



LGST 6110

Responsibility in Global Management

Fall 2024, Q1

Prof. Christina Parajon Skinner

Office Hours: by appointment

Course Description:

In this course, we'll consider what 'responsibility in global management' means over the course of four thematic blocks: first, we'll consider the role of business role in society; second, we'll reflect on the role of law and institutions in shaping business conduct and norms (courts, regulation, corporate speech, and the political system, and attempts at global governance of business); third, we'll examine entrepreneurship, specifically, in tech and start-ups; and fourth, we'll focus on individual choice, and how individual decisionmaking is shaped by incentives that are established through law and cultural norms—this last block will include student presentations on corporate scandals.

The class will be a mix of lecture and (mostly) discussion, and that balance will vary depending on the session. So, it will be important for you to prepare the readings thoughtfully and in advance.

The use of laptops and iPads is discouraged during class; it's a much better experience for all when the entire classroom is actively engaged, and your grade will be better if you're actively participating.

Chat GPT and Generative AI:

You may use ChatGPT or other generative AI for the purpose of generating ideas and brainstorming for your final project. However, as these sources are still rather rudimentary, the best quality projects will need to rely primarily on tried-and-true primary and secondary sources. You may not use any work generated by AI as your own. If you draw on material generated by an AI program, you should fact-check it through primary and secondary sources and cite it like any other reference material.

You are not permitted to use ChatGPT or other forms of generative AI to generate drafts of your work product. Therefore, ChatGPT may not be used to generate answers to the short-answer questions on quizzes.

Grading:

Your grade is divided into three parts: 20% short answer quizzes given at the end of each Block via Canvas (four in total, worth 5% of your grade each), 40% attendance and class participation, 40% for the final project.

Class participation and civility. 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 each week), your attendance, and your in-class etiquette.

You must **scan the QR code posted at the start of each class** to register your attendance – check-ins 10 minutes or more after the start of class (or repeated lapses) will be considered absences that would need to be excused.

Please note, that although the system automatically excuses ‘personal health’, my expectation is that each request for a ‘personal health’ absence be explained to me directly via email, with the TA, in copy.

Quizzes. Four short quizzes will be administered via Canvas after each Block of study. They’ll be mostly short answer reflections. None of these quizzes should take you more than 30-45 minutes to complete; you’ll be given two hours to complete them.

Final project. You’ll be randomly assigned to a group for purposes of the final project and presentation. The presentation should be a ‘post-mortem assessment’ of a corporate scandal or business dilemma. A list of scandals to choose from appears at the bottom of the syllabus. The presentations must be between 8 and 10 minutes long (and include a slide deck). Each student should have a speaking role. We will discuss this further in the first-class session.

Course Materials:

All required reading materials (as listed by session below) will be available through our Canvas page—either in the course reserves page or linked in the syllabus.

Class Sessions and Assigned Readings:

Block 1: Business and Society

The first three class sessions will discuss the rationale(s) for a capitalist economy (its benefits and limitations) and capitalism's legal and institutional foundations. We'll also reflect on capitalism and society by considering the "shareholder vs. stakeholder debate" and evolving conversations around ESG.

Session 1: Capitalism and Globalization (August 27)

Readings:

- A. MARTIN WOLF, *THE CRISIS OF DEMOCRATIC CAPITALISM* (2023) (ch. 1, stop at p.36 "Lessons from the Ancients")
- B. John Cogan & Kevin Warsh, [*Reinvigorating Economic Governance*](#), Hoover (2022)
- C. ROBERT J. GORDON, *THE RISE AND FALL OF AMERICAN GROWTH* (2015) (introduction, stop at top of p. 18) (optional)

Discussion Questions:

- A. Think about the bigger picture: how does business serve pro-social goals; how does it contribute to human flourishing?
- B. What are the "externalities" or costs on society imposed by capitalism? Everything is relative; how do capitalist systems compare to the alternatives?

Session 2: Shareholders and Stakeholders (August 29)

Readings:

- A. Milton Friedman, *The Social Responsibility of Business is to Increase its Profits*, New York Times Magazine (September 13, 1970)
- B. Colin Mayer, *The Future of the Corporation and the Economics of Purpose*, 58 Journal of Management Studies 887 (2021)

Discussion Questions:

- A. Is profit maximization compatible with broader social goals? Can you think of examples beyond the readings?
- B. How, as a society, could we operationalize stakeholder capitalism, and what would be the trade-offs?

Session 3: “ESG” and its Critiques (September 3)

Readings:

- A. Kelley E. Currie, *Here Comes the Sun: ESG and Dirty Solar Supply Chains* ([Case Study](#))
- B. The Economist, *Special Issue on ESG* (July 2022)
- C. Jonathan B. Berk, Jules H. van Binsbergen, [The Impact of Impact Investing](#) (August 2021) (optional)

Discussion Questions:

- A. Should we abandon the moniker “ESG” and re-label it with focus on the “E”? Why do you think the “S” in the context of human rights gets less attention?
- B. Is ESG a useful investment thesis, rationale, or governance device—or will markets pursue these goals regardless, if consumers and investors demand as much from firms?
- C. Should government mandate ESG is one form or another?

Block 2: Law and Institutions

Business is generally expected to unfold within the “rules of the game.” What are those rules? And importantly, who makes the rules and enforces them?

