

**The Wharton School**  
**University of Pennsylvania**  
**Legal Studies and Business Ethics Department**  
**LGST 611 - RESPONSIBILITY IN GLOBAL MANAGEMENT**  
*Quarter 2, Fall 2016*  
(Note: subject to revision)

**Instructor:**

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Sections:	002	(Mondays/Wednesdays, 9:00 am)	Classroom 370 JMHH
	004	(Mondays/Wednesdays, 10:30 am)	Classroom 370 JMHH
	006	(Mondays/Wednesdays, 1:30 pm)	Classroom G55 JMHH
	008	(Tuesdays/Thursdays, 9:00 am)	Classroom F60 JMHH
	010	(Tuesdays/Thursdays, 10:30 am)	Classroom F60 JMHH
	012	(Tuesdays/Thursdays, 1:30 pm)	Classroom F55 JMHH

**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 Approach* (Schwartz, M.S., Broadview Press, 2011) available at the University of Pennsylvania bookstore (or you might try Amazon). In addition to the *book*, all additional reading materials (articles and cases) for each week can be found under the **Study.Net Materials** folder on the Canvas course website. Additional items may be added during the semester.

**Grading:** The final grade will be based on a closed book multiple choice mid-term exam worth **25%**, and an open book take-home final exam worth **75%**, and the submission of a personal ethical dilemma (**mandatory submission - pass/fail**).

**Ethical Dilemma Assignment** (Due Date: Beginning of 2<sup>nd</sup> Session, **October 27<sup>th</sup> or 28<sup>th</sup>**): 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. If you did not do what you believed you should do, please indicate the reasons. Several dilemmas will be selected for discussion throughout the course and for the final session. Students should be prepared to acknowledge that they were the author of the dilemma, and to discuss it in class. Certain dilemmas may also be selected and posted to be read by other students in the particular section. In order to respect privacy and the confidentiality of others however, students should not identify other individuals involved, nor any organization involved. Length: Maximum 1 page. Students **should bring a hard copy** with their name and section number on it 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** (but submission is required in order to avoid an LT designation).

**Mid-Term:** The mid-term will be held on either **Wednesday, November 16<sup>th</sup>** (sections 002/004/006) or **Thursday, November 17<sup>th</sup>** (sections 008/010/012). The mid-term will be closed book and will consist of a series of multiple choice questions which are designed to ensure students are familiar with the theoretical tools (e.g., moral standards and corporate social responsibility theory), readings and cases covered during the first half of the course. Please note that job interviews will not constitute an acceptable reason to miss the mid-term.

**Final Exam:** 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 after 3:00 pm on **Thursday, December 8<sup>th</sup>** and is **due on Tuesday, December 20<sup>th</sup> 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 online onto the *Canvas* course website.

**Class Attendance:** Class attendance is **mandatory** and will be taken during each session through a signed attendance sheet. Students should ensure that they have signed the attendance sheet each session before leaving. **You are entitled however to miss up to two sessions** for any reason whatsoever with no penalty. Missing **three sessions** however for any reason (except for medically documented, health-related reasons) will lead to an automatic half grade deduction (e.g., from B+ to B). Missing **four sessions** for any reason whatsoever (except for medically documented, health-related reasons) will lead to an automatic full grade deduction (e.g., from B+ to C+) and an LT designation. Missing **five or more sessions** for any reason whatsoever (except for medically documented, health-related reasons) will lead to an automatic **failing grade**. Perfect attendance can assist in moving borderline grades to the next higher grade. You **must immediately inform me** by email ([schwartz@yorku.ca](mailto:schwartz@yorku.ca)) if you are unable to attend any session. If you would otherwise miss a class, you should attempt to attend another section's class (up to two occasions only), but you must still inform me by email beforehand if this is going to take place. Preparation and pre-reading of the assigned material (articles and cases) and contribution to class discussions is expected.

**Class Etiquette:** Students should avoid coming into class late or leaving early if at all possible. To avoid distracting other students and to best ensure full participation, students must refrain from using their laptops (other than for taking class notes) and cellphones during class sessions. Students who use their laptops for any purpose other than taking notes will be asked to turn them off. There is no seating chart, but students should ensure that their name cards are used for each session.

**IMPORTANT SCHEDULING NOTE:**

**Please note, there is no class on Monday Oct. 24<sup>th</sup> for sections 002/004/006.  
Instead, the first class for sections 002/004/006 will be held on Wednesday, October 26<sup>th</sup>.**

**In order to make up for missing Monday, October 24<sup>th</sup>, the second class for sections 002/004/006 will be held on Friday, October 28<sup>th</sup>.**

**The first class for sections 008/010/012 will be held as currently scheduled on Tuesday, October 25<sup>th</sup>, with the second class being held as currently scheduled on Thursday, October 27<sup>th</sup>.**

**Class 1: Tuesday, October 25<sup>th</sup> for Sections 008/010/012**

**Class 1: Wednesday, October 26<sup>th</sup> for Sections 002/004/006**

**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.

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**Class 2: Thursday, October 27<sup>th</sup> for Sections 008/010/012**

**Class 2: Friday, October 28<sup>th</sup> for Sections 002/004/006**

**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: Parable of the Sadhu (McCoy, Bowen, *Harvard Business Review*, May/June, 1997, pp.2-7).  
[*study.net*]

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.**

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**Class 3: Monday, October 31<sup>st</sup> or Tuesday, November 1<sup>st</sup>**

**Topic: Ethical Decision Making - How Does One Know What is 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:

- Schwartz, M.S. "The Nuts and Bolts of Determining Ethical Responsibility," *Corporate Social Responsibility: an Ethical Approach*, Peterborough, Ontario, Broadview Press (2011) (Chapter 2) [*Book*].

