

**University of Pennsylvania/The Wharton School**

**Legal Studies 6120: Responsibility in Business**

**Spring 2024, Quarter 3, Sections 001, 003**

**Syllabus**

Instructor: Ronald A. Sarachan

Class Time: Section 001, 8:30 – 10:00 a.m., Monday and Wednesday  
Section 003, 10:15 – 11:45 a.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 followed a series of bad decisions made by super smart and extremely dedicated scientists, engineers and managers. While an extreme case, and a tragic one, the Challenger Disaster illustrates how the organization in which you work, its structure and culture, can have a profound influence on the decisions you make and how you make them. This course will examine important factors, such as corporate work culture, human and social psychology, criminal and business law, ethical rules, cultural mores, and corporate philosophies, that influence, drive and constrain decision-making in business. A central premise of this course is that a responsible business leader must be aware of and understand these influences, drivers and constraints to be able to manage them and make the best and most responsible decisions. The course examines practical tools and strategies to address these factors.

The class uses a case approach, with emphasis on discussion and exercises. In addition to class discussions, there will be small group discussions, opportunities to participate in class debates, present on topics of particular interest, and lead class discussions. There will be a class simulation related to international negotiations and climate change.

**Course Requirements:** 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, students will also have the option of making a short class presentation 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 Thursday, February 29, 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 via Canvas. Readings will be available electronically on Study.net or distributed in class.

**Class 1** (January 17): Introduction; Human and Social Psychology and Responsible Decision-Making

Case for discussion: BP, Transocean and Deepwater Horizon

No Assigned Readings

**Class 2** (January 22): Organizational Work Culture, Evaluation of Risk and Responsible Decision-Making

Case for discussion: NASA and the Space Shuttle Program

Case Reading: "The Space Shuttle Challenger Disaster"

**Class 3** (January 24): Moral Beliefs, Ethical Dilemmas and Responsible Decision-Making

Cases for discussion: Guidant, Ford

Case 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"

"Clinical Trials in Less Developed Countries"

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

**Class 4** (January 29): Competing Duties and Responsible Decision-Making

Case Readings: J. Useem, "The Analyst's Dilemma"

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

**Class 5** (January 31): Legal limits, Criminal Enterprises and Irresponsible Decision-Making

Cases for discussion: Enron, WorldCom, Wells Fargo, Theranos, FTX

Case Readings: B. Van Dissel, "Martha McCaskey"

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

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

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

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

**Class 6** (February 5): Corporate Purpose, Profits, Social Responsibility and Responsible Corporate Decision-Making

Cases for discussion: Merck, Cypress Semiconductor, Whole Foods

Case Readings: "Merck & Co., Inc."

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

E. Freeman, "Managing for Stakeholders"

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

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

### **Class Debate**

**Class 7** (February 7): Product Liability, Worker Safety, Privacy and Responsible Decision-Making

Case for discussion: Lex Services Group

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

### **Guest Speaker**

**Class 8 & 9** (February 12 & 14): The Environment, Climate Change and Responsible Decision-Making

Case for discussion: Reserve Mining

Case Reading: "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 Simulation**

**Classes 10 & 11** (February 19 & 21): International Business, Cross-Cultural Contexts and Responsible Decision-Making

Cases for discussion: Great Lakes Chemical, Changmai, Chiquita, Apple

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

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

L. Cohen, "Chiquita Under the Gun"

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

Articles: T. Donaldson & T. Dunfee, "When Ethics Travel: The Promise and Peril of Global Business Ethics"

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 Debate**

**Class 12** (February 26): No Constraints? Free Speech, the Internet and Convergence – Technology, Social Media and Responsible Decision-Making

Case for discussion: Google

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

**Class 13** (February 28): Course Wrap-Up