

University of Pennsylvania/The Wharton School

Legal Studies 6120: Responsibility in Business

Spring 2023, Quarter 4, Section 004

Syllabus

Instructor: Ronald A. Sarachan

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

Classroom: JMHH F50

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 complete the assigned readings for each class before the class and actively participate in class discussion and exercises during each class. As part of class participation, each student will also have the choice of either making a short class presentation on a topic related to one of the class discussions or participating in a formal classroom debate. There also will be occasional very short (one-page) writing assignments. Final grades will be based on class participation, completion of the written assignments, and a final exam. The final exam will be in-class on Friday, April 21, from 9:00 a.m. to 11:00 a.m.

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 13): Organizational Constraints to Responsible Decision-Making

Cases for discussion: Space Shuttle Challenger; Deepwater Horizon

Reading: "The Space Shuttle Challenger Disaster"

Class 2 (March 15): Irresponsible Decision-Making: Corporate Scandals

Cases for discussion: Enron; WorldCom; Theranos; FTX

Readings: T.D. Maines & K. Goodpaster, "The Corporate Scandals of 2002: *Enron, Inc.*"

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

B. Van Dissel, "Martha McCaskey"

"Deciding What's Right: A Psychological Approach"

Class 3 (March 20): Psychological Constraints to Responsible Decision-Making

Cases for discussion: Great Lakes Chemical, Wells Fargo, Heinz

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

B. Tayan, "The Wells Fargo Cross-Selling Scandal"

"H.J. Heinz Company: The Administration of Policy"

Class 4 (March 22): Moral Guides and Constraints to Responsible Decision-Making - Utilitarianism

Cases for discussion: Guidant; Ford

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

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

Mark Dowie, "Pinto Madness"

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

Class 5 (March 27): Moral Guides and Constraints to Responsible Decision-Making – The Two-Hats Problem and Deontology

Readings: J. Useem, “The Analyst’s Dilemma”

J.M. Shea, Jr., “Memo of a Dallas Citizen”

Class 6 (March 29): Issues of Corporate Purpose and Constraints on Responsible Corporate Decision-Making

Cases for discussion: Merck; Cypress Semiconductor; Whole Foods

Readings: “Merck & Co., Inc.”

M. Friedman, “The Social Responsibility of Business Is To Increase Its Profits”

E. Freeman, “Managing for Stakeholders”

K. Goodpaster, “Business Ethics and Stakeholder Analysis” (excerpts)

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

Class 7 (April 3): Legal Constraints to Responsible Corporate Decision-Making – Product Liability, Worker Safety and Privacy

Case for discussion: Lex Services Group

Reading: “Lex Services Group, Ltd.: Work Conditions at Inglesby Shipyard”

Guest Speaker: Privacy

Class 8 (April 5): Responsible Corporate Decision-Making and the Environment

Cases for discussion: Reserve Mining; Climate Change

Readings: “Environmental Pressures: The Pollution Problem” (Reserve Mining)

Staff Report, Committee of Oversight and Reform, Subcommittee on Environment, U.S. House of Representatives, “Findings and Recommendations . . . to Advance Climate Action” (Jan. 2021)

Class 9 (April 10): Legal Constraints to Responsible Decision-Making -- Business, Bribery and Extortion

Cases for discussion: Changmai; Chiquita Brands International

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

L. Cohen, "Chiquita Under the Gun"

Classes 10 & 11 (April 12 & 17): Responsible Decision-Making in International Business – Cross-Cultural Constraints

Cases for discussion: Wal-Mart, Apple

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

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

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"

Class 12 (April 19): No Constraints? Free Speech, the Internet and Convergence

Case for discussion: Google

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