LGST 612: RESPONSIBILITY IN BUSINESS
Spring 2019 Q3

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Course Description and Objectives
Businesses operate in an environment defined not only by market forces, but also by legal, political, and ethical obligations. This course introduces students to challenges they will face as businesspeople, managers, and entrepreneurs. Fundamentally, it is a course about judgment. A major goal is to develop skills in ethical and legal analysis to make decisions about the proper courses of action when duties, loyalties, rules, norms, and interests are in conflict.

Course Materials
Coursepack available through Study.Net

Policy on Devices
This class will observe the MBA Program's policy on student use of electronic devices in the classroom. Violations will result in deductions to the class participation aspect of the grade. Specifically:

- Phones must be turned off and put away.

- The use of laptops and tablets is not allowed unless pre-approved for educational purposes, or specifically authorized in class by the instructor.

Course Requirements and Grading

Reading Reactions(20%)
You must submit four short weekly response papers (150-250 words). These are due on Canvas by 6pm Sunday prior to our Monday sessions, except for the final class. Identify one argument or theme from the upcoming readings for the week; summarize it; and explain whether you agree or disagree. Your submission should demonstrate that you read and evaluated the materials.

The assignments will be graded for completion. Except in rare instances, I will not comment on your submission. Acceptable submissions receive 10 points; half-hearted efforts receive 5 points.

There are five weeks of class after the first session and prior to Spring Break, so you can choose one week to skip the assignment. If you do not receive the full points, you may submit a fifth Reading Reaction and receive credit for the highest four scores. Because of this flexibility, no late submissions will be accepted, except in extraordinary cases of illness or personal emergency.

Responsibility Video (35%)
With a pre-assigned group, you will be responsible for creating a video of <u>five minutes</u> or less, targeted at MBA students (20%), along with an individual preparation sheet due prior to the first group meeting (5%), and an individual reflection on the exercise due after the video (10%).

The video has two requirements. First, explain what "Responsibility in Business" means to you, and why it is important. You should use concepts from the course in your discussion, but you are not limited to them. Come up with a definition and justifications that your group personally finds persuasive. Second, create a concrete example that illustrates the principles you described. It could be a hypothetical scenario, from the personal experience of a group member, or based on something from the news. Act out the scenario. Each group member must have a defined role and a speaking part.

Beyond the listed requirements, the format of the video is entirely up to you. Creativity is <u>strongly</u> encouraged. You will be assessed in part on your ability to convey your points in an engaging and convincing way. However, that should not mean lacking in substance. You should strive to persuade the viewer that the concepts you describe are more than empty words.

In-Class Exam (25%)
There will be an exam with short-answer and multiple choice questions administered via Canvas during the final class session. The exam is open book—you may use any materials you wish, but you may not collaborate with other students. It will cover primarily the assigned readings, along with major concepts highlighted in lecture during class sessions.

Participation (20%)
This course encourages you to wrestle with challenging issues to help you in your business career. Most class sessions involve significant interactivity, such as discussion, group activities, and negotiations. Your active participation is important. I will occasionally cold call students to start discussions.

For each class session, you will receive a score of 0 (absent, or no active participation) to 2 (significant contributions demonstrating unusual levels of preparation or thoughtfulness). You may also earn participation credit by making substantive posts to the course discussion boards on Canvas.

I realize there are many understandable reasons students miss class, beyond illness and personal/family emergencies. There is no penalty per se for failing to attend up to three class sessions. However, four or five unexcused absences (meaning arriving or leaving more than fifteen minutes from the start/end of the class) will each result in a one-step reduction in your final grade (e.g. A- to B+). Being absent from six or more classes will result in failing the course.

Attendance
We will be using the WhartonConnect system to track attendance. You will need to sign in on your phone at the beginning of each class session to be marked present. This is your responsibility. I will put the seating chart on the screen before class starts, showing who has checked in. If you are present and encounter technical difficulties, just let me know at the end of class.

Instructor
Kevin Werbach is a Professor in the Legal Studies and Business Ethics department. His research focuses on Internet policy, big data, and blockchain technologies. He was Counsel for New Technology Policy at the Federal Communications Commission during the Clinton Administration, served on the Obama Administration's Presidential Transition Team, and created one of the most successful massively open online courses (MOOCs) on the Coursera platform.

Syllabus

January 23	**Doing the Right Thing** Read: Who Spewed That Abuse? Anonymous Yik Yak App Isn't Telling Uber Pushed the Limits of the Law. Now Comes the Reckoning. When Money Gets in the Way of Corporate Ethics

January 28	**Torts: Legal Responsibility for Harm**
	
	Read: Law and Markets
	   1. How does the tort system embody principles of economic efficiency?
	
	Prepare: California Space Heaters
	   1. What will a court consider in assessing legal liability here?
	   2. Can the company quantify the impact of different safety choices? How should such calculations influence its decisions?
	   3. Are there any other steps the company should take to address safety concerns about its heaters?
	   4. Should the heaters be produced at all?

