

**CALIFORNIA POLYTECHNIC STATE UNIVERSITY
SAN LUIS OBISPO
ORFALEA COLLEGE OF BUSINESS**

BUS 404

MW 8-10 (Section 01)

Fall, 2015

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COURSE OUTLINE

Catalog Description

BUS 404 - Governmental and Social Influences on Business

Analysis from legal, economic, political and ethical perspectives of the changing domestic and international environments of the business enterprise. Topics include administrative law, agencies and regulatory policy, antitrust law, public policy analysis, business-government relations, and corporate responsibility.

Reading Material Sources

- A. *Electronic Articles*, indicated on the Electronic Articles Reading List that is provided on PolyLearn, and available on Kennedy Library online article databases.
- B. *Online Course Reserves*, provided through PolyLearn

Course Objectives

If you simply pick up a recent issue of the Wall Street Journal, you will find that a substantial portion of it is devoted to legal, regulatory and social issues. Although business managers may have once been able to make decisions without giving much thought to the impacts of their decisions on the external environment, this certainly is no longer the case. Business behavior now is under intense scrutiny by individuals who have demonstrated that they are increasingly willing to use public policy institutions to control and direct business operations, especially when those activities affect stakeholders in unethical ways. The fundamental objective of this course, therefore, is to help you understand the public policy environment in which business operates so that you can make the most effective and socially responsible management decisions.

The following are the official **Learning Objectives** for BUS 404:

A. Understand the interaction of the external environment with business, including the ways that legal, regulatory and government institutions respond to social, economic and political forces to address unacceptable or unethical business behavior

1. Understand different conceptualizations of corporate social responsibility, including dimensions of ethics, and demonstrate an ability to apply them to complex business situations.
2. Understand the regulatory powers of administrative agencies and the ways that government and legal institutions can affect the operations and decisions of those agencies.
3. Understand the political methods that corporations and special interest groups may use to influence legal, regulatory and governmental outcomes.

B. Understand the roles and recent actions of several U.S. or international regulatory agencies that have pervasive influence over business conduct.

1. Understand the regulatory missions of several administrative agencies that have a pervasive influence over business conduct, such as the FTC, SEC, FDA, OSHA, CPSC, EPA, NHTSA and the USPTO, and recognize various regulatory actions that these agencies have recently taken.
2. Understand the purposes and legal applications of the antitrust laws, and the roles that the Justice Department and the Federal Trade Commission play in enforcement.

C. Demonstrate effective communication skills

Since all of these objectives are intimately interwoven, it is impossible to handle them discretely and individually. Although we will attempt to introduce topics in an "independent" manner, you must never lose sight of the big picture. The substantial emphasis on recent news events is designed to help pull the various strings together with "real world" examples.

This course, by its nature, addresses controversial ethical and social issues regarding business behavior and government regulation. It is usually naïve to believe that there are always right or wrong answers to these complex questions. Rather, we will find that there are compelling explanations supporting many sides of the various debates, often dependent on differing value systems and interpretations of the facts. The goal, therefore, is for you to become sophisticated in your analysis of complex public issues so that you can competently consider how the public policy institutions likely will resolve the particular concerns.

Methods of Evaluating Attainment of Learning Objectives

A. Quizzes 20 Exam Points

There will be **five** "pop" quizzes during the quarter. The quizzes will be **5 points each**, and I will include your **best four scores** in your total. In other words, I will throw out your worst quiz score. I will only give a make-up quiz if you suitably explain to me at least one week in advance why you must miss a certain class session, or if you have a medical note from a doctor.

For the quizzes, I will ask questions about the **reading assigned for that class day or for the previous class**. As an example, I might give an unannounced quiz on Wednesday, September 30. Questions on that quiz might come from readings and articles assigned for Wednesday, September 30 and/or Monday, September 28.

B. Administrative Agency Homework Exercises 10 Exam Points

During the quarter, I will assign two homework exercises that will be worth **5 points each**. For each exercise, you will have to search the website for a specified administrative agency to answer a set of questions. You must complete these exercises and answer the questions independently, without assistance from others.

