

Legal & Ethical Environment of Business 323
Spring 2009
Professor John R. Allison
TTH 11:00-12:0 p.m. Unique # 03420, GSB 2.124
TTH 2:00-3:30 p.m. Unique # 03435, UTC 4.134
You must attend the section for which you are registered.

Social order is essential to successful commerce. As one of the primary means for maintaining social order, legal principles and processes facilitate the creation and operation of markets by providing necessary assurance to investors, sellers, buyers, employees, and others that their reasonable commercial expectations will be realized. While serving this positive function, however, law simultaneously operates as the most pervasive external constraint on business decision making. Customary ethical norms also constitute a significant factor in both the maintenance of social order and the imposition of external constraints on business.

In educating business students about the legal, regulatory, and ethical environment of business, we attempt to achieve at least the following objectives:

- (1) To improve students' skills in recognizing and managing legal and ethical risks in business decision making.
- (2) To enhance students' understanding of legal processes so that they can use those processes more effectively and efficiently in business decision making.
- (3) To assist students in making more ethical decisions and designing organizations that act more ethically.
- (4) To further development of analytical problem-solving skills.
- (5) To give students a greater appreciation for the role of law in society, both domestically and internationally.
- (6) To enhance students' communication skills.

Professor's Office Hours and Contact Information: CBA (North) 5.246; Wednesday 9:30 a.m. to 12:00 noon. [Note that I will be out of the office on Wed. Feb. 3, and will make other arrangements for any students who wanted to see me that day.] Other hours upon request--if you need to see me and have a conflict with my office hours, do not hesitate to ask; I will make myself available—just send me an e-mail and we'll make an appointment. E-Mail: < John.Allison@mcombs.utexas.edu >. Phone: 471-9435. Although I welcome communication from students by any means, I strongly encourage you to make use of e-mail to communicate with me; I check it frequently, including most weekends. If you have questions or observations about what we are studying, or anything else, e-mail is most efficient.

I will be using Blackboard in this class for posting assignments, announcements, and materials. A copy of the syllabus will be on Blackboard at the "Syllabus" link (naturally).

Each week, I will put reading assignments for the next week on the screen in the room. I will also post the assignments on Blackboard under Assignments. I will report grades on eGradebook. I use e-mail frequently to communicate with the class, and will use the e-mail address that you have listed with UT. If you prefer a different e-mail address than the one UT has for you, you must change it officially with UT or you will miss important class-related messages.

Course Materials: *Business Law: 11th Custom Edition* (2009), by Allison & Prentice. Previous editions won't work, because we make substantial changes in each new edition. Like most texts in this field, it is textual material interspersed with edited court decisions to show you how the law and the legal system actually work. I will also post other reading materials and assignments on Blackboard.

Grades components:

- (1) Exam #1 Tuesday, March 9 (25%)
- (2) Exam #2 Thursday, May 6 (25%)
- (3) Attendance/Class Participation/Professionalism (20%)
- (4) Average of written ethics assignments (30%)

My tentative grading scale is A = 90, B = 80, C = 70, D = 60, F = Below 60. I sometimes have to adjust the scores somewhat before using this scale. When I submit final grades for the course, I will also use + and – minus grades as the situation calls for.

Details on Grade Components:

(1) & (2) Exams: Contrary to my practice during the past several years, this semester my exams will be open-book and open-notes. You may use the text book and any notes that you have personally made. It is not permissible to use the notes of others or notes that have been group-generated. I will use multiple choice questions, and most of these will consist of fact situations—you must do some analysis and apply legal principles in order to choose the best answer. The instructions are to choose the best answer, but I never include more than one correct answer. There may be some other questions over terms and such, but, again, the major emphasis on my tests is NOT memorization. You are not expected to remember names of cases or statutes, or dates.

In addition to multiple-choice questions, on each exam there also will be one problem-type essay question that you must analyze.

Before the first exam, I will send you an advance copy of the exam instructions so that you don't have to spend precious time reading them at exam time. I may also send the instructions before the second exam just as a reminder for you—the instructions will be the same for each test.

My exam questions will come from both class lecture/ discussion and the assigned reading.

I do not give make-up exams. If you miss the first exam for an excellent, substantiated reason, the weight of that exam will added to the second exam.

If you absolutely must go to the restroom during an exam, you may be gone only 2 minutes, and you must not take a cell phone or other electronic device with you. I'd better not even see a cell phone or other electronic device during an exam.