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**Class 4: Wednesday, November 2<sup>nd</sup> or Thursday, November 3<sup>rd</sup>**

**Topic: Ethical Decision Making - How Does One Know What is 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] [*study.net*]

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: Monday, November 7<sup>th</sup> or Tuesday, November 8<sup>th</sup>**

**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 corporate social responsibility (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] [*study.net*]

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:

- Milton Friedman. "The Social Responsibility of Business Is To Increase Its Profits," *New York Times Magazine*, September 13, 1970. [*study.net*]
- Schwartz, M.S. *Corporate Social Responsibility: An Ethical Approach* (Chapters 3 and 4) [**Book**]

**Class 6: Wednesday, November 9<sup>th</sup> or Thursday, November 10<sup>th</sup>**

**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). [*study.net*]

Case Assignment Questions:

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

Readings:

- Matthew Gilley and W. Michael Hoffman, "Will Rewards for Whistleblowers Encourage Ethical Behavior?" *The CQ Researcher*, 21 (May 6, 2011), p. 425. [*study.net*]

**Class 7: Monday, November 14<sup>th</sup> or Tuesday, November 15<sup>th</sup>**

**Topic: Ethical Obligations to Shareholders to Avoid Corporate Scandals**

This session deals with obligations to shareholders to avoid scandals, in terms of appropriate corporate governance and the ethical obligations of boards of directors and senior executives. Various corporate ethical scandals including their causes and the impediments to ethical behavior that prevent employees and managers from doing what they know is right will also be discussed. We know it's illegal, but what exactly is unethical about insider trading?

Assignment:

- Case: Wells Fargo and Fake Bank Accounts
  - <http://abcnews.go.com/Business/timeline-wells-fargo-accounts-scandal/story?id=42231128>
  - <https://www.ft.com/content/32b989ac-870f-11e6-a75a-0c4dce033ade>
  - <http://finance.yahoo.com/news/why-its-misguided-for-wells-fargo-to-ban-sales-goals-after-its-fraud-scandal-145004597.html>
  - <http://money.cnn.com/2016/09/09/investing/wells-fargo-phony-accounts-culture/index.html?iid=EL>

Case Assignment Questions:

1. Which moral rationalizations appear to have affected the decision making taking place at Wells Fargo?
2. Would you have possibly engaged in the improper sales activity given the circumstances?

Readings:

- Anand, V., Ashforth, B. E., and Joshi, M. 2005. "Business as Usual: The Acceptance and Perpetuation of Corruption in Organizations." *Academy of Management Executive*, 19(4): 9-23. [*study.net*]

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**Class 8 - Mid-Term Exam: Wednesday, November 16<sup>th</sup> or Thursday, November 17<sup>th</sup>**

***(Multiple Choice - Closed Book)***

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**Thanksgiving Holiday: November 21<sup>st</sup>-24<sup>th</sup>**

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**Class 9: Monday, November 28<sup>th</sup> or Tuesday, November 29<sup>th</sup>**

**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? How should firms deal with a corporate ethical crisis and how should proper apologies take place? 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: "Dicing with Death? A Case Study of Guidant Corporation's Implantable Defibrillator Business," by Martin E. Sandbu [*study.net*]

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?

Reading:

- Maurice Schweitzer, Alison Wood Brooks, and Adam Galinsky, "The Organizational Apology," *Harvard Business Review* (September 2015) [*study.net*]
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**Class 10: Wednesday, November 30<sup>th</sup> or Thursday, December 1<sup>st</sup>**

**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), creating shared value (CSV), 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 (2012) [*study.net*]

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**]
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**Class 11: Monday, December 5<sup>th</sup> or Tuesday, December 6<sup>th</sup>**

**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: “Ziqitza Health Care Limited: Responding to Corruption,” INSEAD (Craig Smith and Robert Crawford) (2016)

Case Assignment Questions:

1. If you were the CEO, would you pay, or not pay, the bribe? On what basis?
2. If you would not pay the bribe, what are your other options?

Reading:

- Donaldson, Thomas, “Values in Tension: Ethics Away from Home,” *Harvard Business Review*, September-October, 1996. [*study.net*]

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**Class 12: Wednesday, December 7<sup>th</sup> or Thursday, December 8<sup>th</sup>**

**Topic: Developing an Ethical Corporate Culture and Conclusion**

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:

1. Case: “A Difficult Hiring Decision at Central Bank,” Schwartz, M.S. and Copp, H., London, Ontario: Ivey Publishing (2006) (9B06C004). [*coursepack*]

Case Assignment Questions:

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

Readings:

- Schwartz, Mark. “Developing and Sustaining an Ethical Corporate Culture: The Core Elements,” *Business Horizons*, 2013, Vol. 56, pp. 39-50. [*study.net*]

Ethics Matrix

LGST 611 Responsibility in Global Management  Instructor: Schwartz	Materials							People				
	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		
Graded Cases	A	A		A				D	D	D		
Final Exam Prep	A	A		A								
Final Exam	A	A		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				
<p><b>Other comments:</b> These requirements are meant for those sections of 611 taught by Professor Schwartz. Other sections may have slightly different requirements.</p>												
<p>The information above covers many common situations but will not cover every circumstance. Remember: The <a href="#">Wharton MBA Code of Ethics</a> 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.</p> <p>Should you have questions, please contact your ethics liaison or professor.</p>												