C. Ethics Consultant's Report 35 Exam Points

- The description and instructions for this assignment are provided in **Appendix A**.
- The report will be evaluated for written expression and ethical reasoning, according to the rubrics that are attached in **Appendix B** and **Appendix C**.
- You must provide your report topic and a short one-paragraph description (including the ethics theories you intend to discuss) to me in writing by **October 14** (5 points).
- The report is due on **November 2** (30 points).

D. Two Midterm Examinations

	<u>Tentative Dates</u>	<u>Number of Exam Points</u>
1)	October 12	75
2)	November 4	90

These midterm examination dates are merely tentative, and are provided only to give you a rough idea of when examinations will be given. I will confirm the actual examination dates with at least 5 days **notice**.

E. Final Examination 105 Exam Points

The final examination will be given on **Wednesday, December 9 from 7:10 AM - 10:00 AM**, as provided in the University final exam schedule.

F. Class Participation

I expect everyone to read assignments before class, and to be prepared to answer questions, engage in debates, or participate in other exercises in class. There is no excuse for coming to class without having read the assignments. The quality of class participation may be used as an additional evaluation criterion, especially for those who are on grade borderlines.

PolyLearn

I will be using PolyLearn to post assignments and documents, and to organize materials for this course. At the moment, I plan to provide information and course materials in the following ways:

Announcements: I will use this block, as needed, to provide special information.

Syllabus: A copy of this syllabus is located here.

Electronic Articles: I will post the *Electronic Articles Reading List* along with *instructions* for accessing the articles from the Kennedy Library article databases (ProQuest Newsstand and Lexis-Nexis). There is a link to the *Kennedy Library Article Databases* webpage in a block on the right column of PolyLearn.

Online Course Reserves: These materials will be available in a block on the right column of PolyLearn.

Information for Ethics Consultant's Report: I will post materials developed by the College of Business that are intended to help students with ethical analyses and writing.

Homework Exercises: I will post the administrative agency homework exercises in this block.

PowerPoint Slides: I will post any PowerPoint slides that I use during a class session shortly after the class is completed. Since you know that you will always have access to the slides after class, you can pay attention to discussions in class without thinking that you have to copy down all the information from the slides.

Assignments: I will post daily assignments in separate blocks that are titled with the class date on which the assignments are due.

Homework Expectations for Electronic Articles and Online Course Reserves

Electronic Articles: A significant amount of the homework for this course involves reading recent newspaper articles. These are intended to be interesting and relevant real-world examples of the concepts that we are covering in class. I expect you to take the time to actively synthesize the major facts in each article, and to recognize how the article pertains to the topics being addressed in the course. I recommend that after you read each article, you write a short summary that describes what the article is primarily about and how the events relate to the concepts explored in the course. This will increase the likelihood that you will perform well on the quizzes and may help you address some of the questions on the exams.

Online Course Reserves: Online Course Reserves contain two types of materials:

TYPE A: These items relate directly to discussions in class and I strongly recommend reading them. Some of the quiz questions may involve items discussed in these readings. Also,

these materials may help you to better understand the topics covered in class, which could improve exam performance. These items will be marked as TYPE A next to the assignment.

TYPE B: These items provide general background information, or discuss topics in a different manner than approached in class. I recommend reading them so that you might gain a broader or different perspective than the discussions in class. This may help you grasp the overall material better, which could improve exam performance. These items will be marked as Type B next to the assignment.

Laptop Computer Policy

You may **not** use laptop computers during class. Please put away your laptops when the class session begins.

Cell Phone Policy

A. Please put away cell phones and turn off ringers during class periods.

B. **Cell phones must be turned off and put away during examinations.**

This policy is strictly enforced. Failure to comply will result in immediate expulsion from the examination, and will be reported to the Office of Student Rights & Responsibilities for possible other disciplinary actions.

