

**The Wharton School/University of Pennsylvania**

**Ethics and Social Responsibility: Legal Studies 100**

**Fall 2017**

Instructor: Ronald A. Sarachan

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Section 002 (T & Th 10:30 am-12:00 pm); Section 004 (T & Th 12:00-1:30 pm) JMHH F70

Office Hours: Tuesday, 2:00-3:00 p.m. or by appointment

**Course Description:** Business managers routinely face difficult ethical issues. The most effective steps to achieve business objectives may conflict with a manager's personal values. Maximizing profits may conflict with interests of employees, customers or the larger community. These conflicts can be particularly severe in global markets that offer lucrative financial returns without domestic legal constraints. While the impact of corporate conduct on society is pervasive, defining responsible corporate behavior in a given context can be frustratingly elusive. Yet, as repeated corporate scandals and criminal prosecutions demonstrate, failure to identify these issues and incorporate ethical reasoning into business decision-making can prove disastrous.

The goal of this course is to build a framework to identify, analyze and resolve the wide range of ethical issues that arise in business. The class uses the case approach with class discussions. Legal standards, theories of moral philosophy and modes of thought from the social sciences are reviewed. However, the focus is on real-life cases, with the various standards, theories and modes of thought applied as tools to help resolve the ethical problems in the cases.

**Course Materials** will be distributed in class or available electronically.

**Course Requirements and Grading:** Students are expected to read the material for each class before class and actively participate in class discussion. Attendance is mandatory. There will be a short research paper, a midterm and a final examination. The final will consist of essays and will be open book and open notes. Final grades will be based on the research paper and class participation (30%), the midterm (30%), and the final exam (40%).

These course requirements, grading formula and course outline may be modified during the semester. Supplemental readings may be added during the course of the semester

**Course Outline and Readings:**

**Unit 1 - Introduction and Overview**

"Peter Green's First Day"

Barnaby Feder, "Alchemist's Dream Come True"

Charlotte Butler & Henri-Claude de Bettignies, "Changmai Corporation"

## **Unit 2 - Duties of the Individual/Employee**

“Dilemma of an Accountant”

J.M. Shea, Jr., “Memo of a Dallas Citizen”

Restatement of Agency (excerpts)

## **Unit 3 - Role of the Corporation and Duties of the Corporate Manager**

Larry Zicklin, “Good Charity Hospital”

John Hennessey, Jr., “Viking Air Compressor, Inc.”

“Tennessee Coal & Iron”

“Merck & Co., Inc.”

Milton Friedman, “The Social Responsibility of Business Is To Increase Its Profits”

Edward Freeman, “Managing for Stakeholders”

John Mackey, Milton Friedman & T.J. Rodgers, “Rethinking the Social Responsibility of Business”

Kenneth Goodpaster, “Business Ethics and Stakeholder Analysis” (excerpt)

## **Unit 4 - Moral Philosophy and Individual Ethics**

Ursula LeGuin, “The Ones Who Walk Away From Omelas”

Martin Sandu, “Dicing with Death? A case study of Guidant Corporation’s implantable defibrillator business”

Jerry Useem, “The Analyst’s Dilemma”

John Stuart Mill, “Utilitarianism” (excerpts)

Immanuel Kant, “Grounding for the Metaphysics of Morals” (excerpts)

Rosalind Hursthouse, “Virtue Theory”

## **Unit 5 - Product Liability**

Mark Dowie, "Pinto Madness"

"Managing Product Safety: P&G Rely Tampon"

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

Patricia Werhane, "The Pinto Case and the Rashomon Effect"

## **Unit 6 - Corporate Crime and Fraud**

Bart Van Dissel, "Martha McCaskey"

Robert Kaplan & David Kiron, "Accounting Fraud at WorldCom"

Greg Smith, "Why I am Leaving Goldman Sachs"

"H.J. Heinz Company: The Administration of Policy"

John Coffee, Jr., "Limited Options"

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

"Deciding What's Right: A Psychological Approach" and Dennis Gioa, "Personal Reflections on the Pinto Fires Case"

## **Unit 7 - Business and Privacy**

Hassan Valji, "Waterbee Toy Company: Should Monitoring Occur?"

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

## **Unit 8 – Business, the Environment and Healthcare**

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

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

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

## **Unit 9 -- International Business – Worker Safety and Child Labor**

Charlotte Butler & Henri-Claude de Bettignies, “The Evaluation”

Charlotte Butler & Henri-Claude de Bettignies, “Safety First?”

Charles Duhigg & David Barboza, “In China Human Costs Are Built Into an iPad”

Prakash Sethi, “The World of Wal-Mart”

Shelly Banjo, “Inside Nike’s Struggle to Balance Cost and Worker Safety in Bangladesh”

Robert Crawford, “Soccer Balls Made for Children by Children? Child Labor in Pakistan”

Thomas Donaldson & Thomas W. Dunfee, “When Ethics Travel: The Promise and Peril of Global Business Ethics”

Paul Krugman, “In Praise of Cheap Labor: Bad Jobs at Bad Wages Are Better Than No Jobs At All”

Richard DeGeorge, “Multinationals and Less Developed Countries: Seven Guidelines”

John Rawls, “Distributive Justice”

## **Unit 10 – International Business – Corruption and Extortion**

Jessica Silver-Greenberg, Ben Protess & David Barboza, “Hiring in China by JP Morgan Under Scrutiny”

Siri Schubert & Christian Miller, “At Siemens, Bribery Was Just a Line Item”

Laurie Cohen, “Chiquita Under the Gun”

Indictment, United States v. Chiquita

## **Unit 11 – Business, the Internet and Free Speech**

Mark Hunter, “Business E-Ethics: Yahoo! On Trial”

Kirsten Martin, “Google, Inc. in China”

Jeffrey Rosen, “Google’s Gatekeepers”

## **Unit 12 - Business and Terrorism/Course Review and Wrap-up**

Liana Downey, “Mobil in Aceh, Indonesia”