



Law, Ethics & Corporate Social Responsibility

Spring 2010

T, Th 3:30-5pm

CBA 4.324

Professor
Office
Phone
E-Mail

[David Spence](#)
CBA 5.254
471-0778
david.spence@mcombs.utexas.edu

Course Purpose/Description:

For 21st century business leaders, understanding and managing the legal and ethical environment of business is a core skill. This course will help students develop that skill. Ethical expectations, laws and regulations are complicated and constantly changing, even more so for firms that operate in multiple countries and cultures. This course will provide MBA students with (i) a deeper understanding of the legal and ethical forces within which businesses operate, (ii) a deeper understanding of the political and cultural context in which business takes place, (iii) a basic understanding of corporate responsibility issues, (iv) the tools business leaders need to manage relationships with their firm's external stakeholders (governments, NGOs, communities, etc), and (iv) practice applying that knowledge to real world business situations.

Readings: Spence & Prentice, *Law, Ethics and Corporate Social Responsibility: Theory and Practice* (draft), available via course blackboard.

Grading

- Class participation: **25%**
- Team presentation of mini-case: **20%**
- Memos on mini-cases: 30% (**15% each**)
- Company Risk Analysis: **25%**

Grading & Assignments:

- Class Participation: This class will mix class discussion with a strong dose of applied learning (discussion of assigned problems and exercises). In order to prepare for class, students will need to complete the reading assignments and assigned problems in advance. We have kept the reading assignments brief so that students will have time to (i) think about the discussion questions (found in discussion "boxes" in the assigned readings) posed in the reading assignment, and (ii) prepare for class discussion of those questions, homework problems or mini-case exercises (both of which are explained below) assigned for that day's class. Students are expected to come to class ready to discuss these issues, and will be called upon to do so by the professor. [More about participation, and class participation grades.](#)
 - Discussion Boxes: Whenever a reading assignment contains a discussion box, students should take time to read and think about the issues posed in the discussion box. These will always form a part of the next day's in class discussion. Taking time to consider and formulate a response to the questions raised in discussion boxes is probably the most important part of preparation for the next day's class discussion.
 - Homework assignments: The text contains "homework boxes" assigning further work in preparation for the next days class. Students should undertake only those homework assignments listed in the "other assignments" portion of the table below. Students are not required to prepare a written submission in response to the homework assignment; rather, students should undertake the work and be prepared to discuss their conclusions and findings in the next day's class.
 - Optional Quizzes: If it appears to the professor that students are not preparing for class in the manner described above, the professor may give short unannounced quizzes on the readings. In the event quizzes are instituted, there will be more than one quiz administered, and each student's average grade on the quizzes (not counting the lowest quiz grade) will be one factor used to determine the student's participation grade.
- Mini-case exercises: The text includes references to a large number of so-called "mini-case exercises," hypothetical problems posing ethical and legal dilemmas. We will use some (but not all) of these hypothetical scenarios in class. Specifically, we will use them in two ways.
 - First, each student will be part of a team presentation of one of the mini-case exercises listed in bold type in the table below. Each student team will make a 15-20 minute presentation analyzing the problem and explaining to the company how it should proceed in response to the problem. Student teams should be prepared for our critical questioning and comments from the audience, and will be expected to defend their choice of a preferred alternative under

questioning. Assignment of student teams to individual mini-cases will take place during the first week of the course.

- Second, each student will prepare and submit two short (max. 2 pages, single-spaced) memos explaining his or her recommended approach to the problems raised in two of the mini-case exercises. Students may choose any two mini-cases listed in bold type in the table below, subject to two caveats. Neither memo may concern the same mini case on which the student presents as part of a team (per the bullet point above); and the two mini-cases selected must come from different parts of the course, and from a different part of the course than the student's mini-case presentation. (The major parts of the course are distinguished by the underlined headings and background colors in the table below.) All memos should be submitted electronically before class on the due date, using the SafeAssign feature on blackboard.
- [More on class presentations](#), generally
- **Company Risk Analysis:** Students will prepare an analysis of the major elements of legal, political and ethical risks and opportunities currently facing the company of their choice. The analysis will identify and prioritize these risks/opportunities, and make recommendations to the company about managing them. Students may prepare the risk analysis individually or in teams. Each member of the team will receive the same grade for this assignment. Ideally, students should build these analyses throughout the semester, as we tackle in class the problems associated with individual elements of the legal, ethical, political and cultural environment of business. However, the analysis is not due until the end of the semester. These analyses should be written as if addressed to the chief strategic planning officer of the company. Company risk analyses should be submitted electronically on the due date, using the SafeAssign feature on blackboard.

Page limits (single-spaced, exclusive of tables, charts or graphs) for this assignment are as follows:

- Individual: 5 pages
- 2-person team: 7 pages
- 3-person team: 9 pages
- 4-person team: 11 pages

- [Advice on good memo writing](#).

Miscellaneous:

- Use of laptops, cell phones or other electronic communication devices is not permitted in class. If there is an important learning-based reason why you need to use a laptop, we can make exceptions to this rule on a case-by-case basis.
- All students are expected to abide by the business school's honor code and [academic dishonesty policy](#), to do all of their own individual work individually (without help from others) unless the work is a group project, and not to plagiarize written work. Please review the UT tutorial on plagiarism by here: <http://www.lib.utexas.edu/services/instruction/learningmodules/plagiarism/>. Cheating or plagiarism will be grounds for dismissal from the class.
- This class will adhere to the McCombs Professionalism Policy^{1[1]}

^{1[1]} **McCombs Classroom Professionalism Policy**

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas MBA experience hinges on this.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas MBA classroom experience is enhanced when:

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are fully prepared for each class.** Much of the learning in the Texas MBA program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Laptops are closed and put away.** When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.
- **Phones and wireless devices are turned off.** We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

Remember, you are competing for the best faculty McCombs has to offer. Your professionalism and activity in class contributes to your success in attracting the best faculty to this program.

