

**University of Pennsylvania/The Wharton School**

**Legal Studies 612: Responsibility in Business**

**Fall 2016, Quarter 2, Section 002**

**Syllabus**

Instructor: Ronald A. Sarachan

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Classroom: JMHH F50

Class time: 3:00 p.m. to 6:00 p.m., Thursday

Office hours: 6:15 p.m., Thursday, or by appointment

**Course Description:** This course focuses on the responsible leader in business. Each class is organized around an area of law and government regulation of business. The classes include overviews of legal rules and regulatory regimes and the exploration of legal and ethical issues that arise in the various areas. Law, moral philosophy and social sciences provide tools to help identify and analyze the issues and reach reasoned judgments. Emphasis is placed on class discussion and exercises.

**Course Requirements and Grading:** Attendance is mandatory. Students are expected to read the material for each class before class and actively participate in class discussion and exercises. There will be a take-home final examination. Final grades will be based on class participation (25%) and the final exam (75%).

**Course Outline:** Assignments will follow the outline provided below. There may be changes to the outline. Any changes will be announced in class and by email. Readings will be distributed in class or will be available electronically.

**Class 1 (October 27): Introduction; Environmental Regulation**

Cases: B. Feder, "Alchemist's Dream Come True"

S. Banjo, "Inside Nike's Struggle to Balance Cost and Worker Safety in Bangladesh"

**Class 2 (November 3): Role of the Corporation; Occupational Safety and Health Act**

Cases: "Merck & Co., Inc."

"Lex Services Group, Ltd.: Work Conditions at Inglesby Shipyard"

Readings: M. Friedman, "The Social Responsibility of Business Is To Increase Its Profits"

E. Freeman, "Managing for Stakeholders"

K. Goodpaster, "Business Ethics and Stakeholder Analysis"

J. Mackey, M. Friedman, T. Rodgers, "Rethinking the Social Responsibility of Business"

M. Padro, "Unrealized Potential: Misconceptions about Corporate Purpose and New Opportunities for Business Education"

### Class 3 (November 10): **Individual Ethics; Healthcare Regulation**

Cases: U. LeGuin, "The Ones Who Walk Away From Omelas"

J. Useem, "The Analyst's Dilemma"

M. Sandu, "Dicing with Death? A case study of Guidant Corporation's implantable defibrillator"

R. King, "Bitter Pill; How a Drug Firm Paid for a University Study, Then Undermined It"

L. Swensen, "Joe Camel's Mom: Marketing at R.J. Reynolds Tobacco Company"

Readings:

J.S. Mill, Utilitarianism (excerpts)

I. Kant, Grounding for the Metaphysics of Morals (excerpts)

R. Hursthouse, "Virtue Theory"

### Class 4 (November 17): **Corporate Crime and Financial Fraud; Securities Law**

Cases: B. Van Dissel, "Martha McCaskey"

R. Kaplan & D. Kiron, "Accounting Fraud at WorldCom"

M. Corkery & J. Silver-Greenberg, "Investment Riches Built on Subprime Auto Loans to Poor"

P. Augar, "How the forex scandal happened"

Readings:

G. Smith, "Why I Am Leaving Goldman Sachs"

J. Coffee, "Limited Options"

S. Milgram, "Obedience to Authority" (Preface and Chapter 1)

"Deciding What's Right: A Psychological Approach"

W. Dudley, "Enhancing Financial Stability by Improving Culture in the Financial Services Industry"

L. Paine, "Managing for Organizational Integrity"

A. Strudler, "Insider Trading, A Moral Problem"

**Class 5 (December 1): Product Liability and Consumerism; International Business, Foreign Corrupt Practices Act**

Cases: "Managing Product Safety: P&G Rely Tampon"

M. Dowie, "Pinto Madness"

D. Gioa, "Personal Reflections on the Pinto Fires Case"

C. Butler & H. de Bettignies, "Changmai Corporation"

J. Silver Greenberg, B. Protes & D. Barboza, "Hiring in China by JPMorgan under Scrutiny"

L. Cohen, "Chiquita under the Gun"

United States v. Chiquita Brands International, Inc., Criminal Information

C. Duhigg & D. Barboza, "In China Human Costs Are Built Into an iPad"

S.P. Sethi, "The World of Wal-Mart"

Readings:

P. Werhane, "The Pinto Case and the Rashomon Effect"

P. Krugman, "In Praise of Cheap Labor: Bad Jobs at Bad Wages Are Better Than No Jobs At All"

T. Donaldson & T. Dunfee, "When Ethics Travel: The Promise and Peril of Global Business Ethics"

R. DeGeorge, "Multinationals and Less Developed Countries: Seven Guidelines"

J. Rawls, "Distributive Justice"

**Class 6 (December 8): Free Speech, Privacy and Cybersecurity; Wrap-up**

Cases: M. Hunter, "Business E-Ethics: Yahoo! On Trial"

K. Martin, "Google, Inc. in China"

J. Rosen, "Google's Gatekeepers"

Readings: C. Waxer, "Big Data Blues: The Dangers of Data Mining"

R. Meyer, "Everything We Know About Facebook's Secret Mood Manipulation Experiment"