



## **LGST 612: RESPONSIBILITY IN BUSINESS**

Spring 2018 Q4

### **Professor Kevin Werbach**

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### **Course Description and Objectives**

Businesses operate in an environment defined not only by market forces, but also by legal, political, and ethical obligations. This course introduces students to challenges they will face as businesspeople, managers, and entrepreneurs. Fundamentally, it is a course about judgment. A major goal is to develop skills in ethical and legal analysis to make decisions about the proper courses of action when duties, loyalties, rules, norms, and interests are in conflict.

### **Course Materials**

Coursepack available through Study.Net

### **Policy on Devices**

This class will observe the MBA Program's policy on student use of electronic devices in the classroom. Violations will result in deductions to the class participation aspect of the grade. Specifically:

- Phones must be turned off and put away.
- The use of laptops and tablets is not allowed unless pre-approved for educational purposes, or specifically authorized in class by the instructor.

### **Grading**

#### Quizzes (40%)

There will be two 45-minute multiple choice quizzes that will be outside of class via Canvas. These will focus mostly on the readings, but will also include key points from class sessions. Each covers roughly one-half of the course, and is worth 20% of the overall grade. The quizzes are open book: You may refer to notes, readings, or any other materials. However, you may not collaborate in any way with other students during the quiz.

#### Participation (20%)

The point of this course is not to memorize abstract legal doctrines or ethical theories that you will quickly forget. It encourages you to wrestle with challenging issues to help you in your business career. Most class sessions involve significant interactivity, such as discussion, group activities, and negotiations. Your active participation is important. I will occasionally cold call students to start discussions.

For each class session, you will receive a score of 0 (absent, or no active participation) to 3 (significant contributions demonstrating unusual levels of preparation or thoughtfulness). You may also earn participation credit by making substantive posts to the course discussion boards on Canvas.

I realize there are many understandable reasons students miss class, beyond illness and personal/family emergencies. There is no penalty per se for failing to attend up to three class sessions. However, four or five unexcused absences (meaning arriving or leaving more than fifteen minutes from the start/end of the class) will each result in a one-step reduction in your final grade (e.g. A- to B+). Being absent from six or more classes will result in failing the course.

### Responsibility Video (40%)

In groups, you will be responsible for creating a video of five minutes or less, targeted at MBA students.

First, explain what “Responsibility in Business” means to you, and why it is important. You should use concepts from the course in your discussion, but you are not limited to them. Come up with a definition and justifications that your group personally finds persuasive.

Second, create a concrete example that illustrates the principles you described. It could be a hypothetical scenario, from the personal experience of a group member, or based on something from the news. Act out the scenario. Each group member must have a defined role and a speaking part.

Beyond the listed requirements, the format of the video is entirely up to you. Creativity is strongly encouraged. You will be assessed in part on your ability to convey your points in an engaging and convincing way. However, that should not mean lacking in substance. You should strive to persuade the viewer that the concepts you describe are more than empty words.

There are three parts to this assignment: an individual preparation sheet due prior to the first group meeting (5%), the group submission of the video (30%), and an individual reflection on the exercise due after the video (5%).

## **Attendance**

We will be using the WhartonConnect system to track attendance. You will need to sign in on your phone at the beginning of each class session to be marked present. This is your responsibility. I will put the seating chart on the screen before class starts, showing who has checked in. If you are present and encounter technical difficulties, just let me know at the end of class.

## **Instructor**

Kevin Werbach is an Associate Professor in the Legal Studies and Business Ethics department. His research focuses on Internet policy, big data, and blockchain technologies. He was Counsel for New Technology Policy at the Federal Communications Commission during the Clinton Administration, served on the Obama Administration’s Presidential Transition Team, and created one of the first massively open online courses (MOOCs) on the Coursera platform.

## Syllabus

<p>March 13</p>	<p><b>Doing the Right Thing</b></p> <p><u>Read:</u>                  Who Spewed That Abuse? Anonymous Yik Yak App Isn't Telling                  Uber Pushed the Limits of the Law. Now Comes the Reckoning.                  When Money Gets in the Way of Corporate Ethics</p>
<p>March 15</p>	<p><b>Torts: Legal Responsibility for Harm</b></p> <p><u>Read:</u>                  Law and Markets</p> <p><u>Prepare:</u> California Space Heaters</p> <ol style="list-style-type: none"> <li>1. What will a court consider in assessing legal liability here?</li> <li>2. Can the company quantify the impact of different safety choices? How should such calculations influence its decisions?</li> <li>3. Are there any other steps the company should take to address safety concerns about its heaters?</li> <li>4. Should the heaters be produced at all?</li> </ol>
<p>March 20</p>	<p><b>Ethical Frameworks</b></p> <p><u>Read:</u> Introduction to Ethical Reasoning</p> <p><u>Prepare:</u> Dicing with Death?</p> <ol style="list-style-type: none"> <li>1. Why did Guidant decide not to notify doctors about the short-circuit risks of its implantable defibrillators?</li> <li>2. Do you think Guidant made the right decision?</li> </ol>
<p>March 22</p>	<p><b>Contracts: Responsibility in Agreements</b></p> <p><u>Read:</u> Basic Concepts in the Law of Contracts</p> <p><u>Prepare:</u> A Wharton Student Gets an Unpleasant Surprise</p> <ol style="list-style-type: none"> <li>1. Does Francesca have a legally binding contract?</li> <li>2. Did Francesca's contract have to be in writing? Did McBane have to sign it?</li> <li>3. Does Francesca have any other legal options, beyond enforcing the contract, in a lawsuit against McBane based on what's happened here?</li> <li>4. Should Francesca sign the release?</li> </ol>