Policy on Cheating

Cal Poly does not tolerate academic cheating (or plagiarism) in any form. Learning to think and work independently is part of the educational process.

Cheating at Cal Poly is defined as obtaining or attempting to obtain, or aiding another to obtain credit for work, or any improvement in evaluation of performance, by any dishonest or deceptive means. Cheating includes, but is not limited to: lying; copying from another's test or examination; discussion of answers or questions on an examination or test, unless such discussion is specifically authorized by the instructor; taking or receiving copies of an exam without the permission of the instructor; using or displaying notes, "cheat sheets," or other information devices inappropriate to the prescribed test conditions.

Evidence of cheating will be submitted to the Office of Student Rights & Responsibilities and may result in disciplinary action according to the campus academic policy on cheating and plagiarism.

Topics Outline

(For specific daily assignments, look at the assignments listed on PolyLearn)

A. AN INTRODUCTION TO CORPORATE SOCIAL RESPONSIBILITY AND THE PUBLIC POLICY ENVIRONMENT

- (1)** THE DIFFERENT CONCEPTUALIZATIONS OF CORPORATE SOCIAL RESPONSIBILITY
 - (a) The Shareholder-Centric Model: Maximizing Long-term Value
 - (b) The Corporate Citizen Model: Fulfilling Ethical Responsibilities to Stakeholders
- (2)** EXAMPLES
 - (a) Animal Rights
 - (b) Media Violence

B. THE ROLE OF THE COURTS IN MAKING PUBLIC POLICY

- (1)** INTRODUCTORY CONCEPTS
- (2)** PRIVACY
 - (a) The Abortion Controversy
 - (b) Privacy Issues in Modern Technological Contexts
 - (c) The Federal Trade Commission's Role in Regulating Privacy (**FTC**)

C. REASONS FOR LEGISLATION AND REGULATIONS

- (1)** OVERVIEW
- (2)** FOOD AND DRUG ADMINISTRATION (**FDA**) – REGULATING DRUG SAFETY AND EFFECTIVENESS

D. THE REGULATORY PROCESS

- (1)** OVERVIEW
- (2)** COST/BENEFIT ANALYSIS AND RISK ASSESSMENT
 - (a) Environmental Protection Agency (**EPA**) – Regulating the environment
- (3)** ADMINISTRATIVE AGENCY RULEMAKING PROCEDURES
- (4)** ENFORCEMENT
- (5)** EXAMPLES OF ADMINISTRATIVE AGENCY POWERS AND ACTIONS
 - (a) Consumer Product Safety Commission (**CPSC**) – Regulating product safety
 - (b) Occupational Safety and Health Administration (**OSHA**) – Regulating workplace safety
 - (c) Federal Trade Commission (**FTC**) – Regulating unfair and deceptive practices
 - (d) Securities and Exchange Commission (**SEC**) – Regulating securities and insider trading

E. CORPORATE POLITICAL STRATEGIES

- (1) OVERVIEW
- (2) LOBBYING AND GRASS ROOTS LOBBYING
- (3) THE CONTROVERSIAL ROLE OF MONEY

F. ANTITRUST POLICY: A COMPREHENSIVE EXAMPLE OF THE PUBLIC POLICY PROCESS

- (1) OVERVIEW
 - (a) Role of the Federal Trade Commission (**FTC**) and the Department of Justice (**DOJ**)
- (2) VERTICAL RESTRAINTS
 - (a) Vertical Nonprice Restraints
 - (b) Vertical Price Fixing
- (3) MONOPOLIZATION
 - (a) The Microsoft Debate
 - (b) The Recent Focus on Google
- (4) MERGERS AND ACQUISITIONS

G. THE INTERNATIONAL POLICY ENVIRONMENT [Time Permitting]

- (1) THE WORLD TRADE ORGANIZATION (**WTO**)

Appendix A

BUS 404 Ethics Consultant's Report

For this exercise, assume that you are an ethics consultant that businesses or industries hire to evaluate business practices in light of ethical principles and to make recommendations about appropriate changes, if any, which they might make so that their actions would become more ethically sound.

