

THE UNIVERSITY OF ILLINOIS AT CHICAGO  
College of Business Administration  
DEPARTMENT OF ACCOUNTING

Accounting 494: The Legal and Ethical Environment of Business  
Fall 2008

Prerequisite: Advanced Standing/Graduate

Class meets from: Monday 6:00 pm – 9:00 pm

Instructor: Associate Professor George Roe

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**Course Description:**

This course examines the decision making process on both the individual and organizational levels. It examines how business decisions are made taking into account moral, legal, and economic factors. Topics include conflicts of interest, privacy issues, discrimination and affirmative action, sexual harassment, employment law, ethics in finance and accounting, Sarbanes-Oxley Act, corporate ethics and governance, and ethics in a global market.

**Required Readings:**

Beauchamp and Bowie, Ethical Theory and Business, Eighth Ed., Prentice Hall, 2008

Friedman, Milton, Capitalism and Freedom, University of Chicago Press, 2002

It is expected that you have done the readings before we discuss them. As you read, copy out important points and questions you have onto a separate sheet of paper. You may also want to note problem passages (e.g., with a "?" or "Q.") in your text as you read. These are good points for discussion in class where we can clarify and discuss them. You should come to each class able to discuss the main issues of the assignment, and you could be asked during class to present the main points of an article or reading.

**Course Requirements and Grading:**

Lectures are an integral part of the course; students are held responsible for the contents of the lectures as well as assigned readings in the textbook. Class assignments indicate the topic and chapter to be read prior to each class session.

**Attendance:**

Regular attendance is required except in cases of illness, emergency, or special circumstances. An absence may be excused and exams may be made up, or homework may be turned in late only if (1) the absence has been approved IN ADVANCE by the professor or (2) the absent student can document illness or emergency. Documents about absence must be brought to professor within one week of returning to class.

**Two unexcused absences** will be allowed without penalty. The penalty for more than two unexcused absences will be a reduction of ten points from your final grade for the course. Except in the case of sudden illness, or emergency, any excusable absence must be made known in advance. Coming late to class after attendance has been taken will be counted as an absence for that class. **This will be the only warning about attendance, so note this well.**

**Participation:** This course requires discussion and participation by all students. There will be ample opportunity for active participation, which I value, and the lack of which may negatively affect the students' final grade. Obviously your participation value is related to your class attendance. "Minus points" may be assessed against a student who, when called upon in class, is clearly not prepared.

Course grade will be determined by your performance on a mid term and a final exam. As stated above, the final grade may be subject to adjustment for excessive absences or lack of preparation in class.

**Cell Phones/pagers:** You are to turn these devices off during class time. NOTE: if a cell phone or pager goes off during class, the offending student will receive a three point reduction per occurrence in their final grade average. **You have been warned.**

**Actual exam dates will be announced in class when the dates are available.**

## CLASS ASSIGNMENTS

The following session assignments for the corresponding topics are tentative, and not cut in stone. If additional time is needed or desirable for a given subject matter, such time will be so allocated.

- Session 1: Introduction to Course.
- Session 2: Friedman pp 1-36;  
B&B Chapter 1 pp 1-18 Ethical Theory and Business Practice
- Session 3: Ethical Theory and Reasoning – Lecture  
B&B pp18-41
- Session 4: Friedman pp 85-118  
B&B Chapter 2 pp 45-67; Purpose of the Corporation  
Legal: Dodge v. Ford p. 90  
Case: 2 p. 98
- Session 5: Friedman pp 119-136  
B&B Chapter 3 Corporate Character and Individual Responsibility  
HANDOUT pp 99-122 B&B pp 147-151 Federal Sentencing Guidelines.  
Legal: US vs. Bank of New England. P. 152  
Cases: 1-2 pp 158-159
- Session 6: Friedman pp 161-176  
B&B Chapter 4 Acceptable Risk HANDOUT pp 175-183; 189-196  
Legal: Henningsen v. Bloomfield Motors and Chrysler Corporation P 237  
Cases: 1 and 4 pp 247, 251
- Session 7: B&B Chapter 3 Ethical Treatment of Employees pp 107-128;  
Legal: Warthen v Tom's River Comm. Memorial Hosp. p. 159  
Cases: 1-2 pp. 171-172
- Session 8: MID TERM EXAM (Estimated time)
- Session 9: B&B Chapter 4 Diversity, Discrimination and Harassment in Workplace  
“ Affirmative Action Goals In Hiring and Promotion” Tom Beauchamp  
194-200; “ Diversity” George Sher pp 219-226.  
“ Sexual Harassment and Solidarity” Larry May pp227-235  
Legal: Meritor Savings Bank v Vinson pp. 258

Cases: 2 and 5 pp. 266, 268

- Session 10: Review of Mid Term; Chapter 4 Continued.  
B&B Chapter 7 Marketing and Disclosure of Information  
“Advertising and Behavioral Control” Robert Arrington pp 282-289  
“Information Disclosure In Sales” David Holley pp 290-297  
Legal: Irving A. Backman v Polaroid Corporation p 317; Coca-Cola Co. v Tropicana Products p 323  
Cases: 3 p 336
- Session 11: Class Discussion: Friedman: Capitalism and Freedom
- Session 12: B&B Chapter 7 Ethical Issues In Information Technology  
“Information and the World Wide Web” Deborah Johnson pp 428-441  
Legal: A&M Records v Napster P 491  
Case: 1 p. 502
- Session 13: B&B Chapter 9 Ethical Issues in International Business  
“Relativism and the Moral Obligations of Multinational Corporations” Norm Bowie pp 577-583  
“The Great Non-Debate over International Sweatshops” Ian Maitland pp597-607  
Legal: Foreign Corrupt Practices Act  
Cases: 1 and 2 pp 648, 650
- Session 14: B&B Chapter 6 Ethical issues in Finance and Accounting  
“Ethics In Auditing” Duska, pp355-364  
“The Structural Origins of Conflicts of Interest in the Accounting Profession” Colin Boyd pp364-373  
Lecture/Discussion GR SOX
- Session 15: Code of Professional Conduct – Lecture/Discussion

FINAL EXAM