Session 4: Business and Political Speech (September 5)

Readings:

- A. Tim Higgins, *Elon Musk’s Wild Week in the Name of Free Speech*, Wall Street Journal, August 10, 2024
- B. Rami Kaplan et al., *Does Corporate Lobbying Benefit Society*, Rutgers Business Rev., Summer 2022
- C. [Citizens United v. Federal Election Commission](#), 558 U.S. 310 (2010) (syllabus) (optional)
- D. [303 Creative LLC v. Elenis](#), Sup. Ct., No. 21-476 (decided June 30, 2023) (syllabus) (optional)

Discussion Questions:

- A. What are the pros and cons of corporate lobbying? Who should determine who gets to speak (and what to say) in a society? Should anyone?
- B. Should there be private-sector or government-imposed guardrails around the information that is posted on social media about politics and elections? What about bias in the mainstream media?
- C. Who holds the government accountable – in theory, in practice?

Session 5: Corporate Governance (September 10)

Readings:

- A. Roy Shapira & Asaf Eckstein, *Compliance Gatekeepers*, 41 Yale Journal on Regulation 469 (2024) (Part I only)
- B. Alexander Dyck, Adair Morse, Luigi Zingales, *Who Blows the Whistle on Corporate Fraud*, Journal of Finance, Nov. 9, 2010

Discussion Questions:

- A. What are the roles of the Board, managers, shareholders, employees in making sure that corporations follow the law and observe ethical standards in business?
- B. What are the pros and cons of encouraging whistleblowing for real or perceived misconduct?
- C. How is firm culture established and evolved?

Session 6: Global Governance of Business (September 12)

Readings:

- A. Microsoft, [*Goals and Lessons for AI*](#) (2024)
- B. Christina Parajon Skinner & David Murphy, *Sovereignty and Legitimacy in International Banking Law*, working paper (introduction only)

Discussion Questions:

- A. Who should develop global rules-of-the-road for sectors and technologies that span borders—the government, the private sector, some collaboration of both?
- B. What are the downsides of global governance regimes? Why do governments keep attempting international economic coordination despite these regimes' drawbacks?

Block 3: Corporate Scandals

So far, we've been studying systems and institutions. For the next four sessions, we'll turn to individuals—their incentives to take risk, the norms to which they respond to, and how organizational culture impacts individual and group behavior. This is also your opportunity to explore a scenario of individual or corporate decisionmaking in depth. You'll be asked to work in a team, research, and present one corporate scandal from a list of well-known scandals.

Session 7: Anti-Money laundering and Sanctions (September 17)

Readings:

- A. JUAN C. ZARATE, *TREASURY'S WAR: THE UNLEASHING OF A NEW ERA OF FINANCIAL WARFARE* (2013) (introduction & ch.1)

- B. Weilun Soon & Elaine Yu, *Chinese Gangs Use Cryptocurrencies to Launder Billions*, Wall Street Journal, March 2, 2024
- C. Tech Accord, [New Industry Principles to Curb Cyber Mercenaries](#) (Mar. 27, 2023)
- D. Kathryn Judge & Anil K Kashyap: *Anti-Money Laundering: Opportunities for Improvement*, Wharton Initiative on Financial Policy and Regulation, [working paper](#) (optional)

Discussion Questions:

- A. What's the difference between restricting business activity in the name of national security versus in the interest of other public policy goals? How do we draw the line?
- B. How do we assess the trade-off between privacy (in financial transactions, for example) and public policy goals (in national security or combatting financial crime, for example). Can you think of other goals?

Session 8: Business (“White Collar”) Crimes (September 19)

Readings:

- A. Ron Caruci, *Why Ethical People Make Unethical Choices*, Harvard Business Review (Dec. 16, 2016)
- B. Dorothy Lund & Natasha Sarin, [Corporate Crime and Punishment: An Empirical Study](#), Texas Law Review (2022) (skim)
- C. EUGENE SOLTES, WHY THEY DO IT (2016) (Prologue only)

Discussion Questions:

- A. Why do good people make bad business choices?
- B. When the law is silent, how does one determine if an action is ethical or not?

Session 9: Gatekeepers I: Student presentations (September 24)

Role of the Board: Boeing

Role of Auditors: Enron

Role of Market Supervisors: Wirecard

Session 10: Gate Keepers II: Student presentations (September 26)

Role of Large Shareholders: Purdue Pharma

Role of Venture Capitalists/Business Angels: Theranos

Who's Role?: Crypto: FTX

Block 4: Entrepreneurship & Start-Ups

Legal rules aren't always clear, especially when working on new frontiers. Entrepreneurship is a longstanding feature of capitalism. What ethical dilemmas and legal ambiguities do entrepreneurs need to manage?

Session 12: Boundary Pushing: Student presentation (October 1)

Role of the public and media: Uber/AirBNB

Readings:

- A. Paul Berger, *New York City Taxi Drivers Rally for Limits on Uber*, Wall Street Journal, May 29, 2018
- B. Feargus O'Sullivan & Jessica Loudis, *Airbnb Hosts Try to Evade City Regulations, From Copenhagen to Catalonia*, Bloomberg, August 2, 2023

Session 11: Guest Speaker (October 8)

Readings:

- A. Elizabeth Pollman, [*Startup Governance*](#), University of Pennsylvania Law Review (2019)
- B. Jeff Lee Bio: <https://jeffleemgt.com/>

List of scandals

Boeing

Enron

Wirecard

Purdue

Theranos

FTX

Uber/Airbnb