You are to select a controversial real-life business practice that has been reported somewhat recently in the news and assume that the business or industry has hired you to evaluate the ethics of its behavior to ensure that it acts as a good corporate citizen. I want you to select an issue that you care about with some passion, so the range of suitable topics is very broad. For instance, you might choose a business that has adopted a new technology, such as biometric scanning or GPS tracking, and evaluate whether its use is ethical in light of privacy rights, among other ethical principles. Likewise, you might explore a specific data collection technique, the sale of a potentially unsafe product, an allegedly unhealthy environmental practice, use of a particular biotechnological process, a potentially unethical manner of treating animals, or any other activity that fascinates you due to its ethical dimensions.

As a consultant for the business or industry, you must write the report as a professional for a paying client. There is no standard template for the report. Rather, your goal is to logically organize your report using excellent grammar so that the client understands your arguments and readily recognizes your expertise with ethical analyses.

You can refer to any reliable sources for background and factual information used in your essay, including government documents, newspapers and magazines, and credible Internet websites.

The College of Business may provide an opportunity for you to receive assistance with your writing from **Writing Fellows** through its Student Success Center. If the service is available, the Fellows won't edit your paper, but will work with you to develop your ideas and writing proficiency. I will let you know more about this potential opportunity, if it is offered, during the quarter.

A. Writing Assessment

A writing expert will assess your report along three parameters according to the **Writing Rubric**, which is attached in **Appendix B**:

1. **Organization of the report:** The report should be logically structured so that it follows a well-conceived blueprint. In fact, I highly recommend that you draft a comprehensive outline before beginning to write the report:
 - The introductory paragraph should indicate the practice that the business or industry asked you to evaluate, and provide the client a glimpse or overview of what the analysis will show.
 - Make sure that the organization of your paper makes sense. An argument is not convincing if the reader does not continually understand the basis of your position. If the reader must know certain facts or concepts in order to appreciate a particular point, make sure that your paper informs the reader appropriately.
 - Paragraphs generally are structured to make particular points. The first sentence of the paragraph (the topic sentence) should indicate what the paragraph is about, and the rest of the paragraph should be focused on that topic.
 - The Report should have a final paragraph that brings closure to your discussion in a sensible fashion -- by perhaps reemphasizing your position, commenting on potential related concerns, and/or offering to be of service in the future.
 - An example of one possible generic outline is provided in **Appendix D**.
2. **Mechanics of writing skills:** The report should be mechanically correct in terms of grammar, punctuation, spelling and sentence style.
 - Be careful to ensure that pronouns “agree” with their subjects. For instance, the following usage is incorrect: “Google is unethical because they are infringing on copyrights.” Correct usages would be: (1) “Google is unethical because it is infringing on copyrights” or (2) The executives at Google are unethical because they are infringing on copyrights.”
 - Avoid ending sentences with prepositions. It is poor grammar to say: “That’s a goal that I am striving for.” Rather, it is better to say: “That’s a goal for which I am striving.”
 - Do not rely on your spell-checker. When a company is defeated, it does not loose the contest.

- Avoid using the first person (the word, “I”) except on the few occasions when a personal touch seems necessary. Since you are writing this alone, use of “we” will likely never be appropriate.
 - The report is written for the company or industry, and not for a particular person, so any advice should be directed to the company. Thus, if Google is the client, the report might give the advice, “Google should change its data collection practices” instead of “You should change your data collection practices.” Typically, a professional report should avoid the use of the word, “you”.
 - Sentences should be written with appropriate length and style. Make sure sentences are not too long and wordy. Also, sentences should flow naturally with appropriate connecting language.
3. **Use of appropriate evidence and logic to persuade the reader:** The report should include well-reasoned arguments based on accurate information.
- Although this assignment is not intended to be a comprehensive research project, you must use a reasonable number of appropriate sources to support the information provided in the report. You must list those sources in a bibliography, and footnote sentences when they contain specific ideas or quotes from them.
 - You will not be assessed on the format of your footnotes or bibliography as long as you provide sufficient information for the client to find them.