First Exam (25%): Tuesday, March 9.

Second Exam (25%): Thursday, May 6. Not cumulative.

(3) Class Attendance, Participation, & Professionalism (20%): I will prepare a seating chart on the second or third day of class, and expect you to sit where you put your name for the entire course. If you later wish to move, check with me. I will use the seating chart to check attendance, put names and faces together, distribute exams, and call on students. It is your responsibility to sit in the correct seat, and if you are ever uncertain about where you sit, please come check my seating chart. I expect you to have read the assigned material before class. Our class discussions will mean far more to you if you've already done the reading.

Excessive absenteeism also will adversely affect this component of your grade. It is very unlikely that you will receive an A for this grade component if you have more than 3 absences. I don't need to hear the reasons for absences, unless there are extreme extenuating circumstances such as a serious prolonged illness.

Moreover, I've run statistical correlations between attendance and grades, and the correlation is high (over 0.5). Given the number of other factors that affect grades (like studying), that correlation between attendance and exam scores is very high.

In addition, I expect you to participate. I will call on individual students, and evidence of whether you have or have not thoroughly completed the reading assigned for that class will be part of this grade component. I also may make assignments to individual students to be prepared to discuss a particular case or other matter from the assigned reading for the next class. I also strongly encourage you to ask relevant questions in class, assuming that you have prepared the material.

Also, consistent violation of the general principles of classroom conduct set forth below can adversely affect this grade component.

(4) Ethics written assignments (30%): During the semester, I will make approximately 7 or 8 assignments requiring you to engage in a written ethical analysis. The analysis may be based solely on material I provide to you, require some independent research, or both. Each entry in your journal should be double-spaced with 1 inch margins (NOT the default 1.25 inch margins in Word 2003). There is no minimum or maximum length. At the top of the page, you should include the assignment number, your name, and the date of each assignment. All of your assignments must be your own individual original work. If you use anyone else's words, you must use quotation marks or set off the material using indentions on both sides, and cite your source.

Your written responses to the assignments will be submitted to SafeAssign on Blackboard. This will check the content of your submission against other work that is either already in the database or on the Internet. Your work also will become part of a database so that the work of other students in the future can be checked against yours to detect whether they are making improper use of your original work.

For any student who wants feedback on either or both of their first two assignments, he or she may submit an electronic copy of the work on either or both of these two assignments to me by email at my email address: John.Allison@mcombs.utexas.edu. Please follow a standard file naming format so that I can keep track of the submissions. The format should be like this, with the obviously needed changes being made: [For the 11:00 class]: Jones_Bridget_1100_Ethics1.doc [or, of course, docx if you use Word 2007]. [For the 2:00 class]: Jones_Bridget_200_Ethics1.docx.

I will announce a deadline that you must meet to submit either or both of the first two assignments to me for my feedback. The deadline will be relatively early in the semester.

Finally, all of your ethics assignments together in one file (including any on which you sought feedback early in the semester) will be due toward the end of the semester. This is the first semester I've taught the newly introduced business ethics portion, including the ethics assignments, and I should know by the middle of the semester when you will have had time to complete the last assignment. I will give you plenty of advance notice. It is obvious, however, that for many reasons it is imperative that you do these assignments as we go along, and not put them off. The file format for the final submission of all of your written assignments will be the same as above, except that, instead of "Ethics1," or "Ethics2," that part of the file name should be "EthicsFinal."

Class Conduct: I try to always treat my students with respect, and I expect you to reciprocate to both me and your classmates. Please make a good faith effort to be in class ON TIME, because latecomers really distract their classmates. It's just not very good manners to be late. I do understand that things can happen, such as a professor holding you over in a distant previous class, car trouble, bus trouble, and so forth. These should be unusual instances, though. If you habitually have trouble getting to class on time, think about the possibility of *starting earlier* or doing whatever else it takes to break the bad habit. Also, if you have some really special problem, please talk to me about it.

Also, please don't leave class early unless it's absolutely necessary. If you have to leave class early for an excellent reason, please clear it with me before class. Again, I know that unusual things can come up, but if this happens, clear it with me before class. This is just a matter of courtesy to your classmates, because people leaving early distracts others and makes it harder for them to pay attention.

