

# LGST 611-001 (Donaldson) - Spring 2016 Q3

## RESPONSIBILITY IN GLOBAL MANAGEMENT

**Time:** 12:00-1:20 pm.

**Instructor:** Thomas Donaldson

Thomas Donaldson is the Mark O. Winkelman Professor at the Wharton School of the University of Pennsylvania.

E-mail: [donaldst@wharton.upenn.edu](mailto:donaldst@wharton.upenn.edu)

Office Hours: 10:30-11:45 Monday and Wednesday, and by Appointment. 644 Huntsman.

### Goals for the course:

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 can be accessed through CANVAS, either under the **Study.net** or the **Files** tab. Reading assignments are marked either "study.net" or "FILES." When marked "FILES" you will find the reading on CANVAS under the **Files** tab.

### Grading and Logistics

1. **Reaction Papers** (20% of course grade). During the course, you will be asked to write and submit five brief "reaction papers." In each paper you will be asked to respond to two questions created by the instructor about the upcoming class's readings and issues. I seek your *personal* reactions and want you to relate readings and issues to your individual experiences. Each paper is due at noon the day of class. See "Assignments" for an exact schedule.

The assignments are ungraded and will be marked only "acceptable" or "unacceptable." Except in rare instances, I will not critique or comment on your paper. An "acceptable grade" creates a credit of 4 points, for a total of 4 points X 5 reaction papers = 20 points, and 20% of the final course grade. Failure to submit a reaction paper on time or an unsuccessful submission (one that fails to follow the guidelines or is of very poor quality) will result in an "unacceptable" and 0 points. However, if you fail to submit a paper on time, or if the paper is of unacceptable quality, you may submit after the due date but within the "availability" dates specified on CANVAS, and receive a total of 2 points for the assignment. In very rare instances where the reaction paper is of "exceptional" quality, the paper will receive a bonus of 1 point for a total of 5 points. Because

you will have approximately five days in which to submit a given reaction paper, no excuses for late papers will be accepted (with the only exception being a serious illness).

Reaction papers should be entirely your own work, involving no collaboration with other students.

**2. Class participation:** (35% of class grade)

**3. Final exam-The analysis of a case study** (45%). The take-home final exam will involve the analysis of a new case study (not one that we have already read in class), making use of the tools and materials discussed in class. The exam will be open-book, open-note. The case study and instructions for writing your exam essay will be available on CANVAS immediately following our last class. Your exam should be submitted on CANVAS sometime the next day no later than midnight. Late exams will be penalized.

## **List of readings and exercises (These readings may be slightly modified before class begins):**

### **Week 1 Introduction**

- Case study: The Analyst's Dilemma (A) [HBS 394-056, 1993]. **Study.net**

### **Week 2 The limits of compliance**

- Exercise: "Parable of the Sadhu"
- Donaldson, T. 2004. "Dangerous Currents D&B" *Directors & Boards* (Winter). **FILES**

### **Week 3 How to think about ethics: a simple framework**

- Case study: "Dicing with Death? A case study of Guidant Corporation's implantable defibrillator business," by Martin E. Sandbu and Jeisun Wen. **FILES**
- "Introduction to Ethical Reasoning for 611 Class" **FILES**

### **Week 4 Ethics away from home**

- "Values in Tension: Ethics Away from Home," Donaldson, Thomas, *Harvard Business Review*, September-October, 1996. **Study.net**
- Case study: "What Price, Safety?" **FILES**
- Case study: "The Oil Rig" **FILES**

### **Week 5 The Social Responsibility of Business?**

- Case study: "Italian Tax Mores" **FILES**
- "The Social Responsibility of Business Is To Increase Its Profits," Milton Friedman. *New York Times Magazine*, September 13, 1970.Reprint 96502. **FILES**
- "Aspen BSP: Unrealized Potential" **FILES**

### **Week 6 Does Business Ethics Make Economic Sense?**

- "Merck & Co" **FILES**
- "Does Business Ethics Make Economic Sense." Sen, Amartya (1993). **FILES**

- "Can Socially Responsible Firms Survive in a Competitive Environment?" Robert Frank

### **Week 7 If bribery is wrong, why is it so common?"**

- Case Study: "Just when is a 'Tip' Only another Means to Insure Promptness?" **FILES**
- Case Study: Kitchen Best: Ethics When Doing Cross-Boundary Business in Southern China HKU948-PDF-ENG **Study.net**

### **Week 8 Bribes: the good, the bad and the ugly.**

- Case Study: "Chiquita and the US Department of Justice" RI-1006, **FILES**
- "The Business Case for Complying with Bribery Laws." Nichols, P. 2012. *American Business Law Journal* 49(2): 325-368. **FILES**

### **Week 9 Creating Shared Value**

- Exercise: "Used Car" (no assignment for this exercise).
- Porter, M. E. 2011. Creating Shared Value. *Harvard Business Review*, 89(1/2): 62-77. **Study.net**
- "Shared Values that are Lost in Translation" Donaldson *Financial Times* 2014 **FILES**

### **Week 10 Social Impact: Profit and Social Purpose**

- "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.) **FILES**

### **Week 11 The Financial Crisis**

- Readings on the Financial Crisis (See folder in **CANVAS** "readings not on Study.net" marked "Financial Crisis")
  - o Stiglitz, "Needed: A New Economic Paradigm" **FILES**
  - o O'Driscoll, "An Economy of Liars" **FILES**
  - o Donaldson, "Three Ethical Roots of the Financial Crisis" **FILES**
  - o Thaler, "Recipes for Ruin, in the Gulf or on Wall Street" **FILES**
  - o "Fab' Trader Liable in Fraud" *Wall Street Journal*, 2013 **FILES**

### **Week 12 Managing Systemic Operational Risk**

- Case Study: "Barclays and the LIBOR Scandal" HBS 9-313-075 **Study.net**
- Self-Inflicted Industry Wounds: Early Warning Signals and Pelican Gambits," Donaldson and Schoemaker, *California Management Review*, Winter, 2013. **FILES**

### **Ground rules:**

1. You are expected to attend class and participate in discussion.
2. Please display your name tent. If you forget yours, you can make an informal one.
3. Students who are unprepared should flip their name tents down.
4. You may use laptops and mobile devices in class for class-related work only.
5. You may eat in class.