Beyond these tips, I have posted on PolyLearn a useful guide developed by the College of Business that also might assist you with your writing.

B. Ethics Assessment

I will assess your report according to the categories listed with the **Ethics Rubric**, which is attached in **Appendix C**.

1. Identification of important stakeholder groups that are affected by the business practice.

Typically this involves several groups, some that are directly affected (primary) and others that experience more indirect consequences (secondary). For instance, a decision to engage in very risky deep-water drilling in the Gulf of Mexico clearly affects shareholders, employees, customers, fisherman, and local property owners, but it also may indirectly impact oyster and crab purchasers, local city services (funded by tax revenues) and even soldiers stationed in the Middle East.

2. **Identification of ethical issues that affect important stakeholders and clearly defining ethical theories that may address the issues:**

Difficult decisions usually raise ethical issues that must be evaluated in terms of impacts on society as a whole and on particular stakeholder groups. So, as part of your analysis, you would need to clearly define the relevant ethical theories that you use to evaluate the issues. For instance, you might consider the potential applicability of several of the following:

a. **Utilitarianism:** The decision maximizes the greatest net benefits for society. At a minimum, the social benefits must outweigh the social costs, and ideally they should do so by more than any other possible way to achieve the decision's goal.

b. **Principle of Rights:** The decision cannot interfere with recognized protected social rights unless the company has a very good reason for doing so, such as guarding other important rights. Even with proper justification, one should find ways to interfere with the protected right as little as possible.

c. **Principles of Justice:** The decision conforms with fundamental notions of fairness, which depending on the circumstances could include notice, adequate compensation for harms, an appropriate hearing to determine facts, equal treatment, or fair access to business opportunities.

d. **Other ethical theories:** For instance, the golden rule or principles of caring.

3. **Application of Ethical Theories to Address Stakeholder Concerns**

You need to explain how the selected ethical theories justify particular impacts on important relevant stakeholders or provide guidance about ethically appropriate methods to achieved desired goals.

So, for deep-water drilling, you would want to address whether the benefits to society, in terms of things like cheaper oil, more jobs in the region, and energy independence, outweigh the potential costs to society, such as from human risks and potential damage to personal property and the ecosystem. As part of the analysis, you might have to consider that different people would put different dollar values on the potential costs and benefits.

You might also address how the decision could interfere with certain fundamental rights, such as property rights, rights to personal health, or the rights of future generations to the earth's natural resources (assuming those rights are even recognized by society). As one appropriate justification, one might consider if greater energy independence could protect other rights, such as lives that might otherwise be lost from armed conflicts in the Middle East.

In addition, you might want to consider if the oil company has a duty to warn people about potential dangers from operations and to compensate individuals that incur harms, based on principles of justice.

4. **Evaluation of Potential Alternatives and Recommendation**

Based on the application of ethical theories, you should make a recommendation that is persuasive and logical. Depending on the circumstances, this could be to continue, modify or discontinue a business practice.

To assist you with framing your arguments, I have posted on PolyLearn a useful guide developed by the College of Business regarding business ethics. We will also address ethical theories and analyses during the first two weeks of the course while we cover the unit on Corporate Social Responsibility.

C. **Other Information**

1. ***Topic and Short Description Due Date:*** October 14
2. ***Report Due Date:*** November 2; Hand in *two copies* of the essay.
3. ***Length:*** Your report should be around 3-6 typed double-spaced pages.
4. ***Total Points:*** 35 (5 points for meeting topic due date; 30 points for the report)
5. ***Outside Consultation:*** You must write your report by yourself without consulting other students in the class. However, I highly recommend that you ask someone who is not in the class to read and comment on a draft before you finalize the paper and hand it in. This is typically the best way to derive feedback about grammatical issues, and to learn if the paper is logically structured around coherent arguments. You may also seek assistance from any authorized writing services provided by the College of Business or Cal Poly.
6. ***Plagiarism Policy:***
Plagiarism is not tolerated and will be handled according to the Policy on Cheating, which is explained in the Syllabus.

