

University of Pennsylvania/The Wharton School

Legal Studies 612: Responsibility in Business

Spring 2017, Quarter 3, Section 003

Syllabus

Instructor: Ronald A. Sarachan

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Classroom: JMHH F50

Class time: 1:30 p.m. to 3:00 p.m., Monday and Wednesday

Office hours: 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 an in-class quiz and a take-home final examination. Final grades will be based on class participation and the class quiz (30%), and the final exam (70%).

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 available electronically.

Class 1 (January 9): **Introduction**

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

Class 2 (January 11): **Role of the Corporation**

Cases: "Tennessee Coal and Iron"

"Merck & Co., Inc."

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"

L. Stout, "The Problem of Corporate Purpose"

Class 3 (January 18): **Environmental Regulation; Occupational Safety and Health Act**

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

"Environmental Pressures: *The Pollution Problem*" (Reserve Mining Company)

Class 4 (January 30): **Individual Ethics**

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"

Readings: J.S. Mill, Utilitarianism (excerpts)

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

R. Hursthouse, "Virtue Theory"

Class 5 (February 1): **Healthcare Regulation**

Cases: 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"

Class 6 (February 6): **Corporate Crime and Financial Fraud**

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"

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"

Class 7 (February 8): **Securities Law**

Case: P. Augar, "How the forex scandal happened"

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

L. Paine, "Managing for Organizational Integrity"

Class 8 (February 13): **Product Liability and Consumerism**

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

M. Dowie, "Pinto Madness"

Readings: D. Gioia, "Personal Reflections on the Pinto Fires Case"

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

Class 9 (February 15): **International Business - Corruption, Foreign Corrupt Practices Act**

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

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

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

Class 10 (February 20): **International Business – Child Labor, Worker Safety, Extortion**

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

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

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

L. Cohen, "Chiquita Under the Gun"

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

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

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

J. Rawls, "Distributive Justice"

Class 11 (February 22): **International Business - Free Speech and Privacy**

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"

Class 12 (February 27): **Review and Wrap-up**