<p>March 27</p>	<p><b>Privacy: Responsibility for Information</b></p> <p><u>Read:</u> Big Data: Seizing Opportunities, Preserving Values</p> <ol style="list-style-type: none"> <li>1. What are the primary innovations of big data and business analytics?</li> <li>2. What are the key elements of the U.S. approach to privacy law? Will it be effective for the novel challenges of big data?</li> <li>3. How can the use of analytics result in discrimination?</li> </ol> <p><u>Prepare:</u> How Companies Learn Your Secrets</p> <ol style="list-style-type: none"> <li>1. How was Target able to predict whether its customers were pregnant?</li> <li>2. Is there anything illegal or unethical about Target’s practices?</li> <li>3. How can companies use these kinds of techniques responsibly?</li> </ol>
<p>March 29</p>	<p><b>Quiz 1 and Group Video Development</b></p> <p><i>There will not be a regular class session on March 29. You should use the time to complete Quiz 1 on Canvas, and to work with your assigned group on the video exercise.</i></p> <p><u>Read:</u> Management Education and Ethics: Greed is No Longer Good</p>
<p>April 3</p>	<p><b>Litigation and Dispute Resolution</b></p> <p><u>Read:</u></p> <p>G. Richard Shell, “Strategist’s Dream”, from Make the Rules or Your Rivals Will</p> <ol style="list-style-type: none"> <li>1. Why was Ford more successful than Napster in responding to legal threats?</li> <li>2. How can firms use knowledge of the law to advance business strategies?</li> </ol> <p>G. Richard Shell, A Comment on Business Strategy and Litigation</p> <ol style="list-style-type: none"> <li>1. What are the business considerations in filing a lawsuit, or pursuing a lawsuit to trial instead of settling?</li> <li>2. Why do most civil cases settle?</li> </ol>
<p>April 5</p>	<p><b>Corporate Law</b></p> <p><u>Read:</u> Basic Framework for Corporate Governance, pp. 1-6</p> <ol style="list-style-type: none"> <li>1. In corporate law, what are the respective roles of corporate officers and directors, on the one hand, and shareholders, on the other?</li> <li>2. What are the special duties of fiduciaries?</li> <li>3. Why should fiduciaries be held to stricter standards of conduct than others?</li> </ol> <p><u>Read:</u> Basic Elements of Business Fraud</p> <p><u>Prepare:</u> The Employee “Exit Interview” – Common Information</p>

<p>April 10</p>	<p><b>Corporate Social Responsibility</b></p> <p><u>Read:</u> The Social Responsibility of Business is to Increase its Profits The Shareholder Value Myth</p> <p><u>Prepare:</u> Alchemist’s Dream Come True</p> <ol style="list-style-type: none"> <li>1. Would you sell a product known to have harmful health effects, like TEL?</li> <li>2. What factors should Great Lakes take into account in evaluating its TEL fuel additives business?</li> <li>3. What options did Great Lakes have in response to the environmental and health concerns? What should it have done?</li> </ol>
<p>April 12</p>	<p><b>Securities Fraud and Insider Trading</b></p> <p><u>Read:</u> Confidential Information Trading With Bill Ackman, Tennis and Herbalife Can Be a Dangerous Mix Supreme Court Sides with Prosecutors in Insider Trading Case</p> <ol style="list-style-type: none"> <li>1. When does a trade constitute insider trading?</li> <li>2. Why is insider trading prohibited?</li> <li>3. How have the courts struggled to define the boundaries of insider trading?</li> </ol> <p><u>Prepare:</u> The Inside Trader (questions in coursepack)</p>
<p>April 17</p>	<p><b>Global Context</b></p> <p><u>Read:</u> Values in Tension</p> <p><u>Prepare:</u> Google in China</p> <ol style="list-style-type: none"> <li>1. How would you assess Google’s 2006 decision to operate in China?</li> <li>2. How and why did Google change its approach to China in 2010?</li> <li>3. Has Google succeeded or failed in China? What should it do now?</li> <li>4. Should Google think about its activities in China differently than in the United States?</li> </ol>
<p>April 19</p>	<p><b>Law and Ethics in a Big Data World</b></p> <p><u>Read:</u> Algorithmic Harms Beyond Facebook and Google</p> <ol style="list-style-type: none"> <li>1. What (if anything) was wrong with Facebook’s emotional contagion study?</li> <li>2. At what point does influencing users become manipulation?</li> </ol>

How Online Shopping Makes Suckers of Us All

1. Are there any ethical limits to pricing practices?

Is This the Grossest Advertising Strategy of All Time?

1. Would you feel comfortable adopting this advertising strategy?

April 24

Quiz 2 (via Canvas)