Appendix B

Writing Rubric

Student

Name:

Instructor:

Title of

Date:

Work:

Trait	Criteria			Points
	Does Not Meet Expectations	Meets Expectations	Exceeds Expectations	
Organization	Lacks any of the following: introduction, development of issue, supporting position, either conclusion or result.	Includes all of the following: introduction, development of issue, supporting position, either conclusion or result.	Includes all the above and clear transitions between sections.	_____ (5)
Mechanics	Unable to grasp sentence structure, employs an elementary style, includes too many spelling or grammatical errors making it difficult to interpret	Effectively conveys ideas in sentences. May have few slips in spelling or punctuation.	No grammatical or spelling errors. Contains appropriate word choice.	_____ (5)
Use of evidence	Uses generalizations to argue main points and uses insufficient detail. Offers conclusions without evidence or premise.	Offers logical arguments but simplistic development. Arguments may be repetitive.	Develops writing through specific and accurate details. Thoughtful, deliberate, intellectual, and logical.	_____ (5)

Total Points --->

Appendix C

Ethics Rubric

Student

Name:

Instructor:

Title of

Date:

Work:

Trait	Criteria			Points
	Does Not Meet Expectations	Meets Expectations	Exceeds Expectations	
Identifies important stakeholders	Fails to identify relevant stakeholders	Identifies some stakeholders, but fails to recognize an important group	Completely identifies important relevant stakeholders	_____ (3)
Identifies ethical issues and defines relevant ethics theories	Does not identify several ethical issues or adequately define relevant theories	Recognizes several ethical issues and adequately defines relevant ethics theories	Completely identifies ethical issues and accurately defines relevant ethics theories	_____ (4)
Applies ethics theories to address stakeholder concerns	Fails to adequately apply any ethics theory to address stakeholder concerns	Adequately applies ethics theories to address stakeholder concerns	Thoughtfully applies ethics theories to address stakeholder concerns	_____ (5)
Evaluates alternatives and recommends solution	Fails to evaluate alternative results or recommend a solution	Adequately evaluates alternative results and justifies recommendation	Thoughtfully evaluates alternative results and justifies recommendation	_____ (3)

Total Points --->

Appendix D

SAMPLE GENERIC ETHICS REPORT OUTLINE

I. Introduction

- a. Statement of request to make ethical evaluation of specific activity
- b. Statement about process of evaluation
- c. Statement that the report provides recommendations (if any) to establish or improve ethical behavior

II. Detailed Description of Business Activity

III. Business Activity Raises Ethical Issues for Certain Stakeholders

- a. Identify stakeholders that are affected by activity and how
- b. Highlight that there are negative effects on certain stakeholders that require evaluation under selected ethical theories

IV. Application of Relevant Ethical Theory #1 (such as utilitarianism)

- a. Clearly define ethical theory
- b. Indicate stakeholder concerns addressed by the theory
- c. Application and results of ethical analysis

V. Application of Relevant Ethical Theory #2 (such as principle of rights)

- a. Clearly define ethical theory
- b. Indicate stakeholder concerns addressed by the theory
- c. Application and results of ethical analysis

VI. Application of Relevant Ethical Theory #3 (such as principle of justice)

- a. Clearly define ethical theory
- b. Indicate stakeholder concerns addressed by the theory
- c. Application and results of ethical analysis

VII. Recommendations Based on Evaluations of Ethical Theories

- a. For instance -- Alternatives that would increase net benefits to society, and/or reduce violation of rights, and/or make actions more fair, and/or improve ethics under other applicable theories.

VIII. Conclusion

- a. Summary of evaluation
- b. Other relevant closing comments
- c. Courtesy offer to assist in future.