



## **LGST 612**

### **Responsibility in Business**

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Office Hours: Wednesday 3pm – 5pm EST

#### **Course Description:**

In this course you'll develop a more concrete sense of what it means to behave "responsibly" in business settings. Sometimes there is law or regulation that provides instruction as to what behavior is permissible; other times, however, legal frameworks provide direction, but one can still map a variety of different courses. This, as lawyers say, is the difference between the "letter" and the "spirit" of the law.

As such, the goal of this course is to push you to think critically about how you would make decisions in the "gray" areas that you'll certainly encounter in the business world. We'll ground our discussions in hypothetical and real dilemmas, and speak to guests about their own experiences in ethically tricky situations.

#### **Grading:**

Your grade is divided into three parts: 25% class participation, 25% for a group presentation, and 50% for the final exam.

*Class participation.* Your class participation grade will primarily be determined by the quality of your comments in class (meaning, how engaged with the reading, how responsive to other students, and how focused on the discussion questions I set out), your attendance, and your punctuality. I will take attendance and start each session precisely on time and will make a note of any latecomers or missing students each session for grading purposes.

If personal emergency or interviews mean you'll have to miss class or arrive less prepared,

please notify me at least an hour before the beginning of the session. Abuse of this notification system will be noted. See me of course with any concerns.

*Group presentation.* You'll be randomly assigned to groups for purposes of a group presentation to be given during our last class session. The presentation should be a post-mortem assessment of a real-world legal/ethical business dilemma. I will suggest ideas for possible topics. The presentations will be ten minutes long (and include a slide deck).

*Final Exam.* The exam will be short-answer. It will cover the readings, lectures, and guest discussions. You may use any materials you wish, but may not collaborate with other students.

### **Course Materials:**

All required reading materials (as listed by lecture below) will be available through Canvas.

### **Class Sessions and Assigned Readings:**

#### **Issue 1: What does it mean to be “responsible”? : law vs. ethics**

To kick off the course, we'll discuss the basic concept of ethical conduct in business. We'll explore the line between law and ethics – can something be legal, yet still unethical (and therefore conduct which should be avoided)? Who decides?

#### **Session 1: Is there something about money?**

Reading:

- A. Andrew C. Wicks, Jared D. Harris & Bidhan Parmar, *Moral Theory and Frameworks*, Darden (Aug. 27, 2012)
- B. Alain Cohn et al., *Business Culture and Dishonesty in the Banking Industry*, 516 *Nature* 86 (2014)
- C. Ron Caruci, *Why Ethical People Make Unethical Choices*, *Harvard Business Review* (Dec. 16, 2016)

#### **Session 2: Case Study Discussions: Is it “wrong”?:**

- A. Case 1: “Bidding in an Auction”
- B. Case 2: “Conduct After Hours”
- C. Eugene Soltes, *Why They Do It* (2016) (Prologue only)

#### **Issue 2: Responsibility to whom?**

As a business leader, there are a number of constituents, both internal and external, to whom you owe some duty of responsibility (whether legal or ethical). In session three, will discuss the various stakeholders that will be vying for priority in management's decisionmaking. We will also discuss the responsibilities of a firm to its employees in creating a diverse and inclusive environment. Finally, we'll survey the particular legal responsibilities that arise for public companies conducting capital raises in the public markets and in regards to material, non-public information.

### **Session 3: Responsibility to shareholders, clients, and customers**

Readings:

- A. Milton Friedman, *The Social Responsibility of Business is to Increase its Profits*, New York Times Magazine (September 13, 1970)
- B. LYNN STOUT, *THE SHAREHOLDER VALUE MYTH* (2012) (chapter 2 only, "How Shareholder Primacy Gets Corporate Law Wrong")

### **Session 4: Responsibility inside the firm (with guest interview)**

Readings:

- A. Deb DeHass et al., [\*Missing Pieces Report: The 2018 Board Diversity Census of Women and Minorities on Fortune 500 Boards\*](#), Harvard Law School Forum on Corporate Governance (Feb. 5, 2019)
- B. Valerie Purdie-Greenaway & Martin N. Davidson, *Is D&I About Us?*, in *Race, Work & Leadership* (Laura Morgan Roberts et al. eds., 2020)
- C. Nick Timiraos, *First Black Fed President Warns of Systemic Racism's Economic Toll*, Wall St. J., July 6, 2020

### **Session 5: Responsibility to public markets**

- A. Reeves Wiedeman, *The Sun Sets on We*, New York Magazine, Sept. 30, 2019
- B. Jing Yang, *Luckin Coffee Drops Nasdaq Appeal; Shares to Be Delisted*, Wall St. J., June 26, 2020
- C. Opinion, *WeWork/Luckin Coffee: When the Tide Goes Out*, Fin. Times, Apr. 2, 2020
- D. Becky Yerak, *Bankrupt Hertz Wants to Sell Up to \$1 Billion in New Shares*, Wall St. J., June 11, 2020

### **Issue 3: Responsibility to global society**

Companies also have myriad responsibilities in society. As we study this issue, we'll consider the most pressing social issues of the day and how they impact corporate responsibility from the perspective of law and ethics: climate and the environment; financial stability; the nature of a business's global footprint; and financial crime.

**Session 6: Economic and social goals**

- A. V. Kasturi Rangan et al., *The Truth About CSR*, Harvard Business Review, Jan.-Feb. 2017
- B. Tracey Keys et al., *Making the Most of Corporate Social Responsibility*, McKinsey Quarterly, Dec. 2009
- C. Caleb N Griffin, [Environmental and Social Voting at the Big Three](#), CLS BlueSky Blog, June 16, 2020

**Session 7: Corruption and human rights**

- A. Brian Hoffman, *The Global Reach of the U.S. Foreign Corrupt Practices Act*, National Law Review, May 25, 2017
- B. Emily Chasen, *U.S Firms Struggle to Trace 'Conflict Minerals'*, Wall St. J., Aug. 3, 2015

**Session 8: Financial crimes**

- A. Case: "Get it Done"
- B. Alison Frankel, *Chiquita Must Face Jury in Colombian Terror-Funding Case*, Reuters, Jan. 4, 2018

**Issue 4: Conduct and Culture in financial services**

Conduct and "culture" in financial institutions has become an increasing focus of financial regulators since the financial crisis. Those planning to enter – or engage with – the financial services profession should be aware of this new regulatory initiative – and of how the financial institutions are responding. We'll hear from practitioners about how this initiative is being operationalized on the ground.

**Session 9: From the Regulators' View (with guest interview)**

Reading:

- A. Christina Parajon Skinner, *Conduct and Culture in Global Banks* (Cambridge University Press, forthcoming 2020) (draft chapters 1 and 5)

**Session 10: From the Banker's View (with guest speaker)**

Reading:

- A. Complaint, Messina v. Bank of America, No. 1:16-cv-03653 (filed May 16, 2016 S.D.N.Y.)

**Session 11: Group presentations**

**Session 12: Mop-up, exam review**