

The Wharton School
University of Pennsylvania
Legal Studies and Business Ethics Department
LGST 611 - RESPONSIBILITY IN GLOBAL MANAGEMENT
Quarter 2, Fall 2017 (Note: subject to revision)

Instructor:

Mark Schwartz, MBA, JD, PhD

Office: 652 JMHH

Office Hours: Set by appointment

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Sections:	002	(Mondays/Wednesdays, 9:00 am)	Classroom 270 JMHH
	004	(Mondays/Wednesdays, 10:30 am)	Classroom 270 JMHH
	006	(Mondays/Wednesdays, 1:30 pm)	Classroom 345 JMHH
	008	(Tuesdays/Thursdays, 9:00 am)	Classroom 350 JMHH
	010	(Tuesdays/Thursdays, 10:30 am)	Classroom 350 JMHH
	012	(Tuesdays/Thursdays, 1:30 pm)	Classroom F55 JMHH

Overview: This module considers the 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: Reading materials (articles and cases) for each week can be found under the Study.Net Materials folder on the Canvas course website or on the Canvas course website itself. Additional items may be added during the semester.

Grading: The final grade will be based on the class debates worth **30%**, an open book take-home final exam worth **50%**, class participation worth **20%**, and the submission of a personal ethical dilemma (**mandatory submission - pass/fail**).

Assignment	Grade Weight	Due Date
Ethical Dilemma	Pass/Fail	October 25 th or 26 th
Class Debate	30%	TBA
Class Participation and Attendance	20%	
Final Exam	50%	Due Tues. December 19 th by 3:00 pm

Ethical Dilemma Assignment (Due Date: Beginning of 2nd Session, **October 25th or 26th**): 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. Several dilemmas will be selected for discussion throughout the course. Students should be prepared to acknowledge that they were the author of the dilemma, and to discuss it in class. 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).

Debates: This assignment consists of a debate focusing on the accountability of an actual business firm that has faced or is currently facing a significant ethical issue. Topics will be provided near the beginning of the course. Debate teams will consist of either 4 or 5 students each (depending on class size). Please take careful note that all students within the team groups **will receive the same grade** in the debate, **regardless of the actual contribution by each of the team's members**. Students can self-select into teams on the course website according to topics (but cannot choose which side you will be arguing). Students who are not placed onto a debate team by November 1st will be placed randomly onto a team by the instructor.

One team of students will attempt to provide a moral justification (based on any or all of the seven moral standards) for the company's actions (i.e., acting on behalf of the managers, members of the board of directors, and shareholders), while the opposing team will attempt to provide an ethical critique of the company's actions (acting on behalf of other stakeholders). Each team should also indicate where the company is situated in terms of the corporate social responsibility theory and any other frameworks discussed in class.

- Each team will present their case (8 minutes each), with the company team commencing first.
- Each team (starting with the company team) will then have a brief opportunity to rebut the opposing team's arguments (2 minutes each).
- Each team (starting with the company team) will then ask the other team one question (1 minute), with the other team then responding (1 minute for each team).
- The class and instructor will then be provided an opportunity to challenge both of the teams (5-10 minutes). Each team will get an opportunity to respond to the question or the other team's response to the question.
- Following the question period, each team (starting with the company team) then has an opportunity for a very brief closing statement (1 minute for each team).

Everyone on each team should attempt to participate in the debate (either in the main presentation, the rebuttal, the closing statement, or in answering a question) to some extent. Please stay within the time limits (make sure to practice), ***a slight deduction is possible for going over any time limit*** (a '1 minute left' and 'no more time left' warning signs will be held up by the instructor).

Information to be used in preparing for the debate can include course materials, the company's website, special interest group websites, or media reports. The debate presentation can be structured any way the group decides. Arguments raised should however *always be connected whenever possible* with the moral standards or corporate social responsibility theory or any other concepts discussed in class. In order to be best prepared for the rebuttal, you should consider the strongest arguments likely to be raised by the opposing team. Please note that the debates will be video recorded and later viewed by the instructor.

