

**University of Pennsylvania/The Wharton School**

**Legal Studies 612: Responsibility in Business**

**Spring 2022, Quarter 4, Section 006**

**Syllabus**

Instructor: Ronald A. Sarachan

Class Time: 7:00 p.m. to 8:30 p.m., Monday and Wednesday

Office hours: By appointment

**Course Description:** On January 28, 1986, the space shuttle Challenger exploded shortly after takeoff. The ship was lost and the crew of seven was killed. A total failure of mission. The disaster resulted from a series of bad decisions made by super smart and extremely dedicated scientists, engineers and managers. While it is an extreme case, and a tragic one, it illustrates how the organization in which you work can have a profound influence and be a critical factor in what decisions you make and how you make them. A central focus of this course will be on various factors that influence, guide and restrain decision-making in business. A central theme of this course is that a responsible business leader should be aware of these influences, guides and restraints to be able to make the best decisions possible.

**Course Requirements:** The class uses a case approach, with emphasis on discussion and exercises. Students are expected to read the assigned case or cases and background material for each class before the class and actively participate in class discussion and exercises during each class. Final grades will be based on class participation and a final exam.

**Course Outline:** Assignments will follow the outline provided below. There may be changes and additions to the outline. Any changes or additions will be announced in class and by email. Readings will be available electronically or distributed in class.

**Class 1 (March 14):** Organizational Constraints to Responsible Decision-making

Case: "The Space Shuttle Challenger Disaster"

**Class 2** (March 16): Moral Guides and Constraints to Responsible Decision-making

Cases: M. Sandu, "Dicing with Death? A case study of Guidant Corporation's implantable defibrillator"

U. Leguin, "The Ones Who Walk Away From Omelas"

Reading: T. Donaldson & P. Werhane, "Introduction to Ethical Reasoning"

**Class 3** (March 21): Psychological Constraints to Responsible Decision-making

Cases: B. Van Dissel, "Martha McCaskey"

D. Gioa, "Personal Reflections on the Pinto Fires Case"

R. Kaplan & D. Kiron, "Accounting Fraud at WorldCom"

Readings: "Deciding What's Right: A Psychological Approach"

S. Milgrim, "Obedience to Authority" (only Preface and Chapter 1 "The Dilemma of Obedience")

**Class 4** (March 23): Problems in Responsible Decision-making in Business

Cases: "Dilemma of an Accountant"

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

Mark Dowie, "Pinto Madness"

**Class 5** (March 28): Corporate Constraints to Responsible Decision-making

Case: "Merck & Co., Inc."

Readings: M. Friedman, "The Social Responsibility of Business Is To Increase Its Profits"

E. Freeman, "Managing for Stakeholders"

K. Goodpaster, "Business Ethics and Stakeholder Analysis"

J. Mackey, M. Friedman & T. Rogers, "Rethinking the Social Responsibility of Business"

**Class 6** (March 30): Wearing Two Hats? Personal Responsibility and Business Responsibility

Cases: J. Useem, "The Analyst's Dilemma"

J.M. Shea, Jr., "Memo of a Dallas Citizen"

**Classes 7 & 8** (April 4 & 6): Pollution, Bribery and Extortion - Legal Constraints to Responsible Decision-making

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

C. Butler & H. de Bettignies, "Changmai Corporation"

L. Cohen, "Chiquita Under the Gun"

**Classes 9 & 10** (April 11 & 13): Cultural Influences and Constraints on Responsible Decision-making

Cases: B. Feder, "Alchemist's Dream Come True"

S.P. Sethi, "The World of Wal-Mart"

C. Duhigg & D. Barboza, "In China, Human Costs Are Built Into an iPad"

Readings: T. Donaldson, "Values in Tension: Ethics Away from Home"

P. Krugman, "In Praise of Cheap Labor: Bad Jobs at Bad Wages Are Better than No Jobs At All"

J. Rawls, "Distributive Justice"

R. DeGeorge, "Multinationals and Less Developed Countries: Seven Guidelines"

**Classes 11 & 12** (April 18 & 20): No Constraints?

Case: J. Rosen, "Google's Gatekeepers"