision?
2. To whom do you owe a greater loyalty, your friend or your employer?
Class 5 (Feb. 4th or 5th)

Topic: Corporate Social Responsibility

This session confronts broad issues of corporate ethics and social responsibility. Is a firm’s obligation toward society merely to maximize profits while obeying the law? (i.e., Milton Friedman’s position?). Or are there additional ethical and/or philanthropic obligations as well? Students should be prepared to present and defend their position on CSR. We then discuss case study of Merck which presents the difficulties in deciding whether it is appropriate for a public company to spend shareholder’s money on a pill to help cure river blindness around the world, even when prospective customers are too poor to pay for the medicine.

Assignment:
- Case: Merck & Co., Inc. (A), [BET 9-991-021] [coursepack]

Case Assignment Questions:
1. What course of action should Merck take regarding the development of a drug for River Blindness?
2. What action would Milton Friedman (see reading below) recommend Merck take?

Readings:
- Schwartz, M.S. Corporate Social Responsibility: An Ethical Approach (Chapters 3 and 4) [Book]

Class 6 (Feb. 9th or 10th)

Topic: Ethical Obligations of Employees

The session begins by asking the question: ‘Is greed good?’ We then explore several conflict of interest issues faced by employees. For example, is it ethically acceptable to receive or give gifts and entertainment with respect to suppliers? Under what circumstances can internal or external whistle-blowing ever be considered morally obligatory, or even morally permissible?

Assignment:
- Case: Banking – A Crack in the Swiss Vault (60 Minutes, January 3, 2010). [coursepack]

Case Assignment Questions:
1. What would you have done if you were Bradley Birkenfield?
2. Should Mr. Birkenfeld be punished, or rewarded for his whistleblowing?

Readings:

Class 7 (Feb. 11th or 12th)
Topic: Ethical Obligations to Customers and Clients

This session focuses on the responsibilities of firms to their customers and clients. What is a manufacturer’s obligation with respect to product defects? Do mistakes always need to be disclosed to one’s clients? As an illustration, we will discuss the “Dicing with Death” case involving Guidant’s decision not to disclose to their customers or doctors a defect in one of their products.

Assignment:

Case Assignment Questions:
1. What would you do if you were Guidant? Would you inform the doctors?
2. Upon which moral standards do you base your recommendation?

Class 8. Mid-Term Exam (Closed Book) (Feb. 16th or 17th)

Class 9 (Feb. 18th or 19th)

Topic: Ethical Obligations to Shareholders

This session deals with obligations to shareholders, in terms of appropriate corporate governance and the ethical obligations of boards of directors and senior executives. Various corporate ethical scandals (e.g., Enron, the 2007 financial crisis) including their causes will also be discussed. We know it’s illegal, but what exactly is unethical about insider trading?

Assignment:

Case Assignment Questions:
1. Should the Goldman Sachs’ traders receive their bonuses?

Readings:

Class 10 (Feb. 23rd or 24th)
Topic: Responsibility to the Natural Environment and Society

This session introduces the topic of sustainability including non-financial accountability. Key concepts are discussed including the ‘triple bottom line’ (i.e., economic, environmental, and social), social entrepreneurship, corporate philanthropy, and the growing importance of business firms taking into account impacts on the natural environment and society.

Assignment:
• Case: “The Ok Tedi Copper Mine,” by Manuel Velasquez (2006) [coursepack]

Case Assignment Questions:
1. What are BHP’s obligations with respect to its mining practices in Papua New Guinea? Should it close down the mine, or continue mining?

Readings:
Schwartz, M.S. Corporate Social Responsibility: An Ethical Approach (Chapter 5) [Book]

Class 11 (Feb. 25th or 26th)

Topic: Ethical Obligations in International Business

This session will address ethical issues related to international business. The key question to be explored is: ‘When in Rome, should one do as the Romans do? Or should one do as one does at home?’ Topics to be discussed include: discrimination and harassment, nepotism, bribery and corruption, operating in countries with less stringent legal requirements or repressive regimes that infringe basic human rights, and ethical issues related to overseas suppliers such as child labor and workplace health and safety.

Assignment:
Case: “Chiquita to Plead Guilty To Ties With Terrorists,” CNN, March 14, 2007. [coursepack]

Case Assignment Questions:
1. What would you do if you were Google? Would you accept the Chinese government’s censorship of the site?
2. What would you do if you were Chiquita? Would you make the payments to protect your employees and be able to continue operations?

Reading:
Class 12 (Mar. 2nd or 3rd)

Topic: Ethical Corporate Culture and Review of the Course

Our final session begins with a discussion of the “Difficult Hiring Decision” case, which involves deciding which of three final candidates should be hired for a VP position. We then discuss how firms and managers can develop and sustain an ethical corporate culture that supports and encourages legal and ethical behavior. This session will then conclude with a brief review of all of the material in the course.

Assignment:

Case Assignment Questions:
1. Who would you hire as the new bank Vice President, and on the basis of which criteria?

Reading:
Ethics Matrix

<table>
<thead>
<tr>
<th>LGST 611 Responsibility in Global Management</th>
<th>Materials</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructor: Schwartz</td>
<td>Laptop / other electronics</td>
<td>Approved calculator</td>
</tr>
<tr>
<td>Readings &amp; Cases</td>
<td>A</td>
<td>A</td>
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<tr>
<td>Graded Cases</td>
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<tr>
<td>Final Exam</td>
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<td>A</td>
</tr>
</tbody>
</table>

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

**Other comments:** These requirements are meant for those sections of 611 taught by Professor Schwartz. Other sections may have slightly different requirements.

The information above covers many common situations but will not cover every circumstance. Remember:

The Wharton MBA Code of Ethics that you accepted requires, among other things, that you represent yourself and your work honestly, don’t try to gain unfair advantage over other students, follow the instructor’s guidelines and respect confidentiality of your work and the work of others.

Should you have questions, please contact your ethics liaison or professor.