The debate will be graded by both the instructor and the class based on the following criteria:

- Clarity and persuasiveness of arguments (25%)
- Use of research material/relevant evidence (25%)
- Use of moral standards and corporate social responsibility theory (25%)
- Identification/refutation of opponent's points (25%)

Each team is required to send to the instructor (via e-mail) their Power Point slides the day prior to their debate. Students must also bring a memory key with their Power Point slides to the debate to be uploaded.

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 7th** and is **due on Tuesday, December 19th 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 Participation (including Class Attendance): Preparation and pre-reading of the assigned material (articles and cases) and contribution to class discussions is expected. Failure to participate in class discussions will impact the class participation grade. Class attendance is mandatory and will also directly impact the class participation grade. Class attendance will be taken during each session through a signed attendance sheet. Students have the responsibility to ensure that they have signed the attendance sheet each session before leaving class. You **must immediately inform me** by email (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, please check the first page of this course outline for room locations), but you must still inform me by email beforehand if this is going to take place.

Class Etiquette: Students should avoid coming into class late or leaving early if at all possible. This is particularly important for the debate sessions. To avoid distracting other students and to best ensure full participation, students must refrain from using their laptops, tablets, smartphones, and any other electronic devices during class sessions. Students who use any electronic devices during class will be asked to turn them off. For further information please refer to the MBA academic policy "Electronics in the Classroom Policy": <https://mba-inside.wharton.upenn.edu/wharton-mba-academic-policies/> The *only exception* to permit using tablets or laptops (not smart phones) is for class note taking, however please note that the use of electronics for any uses other than for taking notes can result in a final grade deduction. There is no seating chart, but students must ensure that their name cards are used for each session.

Class 1: Monday, October 23rd or Tuesday, October 24th

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.

Class 2: Wednesday, October 25th or Thursday, October 26th

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.**

Class 3: Monday, October 30th or Tuesday, October 31st

Topic: Ethical Decision Making - How Does One Know Right From 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," Chapter two, *Corporate Social Responsibility: an Ethical Approach*, Peterborough, Ontario, Broadview Press (2011) (*study.net*).

Class 4: Wednesday, November 1st or Thursday, November 2nd

Topic: Ethical Decision Making - How Does One Know Right From 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 6th or Tuesday, November 7th

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 and Saiia, David (2012). 'Should Firms Go 'Beyond Profits'? Friedman versus Broad CSR,' *Business and Society Review*, vol. 117(1): 1-31. [*study.net*]
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Class 6: Wednesday, November 8th or Thursday, November 9th

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).
 - <http://www.cbsnews.com/news/banking-a-crack-in-the-swiss-vault/>

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*]
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Class 7: Monday, November 13th or Tuesday, November 14th

Topic: Moral Rationalizations, Misconduct, and Corporate Scandals

This session deals with obligations to avoid scandals, in terms of appropriate corporate governance and the ethical obligations of senior executives. Various corporate ethical scandals including their causes and the impediments to ethical behavior such as biases and moral rationalizations 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? The session concludes by discussing the “Difficult Hiring Decision” case, which involves deciding which of three final candidates should be hired for a VP position.

Assignment:

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

Case Assignment Questions:

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

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 - Wednesday, November 15th or Thursday, November 16th

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*]

Thanksgiving Holiday (no classes): November 20th - 23rd

Class 9: Monday, November 27th or Tuesday, November 28th

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 10: Wednesday, November 29th or Thursday, November 30th

- Class Debates
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Class 11: Monday, December 4th or Tuesday, December 5th

- Class Debates
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Class 12: Wednesday, December 6th or Thursday, December 7th

- Class Debates (first half of class session)

Topic: Developing an Ethical Corporate Culture and Conclusion

After the final class debate and debrief, our last session will briefly 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.

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>Other comments: 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 Wharton MBA Code of Ethics 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>												