You may NOT use a laptop computer in class. I sympathize with those of you for whom it is easier to take notes on a computer than by hand—I'm the same way. However, experience has shown that the use of laptops (1) distracts other students, and (2) creates too great a temptation to check e-mail or surf the internet. For your information, this no-laptop policy has been adopted as official policy in our MBA program for the reasons I just stated.

No cell phones or other electronic devices in class, and no reading newspapers, novels, having private conversations, and so on. You should be fully engaged in the class, pay attention, and be ready to ask or answer questions.

Your Concerns: If at any time you have concerns about the class, about anything I am doing or not doing, or about anything else, please let me know about them. Either e-mail me or talk to me in person. Don't keep things to yourself. I only know about your concerns if you tell me about them. I can't read minds.

Assignments: On the last class of each week, I will put reading assignments for at least the next two class meetings on the screen in class. I also will post those assignments on Blackboard. A copy of the syllabus is also posted on Blackboard.

Course Outline: (I may add some other topics, depending on available time.)

1. Introduction to law and business ethics
2. Further emphasis on business ethics throughout the course
3. A look at legal systems: courts, jurisdiction, & related matters
4. Resolving legal disputes
5. Sources of law
6. Civil liability for intentional and careless misconduct (the law of torts & products liability)
7. Intellectual property (patents, trade secrets, copyrights, trademarks)
8. Creating and enforcing contractual relationships
9. Principal-agent and employer-employee relationships
10. Regulation of the employment relationship

Observations on Study Techniques: (If you have a question about how to study for this course, consult the following.)

Regarding questions I always get regarding study techniques in this course: I have no magic bullet, and all of my suggestions involve techniques that take time. The common thread running through all of my suggestions is to use a variety of techniques that take your mind out of the passive state (just reading is somewhat passive) and force it into a more active state in which you wrestle with the material. Preparation for this course should be like that in any other course that focuses on relatively difficult concepts and principles, not regurgitation, that requires analysis (qualitative in this case, not quantitative; if you get very far in the business world, most of your analysis will in fact be qualitative, not quantitative). These suggestions are based on all of the questions from students I have received, pondered over, and tried to answer over a period of many years.

(1) When you are reading the material, you should stop after each section (or even more frequently), and ask yourself questions about what you just read. If you don't understand something, jot it down and send it to me via e-mail. Or you might ask yourself "why is it this way,"

“could it be different,” “how could it be different,” “if it were different,” “what might be the positive or negative consequences--the tradeoffs”? Again, if you want to, jot these things down and e-mail them to me. I certainly don’t require this, but you just as certainly will learn more. Also, it’s fine to ask questions about things that are not in the reading; just as long as it isn’t a request for specific legal advice.

(2) I recommend outlining the material as you go through it; include short synopses of the cases as you go through the material; this will provide you with a great review tool later. If you take any meaningful notes in class (some do, some don't, but I think you should), it's a good idea to integrate them with the notes you have take while studying before class; this is much easier if the notes you took while studying were done on a computer.

(3) As I noted, I recommend the inclusion of a short synopsis of each case in your notes; if you have time, a more complete case brief is good.

(4) Once you think you understand a case, you can use it as a problem-solving exercise by hypothetically manipulating one or more of the facts, thinking about whether this would change the analysis; if not, why not, if so, why and how; and whether it might change the outcome of the case; if not, why not, if so, why and how?

(5) If you ever have questions or need clarification about any of the reading material, contact me; office hours are fine, telephone is fine, but I can do a better job of answering via email because the act by you of writing down your questions in an email message helps you crystallize your thoughts, and I can put more thought into the answer when I answer.

(6) Detail is important if it relates to concepts, principles, rationales, key terms, etc., but detail is not important if it relates to dates, names, numbers, etc. The emphasis is on an in-depth understanding of the concepts, principles, and rationales. My goal is that you learn things that will still be of value to you ten years from now.

(7) Depending on the individuals, studying with someone else sometimes works and sometimes it doesn't. It only works when all participants have already done a lot of studying. When it does work, tossing questions back and forth can really help. It can expose weaknesses in your understanding of concepts; sometimes, you just think you understand something until you try to explain it to someone else.

OFFICIAL NOTIFICATIONS:

1. Scholastic Dishonesty: I have **no** tolerance for scholastic dishonesty. Your responsibilities with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business. The following is a portion of that statement:

By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://www.utexas.edu/depts/dos/> or the General

Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

2. Students with Disabilities: The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.