January 30	**Ethical Frameworks**
	
	Read: Introduction to Ethical Reasoning
	   1. What are the differences between a consequentialist and a deontological approach to ethics?
	
	Prepare: Dicing with Death?
	   1. Why did Guidant decide not to notify doctors about the short-circuit risks of its implantable defibrillators?
	   2. Do you think Guidant made the right decision?

February 4	**Contracts: Responsibility in Agreements**
	
	Read: Basic Concepts in the Law of Contracts
	
	Prepare: A Wharton Student Gets an Unpleasant Surprise
	   1. Does Francesca have a legally binding contract?
	   2. Did Francesca's contract have to be in writing? Did McBane have to sign it?
	   3. Does Francesca have any other legal options, beyond enforcing the contract, in a lawsuit against McBane based on what's happened here?
	   4. Should Francesca sign the release?

February 6	**Litigation and Dispute Resolution**
	
	Read:
	G. Richard Shell, The Strategist's Dream
	    1. Why was Ford more successful than Napster in responding to legal threats?
	    2. How can firms use knowledge of the law to advance business strategies?
	
	G. Richard Shell, A Comment on Business Strategy and Litigation
	    1. What are the business considerations in filing a lawsuit, or pursuing a lawsuit to trial instead of settling?
	    2. Why do most civil cases settle?

February 11	**Corporate Law**
	
	Read: Basic Framework for Corporate Governance, pp. 1-6
	    1. In corporate law, what are the respective roles of corporate officers and directors, on the one hand, and shareholders, on the other?
	    2. What are the special duties of fiduciaries?
	    3. Why should fiduciaries be held to stricter standards of conduct than others?
	
	Read: Basic Elements of Business Fraud
	
	Prepare: The Employee "Exit Interview" – Common Information

February 13	**Corporate Social Responsibility**
	
	Read:
	The Social Responsibility of Business is to Increase its Profits
	The Shareholder Value Myth
	    1. Which of these perspectives on corporate responsibility do you find more persuasive, and why?
	
	Prepare: Alchemist's Dream Come True
	    1. Would you sell a product known to have harmful health effects, like TEL?
	    2. What factors should Great Lakes take into account in evaluating its TEL fuel additives business?
	    3. What options did Great Lakes have in response to the environmental and health concerns? What should it have done?

February 18   **Securities Fraud and Insider Trading**

Read:
Confidential Information Trading
With Bill Ackman, Tennis and Herbalife Can Be a Dangerous Mix
Supreme Court Sides with Prosecutors in Insider Trading Case
    1. When does a trade constitute insider trading?
    2. Why is insider trading prohibited?
    3. How have the courts struggled to define the boundaries of insider trading?

Prepare: The Inside Trader (questions in coursepack)

February 20   **Privacy: Responsibility for Information**

Read:
Should the U.S. Follow Europe in Imposing Stricter Data-Privacy Regulations?
    1. What are the key differences between U.S. and European privacy laws?
    2. What are the main benefits and limitations of each regime?
    3. Which side of the debate do you find more convincing?

Big Data's End Run Around Procedural Privacy Protections
    1. How does technology challenge conventional methods of private protection such as consent and anonymity?
    2. Is the U.S. or European approach better suited to the big data environment?

Prepare: How Companies Learn Your Secrets
    1. How was Target able to predict whether its customers were pregnant?
    2. Is there anything illegal or unethical about Target's practices?
    3. How can companies use these kinds of techniques responsibly?

February 25   **Global Context**

Read: Values in Tension
    1. How does Donaldson propose to go beyond the extremes of cultural relativism and ethical imperialism?

Prepare: Google in China: When 'Don't Be Evil' Met the Great Firewall
    1. How would you assess Google's original 2006 decision to operate in China?
    2. How would you assess Google's withdrawal from China in 2010?
    3. Should Google pursue its "Dragonfly" search engine in China today?
    4. In general, should Google think about its activities abroad differently than those in the U.S.?

February 27	**Law and Ethics in a Big Data World**
	Read:
	Technology Is Biased Too. How Do We Fix It?
	1. How can seemingly neutral algorithms actually produce unfair or discriminatory outcomes?
	2. How should companies employing big data and machine learning address the potential for algorithmic bias?
	Wanted: The 'Perfect Babysitter'
	1. What are the potential problems with Predictim's system?
	2. If you needed a babysitter for your child, would you want to use a service like Predictim to evaluate candidates?
	Is This the Grossest Advertising Strategy of All Time?
	1. At what point does influencing customers become manipulation?
	2. Would you feel comfortable adopting this advertising strategy?
March 11	**Exam**
	The exam will be conducted in class using Canvas. It will be open book: You may use any materials you wish, but you may not collaborate with other students.