DATE	TOPIC	ASSIGNED READINGS	OTHER PREPARATION
Jan 19	Introduction to Course	Chp. 1	
Jan 21	<u>Legal Systems & Role of Law</u> , - Legal Systems, Dispute Resolution and Public Order	Chp. 2, pp. 2-1 through 2-7	<u>Homework</u> : Statutory Interpretation (p. 2-2)
Jan 26	Role of Law <i>cont'd</i> - Protecting Property Rights	Chp. 2, pp. 2-7 through 2-11	<u>Homework</u> : Property Rights Cases (p. 2-11)
Jan 28	Role of Law, <i>cont'd</i> - Enforcing Contracts and Checking Market Power	Chp. 2, pp. 2-11 through 2-17	
Feb 2	Mini-case Exercise: Trade Secrets Mini-case Exercise: Bidding on Public Contracts	Read mini-cases	
Feb 4	Role of Law <i>cont'd</i> - Externalities and Information Problems	Chp. 2, pp. 2-17 through 2-25	<u>Homework</u> : Finding the Applicable Rules (p. 2-19)
Feb 9	Enforcing the Law	Chp. 2, pp. 2-25 through 2-29	
Feb 11	<u>Ethics & CSR</u> - Moral Philosophy: How Should People Behave	Chp. 3, pp. 3-1 through 3-9	
Feb 16	Mini-case Exercise: Child Labor (WorldSport) Corporate Social Responsibility	Read mini-case Chp. 3, pp. 3-10 through 3-18	

Feb 18	Corporate Social Responsibility (cont'd)	Chp. 3, pp. 3-10 through 3-18	<u>Homework</u> : CSR Reports (p. 3-17)
Feb 23	Mini-case Exercise: A Living Wage Models of Decision-making - Cooperation, Altruism and Fairness	Chp. 3, pp. 3-17 through 3-23, and mini-case	
Feb 25	Behavioral Heuristics and Biases	Chp. 3, pp. 3-23 through end of chp.	<u>Homework</u> : The Giant Pool of Money, p. 3-27
Mar 2	Mini-case Exercise: Sexual Harassment in the Workplace	Read mini-case	
Mar 4	Guest Speaker TBD		
Mar 9	VIDEO: Three Gorges Dam <u>Assignment</u> : As you watch the video, identify as many of the ethical and stakeholder issues (dilemmas, tradeoffs, problems) triggered by the decision to build the Three Gorges Dam as you can.		
Mar 11	<u>Discussion</u> : Organizing and resolving the ethical dimensions of the decision to construct the Three Gorges Dam.		
Mar 14 -20	SPRING BREAK		

Mar 23	<u>Managing the Legal and Ethical Environment</u> - Managing Ethical Risk	Chp. 4, pp. 4-1 through 4-10	<u>Homework:</u> Company Ethical Codes, p. 4-8
Mar 25	Mini-case Exercise: Making Decisions in Hierarchies Managing Legal Risk	Read mini-case Chp. 4, pp. 4-10 through 4-16	
Mar 30	Guest Speaker - TBD	TBA	
Apr 1	Stakeholder Engagement	Chp. 4, pp. 4-16 through 4-19	
Apr 6	CSR and the Fruits of Stakeholder Engagement	Chp. 4, pp. 4-20 through 4-27	<u>Homework:</u> Business-NGO Partnerships (p. 4-27)
Apr 8	Mini-case Exercise: The Public Hearing	Chp. 4, 4-27 – end Read mini-case	
Apr 13	<u>The Political Context</u> - Classifying Governments	Chp. 5, pp. 5-1 through 5-6	<u>Homework:</u> Categorizing BRIC countries (p. 5-3) <u>Homework:</u> Technology Companies and Repression in China (p. 5-5)
Apr 15	Understanding Governmental Institutions	Chp. 5, pp. 5-6 through 5-14	<u>Homework:</u> Executive Branch (p. 5-11)
Apr 20	Engaging Governments Mini-case Exercise: Facilitation Payments	Chp. 5, pp. 5-14 through 5-23 Read mini-case	
Apr 22	Exercise on Government Engagement Strategies	Chp. 5, pp. 5-23 - end	<u>Work on assigned exercise in group.</u>
Apr 27	<u>The Cultural Context</u> - What is culture?	Chp. 6, pp. 6-1 through 6-5	<u>Homework:</u> Identifying cultural differences (p. 6-2)
Apr 29	Mini-case Exercise: Southland Development,	Read mini-cases	

	Problem No. 1 Mini-Case Exercise: Guanxi and Gift-giving		
May 4	Dimensions of Culture	Chp. 6, pp. 6-5 through 6-16	<u>Homework:</u> Culture and "Ease" of Doing Business (p. 6-15)
May 6	Stakeholders and Emotion Wrap-up	Chp. 6 pp. 6-16 to end.	<u>Homework:</u> Emotion and Protest (p. 6-17)
May 12	Company Risk Analyses due, 5pm		
