

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

Accounting 494: The Legal and Ethical Environment of Business
Spring 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, Seventh Ed., Prentice Hall, 2004

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 1-16 Ethical Theory and Business Practice
- Session 3: Ethical Theory and Reasoning – Lecture
B&B pp16-39
- Session 4: Friedman pp 85-118
B&B Chapter 2 pp 50-74; Purpose of the Corporation
Legal: Dodge v. Ford pp 83-85
Cases: 1-2 pp 89-90
- Session 5: Friedman pp 119-136
B&B Chapter 3 pp 99-122 Corporate Character and Individual Responsibility
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 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 5 Treatment of Employees pp 266-282;
Legal: Warthen v Tom's River Comm. Memorial Hosp. p. 310
Case: 2 p. 321
- Session 8: MID TERM EXAM (Estimated time)
- Session 9: B&B Chapter 6 Diversity and Discrimination in Workplace 331-342; 369-374
Legal: City of Richmond v JA Crosen Co; Meritor Savings Bank v Vinson pp.
379, 384
Cases: 2 and 6 pp. 392, 396
- Session 10: Review of Mid Term;

B&B Chapter 7 Marketing and Disclosure of Information pp 427-447
Legal: Irving A. Backman v Polaroid Corporation; Coca-Cola Co. v Tropicana
Products pp 453, 459
Cases: 1, 5, 7 pp. 461, 464, 465

Session 11: Class Discussion: Friedman: Capitalism and Freedom

Session 12: B&B Chapter 8 Ethical Issues In Information Technology pp 473-494
Legal: A&M Records v Napster P 518
Case: 1 p. 524

Session 13: B&B Chapter 9 Ethical Issues in International Business 538-543; 550-557; 579-
589
Legal: Foreign Corrupt Practices Act
Cases: 1 and 2 pp 621, 623

Session 14: Sarbanes-Oxley Act – Lecture/Discussion

Session 15: Code of Professional Conduct – Lecture/Discussion

FINAL EXAM