

NOTE: Draft syllabus as of 6/12/23. Subject to change prior to start of semester.

LGST 6120
RESPONSIBILITY IN BUSINESS

THE WHARTON SCHOOL
FALL 2023

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Legal Studies & Business Ethics Dept.
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Class Sessions: MW 12:00-1:30 p.m.

Office Hours: By appointment

Teaching Assistant: To be announced

Course Description:

As business leaders, you will face moral challenges with no clear answer: where you face conflicting ethical duties to multiple actors; where some options appear unethical-but-legal and others ethical-but-illegal; and where the law is silent but your conscience is not. This course will strengthen the legal and ethical toolkit on which you can draw when you are confronted with these types of challenges in your careers.

The course is divided into four modules: (1) *Responsible to Whom?*, (2) *The Law & Its Limits*, (3) *Molding the Law*; and (4) *Epic Fails*. Each class period will feature a mix of lecture, discussion, and group exercises.

Materials:

All required materials are available on Canvas.

Grading:

Final grades will be based on the following: class participation (33%), three reaction papers (33%), and a group project (34%).

Class Participation. Students are expected to add value to class discussions—in other words, I value quality far more than quantity. Students should engage with the readings and be prepared to discuss them. You will be cold-called.

Reaction Papers. Each student must write three reaction papers during the semester, spaced out as follows: one paper on any reading associated with class sessions 2-4; one paper on any reading for sessions 5-7; and one paper on any reading (or film) for sessions 8-10.

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Reaction papers should briefly summarize a concept or argument from the reading and then provide your own perspective or critique of that element. Aim for around 300 words.

Upload your reaction papers on Canvas by 11:59 p.m. on the day before the relevant class session. Assignments will be marked “exceptional,” “satisfactory” or “unsatisfactory,” with the final category reserved for papers that fail to follow the guidelines or are otherwise of low quality. As the name implies, “exceptional” grades are rare. Late responses will not be credited.

Group Project. The final two class sessions will be devoted to in-class group presentations analyzing a corporate scandal or other failure to act responsibly in a business context, including lessons learned.

By enrolling in the course, students pledge to contribute to the group project and other collaborative work enthusiastically and in an equitable manner. All group members will receive the same grade on the final project.

Attendance Policy:

Because attendance is a prerequisite to participation and learning, class attendance is required. *Students who miss three or more class sessions, whether excused or not, are advised to withdraw from the course.* Students who remain enrolled after the fourth absence may not receive course credit.

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Class Schedule

Unit I: Responsible to Whom?

1. Shareholders vs. Stakeholders (Q1: 8/28; Q2: 10/23)

- Readings:

Milton Friedman, [*The Social Responsibility of Business is to Increase its Profits*](#)

Lynn Stout, [*The Problem of Corporate Purpose*](#)

Larry Fink, [*Letter to CEOs: A Sense of Purpose*](#)

- Exercise: “Disney Meets DeSantis”

2. Responsibilities to Society (Q1: 8/30; Q2: 10/25)

- Readings:

Bowen McCoy, *The Parable of the Sadhu*

Sally Yates, [*Letter to Justice Department Personnel*](#)

- Exercise: “Profiting from Drug Patents”

3. Responsibilities to Clients/Customers (Q1: 9/6; Q2: 10/30)

- Readings:

Williams v. Walker-Thomas Furniture

Elise Bean, *Financial Exposure*, Ch. 9: Deconstructing the Financial Crisis

- Exercise: “Meta Governance: Policing Social Media”

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4. A Culture of Responsibility (Q1: 9/11; Q2: 11/1)

▪ Readings:

Peter Henning, *When Money Gets in the Way of Corporate Ethics*, N.Y. TIMES DEALBOOK (Apr. 17, 2017)

Ron Carucci, *Why Ethical People Make Unethical Choices*, Enron Corp., [Statement of Values & Vision](#) (skim)

Unit II: The Law & Its Limits

5. Foundations (Q1: 9/13; Q2: 11/6)

▪ Readings:

Thomas Donaldson & Patricia Werhane, *Introduction to Ethical Reasoning*

Oliver Wendell Holmes, *The Path of the Law* (excerpt)

▪ Exercise: Lives in the Balance

6. Insider Trading (Q1: 9/18; Q2: 11/8)

▪ Readings:

Dirks v. SEC

George Packer, *A Dirty Business*, THE NEW YORKER

7. The Law of Corporate Management (Q1: 9/20; Q2: 11/13)

▪ Reading:

Dodge v. Ford Motor Co.

▪ Exercise: “Hollywood Ending”

▪ Assignment: Topics for group projects are due today.

Unit III: Molding the Law

8. Regulatory Capture (Q1: 9/25; Q2: 11/15)

- No class
- Assignment 📺: Watch the documentary *Inside Job* and be prepared to discuss it during our next class.

9. Capture and Disruption (Q1: 9/27; Q2: 11/20)

- Readings:

Jared Meyer, *Do You Have a License to Braid that Hair?*, REASON

Eric Newcomer, *Uber Pushed the Limits of the Law; Now Comes the Reckoning*, BLOOMBERG
- Exercise: “Ubermensch”

10. Lobbying and Cronyism (Q1: 10/2; Q2: 11/27)

- Readings:

Natalie Kitroeff & David Gelles, [*Before Deadly Crashes, Boeing Pushed for Law that Undercut Oversight*](#), N.Y. TIMES

Brian Feinstein, et al., [*In-group Favoritism as Legal Strategy*](#), AMERICAN BUSINESS LAW JOURNAL
- Exercise: “Friends with Benefits”

Unit IV: Epic Fails

11. Group Presentations (Q1: 10/4; Q2: 11/29)

12. Group Presentations (Q1: 10/9; Q2: 12/4)