



LGST 612: RESPONSIBILITY IN BUSINESS

Spring 2020 v 2.0

Professor Kevin Werbach

werbach@wharton.upenn.edu (*best way to reach me*)

(215) 898-1222

673 Jon M. Huntsman Hall

Office hours: Wednesday 12:30-1:30pm, or by appointment

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 and materials linked on Canvas

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 is not allowed unless pre-approved for educational purposes, or authorized by the instructor. Tablets that can lay flat may be used for note-taking only.

Course Requirements and Grading

Reading Reactions (20%)

You must submit four short weekly response papers (200-400 words) by Sunday night. Identify one argument or theme from the upcoming readings for the week; summarize it; and explain whether you agree or disagree. You may discuss readings from either the Monday or Wednesday class session. The assignments will be graded for completion, meaning that you demonstrate you read and evaluated the materials in a substantive way. Except in rare instances, I will not comment on your submission. Acceptable submissions receive 10 points; half-hearted efforts receive 5 points.

There are five weeks of class with readings after the first session, so you can choose one week to skip the assignment. If you do not receive the full points, you may submit a fifth Reading Reaction and receive credit for the highest four scores. Because of this flexibility, no late submissions will be accepted for this assignment, except in extraordinary cases of illness or personal emergency.

Personal Ethical Dilemma (10%)

In 300-600 words, describe an incident in your life or professional career when you faced a difficult ethical situation. How did you respond? Looking back, do you believe you did the right thing?

This exercise will be most valuable for your fellow students if you candidly share your experiences, even painful ones. I will invite a few students ahead of time to speak to the class, and will provide time for the rest of you to share with a small group. The papers themselves will be kept strictly confidential. You may hide company or individual names if you feel it necessary. You will be graded on the thoughtfulness of your reflections on the situation and your conduct; incorporating examples or concepts from the course is encouraged.

Paper (50%)

You are responsible for completing a “Strategic Legal/Ethics Audit” on a company of your choice. It is due March 6, the Friday after the course concludes. The paper should assess significant legal or ethical risks for the firm, either based on existing situations or potential threats. For example, a company expanding overseas might be solicited for bribes to obtain development permits, or your firm might be concerned about impacts of the European General Data Protection Regulation which went into effect last year. You may choose to focus on one issue or highlight several for the company. After you describe the risks, you must offer one concrete, detailed recommendation to the firm’s management, and justify it.

You may structure the paper however you prefer: as an essay, a memo to management, etc. It should be between 1,500 and 4,000 words in length, not including references. It should make reference to concepts, examples, and readings from the course, as appropriate. You need not discuss every topic we cover. However, your paper should demonstrate that the course informed your analysis, either directly or by analogy to the situation you address.

In addition to course materials, you are expected do research to find additional relevant information through outside research. Use footnotes or a bibliography to identify outside sources. These need not follow a specific format, but you should indicate where in the text you are relying on a source, and should provide full source information (author, title, source name, date), rather than just URLs.

Participation (20%)

This course 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 2 (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.

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. I will occasionally spot-check that attendance is correctly recorded. Anyone who falsifies attendance check-ins will be subject to significant penalties, and repeat violations will result in failing the course.

Syllabus

<p>Jan 22</p>	<p>Doing the Right Thing</p> <p><u>Read:</u> The Ring of Gyges Who Spewed That Abuse? Anonymous Yik Yak App Isn't Telling Defiant Uber rideshare launches in Portland</p>
<p>Jan 27</p>	<p>Torts: Legal Responsibility for Harm</p> <p><u>Read:</u> Law and Markets Prosecutors Don't Plan to Charge Uber in Self-Driving Car's Fatal Accident</p> <p><u>Prepare:</u> California Space Heaters</p> <ol style="list-style-type: none"> 1. What will a court consider in assessing legal liability here? 2. Can the company quantify the impact of different safety choices? How should such calculations influence its decisions? 3. Are there other possible steps to address safety concerns about the heaters? 4. Should the heaters be produced at all?
<p>Jan 29</p>	<p>Ethical Frameworks</p> <p><u>Prepare:</u> Dicing with Death?</p> <ol style="list-style-type: none"> 1. Why did Guidant decide not to notify doctors about the short-circuit risks of its implantable defibrillators? 2. Do you think Guidant made the right decision?
<p>Feb 3</p>	<p>Litigation and Dispute Resolution</p> <p><u>Read:</u> The Strategist's Dream One-Third of Top Websites Restrict Customers' Right to Sue</p> <p><u>Negotiation:</u> The Fee Dispute (materials provided in class)</p>
<p>Feb 5</p>	<p>Contracts: Responsibility in Agreements</p> <p><u>Read:</u> Basic Concepts in the Law of Contracts Google and Facebook Ended Forced Arbitration for Sexual Harassment Claims</p> <p><u>Prepare:</u> A Wharton Grad Gets an Unpleasant Surprise</p> <ol style="list-style-type: none"> 1. Does Francesca have a legally binding contract?

	<ol style="list-style-type: none"> 2. Did Francesca’s contract have to be in writing? Did McBane have to sign it? 3. Does Francesca have any other legal options, beyond enforcing the contract, in a lawsuit against McBane based on what’s happened here? 4. Should Francesca sign the release?
Feb 10	<p>Corporate Law</p> <p><u>Read:</u> Basic Framework for Corporate Governance, pp. 1-6 Basic Elements of Business Fraud</p> <p><u>Prepare:</u> The Employee “Exit Interview” – Common Information</p>
Feb 12	<p>Corporate Legal Responsibility</p> <p><u>Read:</u> The Case for Prosecuting the Sacklers and Other Opioid Executives Inside Boeing’s Boardroom Amid the 737 Max Crisis Lawsuit against Boeing seeks to hold board liable for 737 MAX problems</p>
Feb 17	<p>Corporate Social Responsibility</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"> 1. Would you sell a product known to have harmful health effects, like TEL? 2. What factors should Great Lakes take into account in evaluating its TEL fuel additives business? 3. What options did Great Lakes have in response to the environmental and health concerns? What should it have done?
Feb 19	<p>Securities Fraud and Insider Trading</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> <p><u>Prepare:</u> The Inside Trader (questions in coursepack)</p>

<p>Feb 24</p>	<p>Privacy: Responsibility for Information</p> <p><u>Read:</u> Should the U.S. Follow Europe in Imposing Stricter Data-Privacy Regulations? Big Data’s End Run Around Procedural Privacy Protections</p> <p><u>Prepare:</u> How Companies Learn Your Secrets</p> <ol style="list-style-type: none"> 1. How was Target able to predict whether its customers were pregnant? 2. Is there anything illegal or unethical about Target’s practices? 3. How can companies use these kinds of techniques responsibly?
<p>Feb 26</p>	<p>Global Context</p> <p><u>Read:</u> Values in Tension</p> <p><u>Prepare:</u> Google in China: When ‘Don’t Be Evil’ Met the Great Firewall</p> <ol style="list-style-type: none"> 1. How would you assess Google’s original 2006 decision to operate in China? 2. How would you assess Google’s withdrawal from China in 2010? 3. Should Google pursue its “Dragonfly” search engine in China today? 4. In general, should Google think about its activities abroad differently than those in the U.S.?
<p>March 2</p>	<p>Personal Responsibility</p> <p>Assignment: Personal Ethical Dilemmas (see above)</p> <p><u>Read:</u> Those Who Walk Away From Omelas</p>
<p>March 6</p>	<p>Final paper due</p>