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Legal, Ethical, and Social Environment

Summer 2002

BSAD 8010-101 # 00173 **Monday & Wednesday 6:00 - 9:05 PM RH 218**

COURSE DESCRIPTION:

3 credit hours. "Focus upon law and ethics. Business law, legal processes, and regulations will be the subject matter focus. Business ethics will be a recurring focus of analysis. Analysis of the social environment will include public policy. Both subject matter and analysis will be integrated to build the student's critical thinking skills. Prereq.: MBA Foundation courses."

GRADED EVENTS:

A course letter grade of "A" is earned with a total course percentage of 90.0%; an "A-" is earned with 87.0%; a "B+" is earned with 83.0%; a "B" is earned with 80.0%; a "C+" is earned with 75.0%; a "C" is earned with 70.0%; a "D" is earned with 60.0%, and an "F" is earned with less than 60.0%. For graduate classes, **the instructor does not use the grades of "B-", "C-", "D+", or "D-".**

20% Business Case Legal Analysis

5% Context page (first draft)

15% Context, Legal, Ethical, and Social pages

80% EXAMS

30% Midterm Exam

30% Solo Comprehensive Final Exam

20% Group Comprehensive Final Exam

2% Extra Credit

TEXTS:

1. Bagley, Constance E. and Dauchy, Craig E.
The Entrepreneur's Guide to Business Law. USA: West Ed. Pub. Co., 1998.
2. Mnookin, Robert H., Peppet, Scott R., Tulumello, Andrew S.
Beyond Winning: Negotiating to Create Value in Deals and Disputes.
Cambridge, Massachusetts: Belknap Press of Harvard University Press, 2000.

*NOTE: Neither book will be used during Fall 2002.
 Bagley has a 2nd edition and Mnookin will be replaced with a book with an environmental emphasis.*

BUSINESS CASE LEGAL ANALYSIS:

MBA students whose initial enrollment is after Spring 2001 must author a Business Case prior to graduation. A detailed description of this task is distributed in BSAD 8060, also in that course a student selects the firm to be analyzed. (*A (out of date?) version of that detailed description is in the Course Materials section of my web site.*) The Business Case must analyze a discrete business decision from, at a minimum, the perspective of each of the MBA core courses.

Two of the three requirements for selecting a firm apply to all LESE students. Post-Spring 2001 students must select a firm that:

- [1] is registered with the SEC;
- [2] is not your employer; and
- [3] no other MBA students is using.

Pre-Spring 2001 students need only satisfy requirements [1] and [2].

The Business Case Legal Analysis will not be graded using the fine toothcomb of 1% increments. The following truncated scale shall be used.

- 100% best in class
- 90% clearly superior quality
- 80% expected quality
- 60% clearly inferior quality
- 0% non-performance

The mode grade will be an 80%. There is no requirement that there be an equal proportion of grades above and below 80%, but this often happens.

The detailed instructions below will confine your analysis. This should help you. Without such focus it would be quite difficult to accomplish your analysis. Unlike the full Business Case you will author (where you will assume your reader is a generally knowledgeable reader), for the LESE assignment assume your reader is Professor O'Hara. Recall, your task is to prepare the reader to make a decision.¹ Therefore, write using the past tense for items that occur just prior to the decision that reader must make.

This assignment has two parts. Part One has one assignment (i.e., Context), is limited to no more than one page, and is due **June 12**. Part Two has four assignments (i.e., Context, Legal, Ethical, and Social), each of which is individually limited to no more than one page, each of which is individually graded, and is due **June 24**. Part One is worth 5% of the course grade and Part Two is worth 15% of the course grade.

¹ Prior to your graduation the decision must have been made. As of the date of your BCA for LESE the decision may or may not have been made.

Part Two of the Business Case Analysis assignment is made up of four assignments, each limited to no more than one page. The Legal, the Ethical, and the Social assignments each start at the top of a page and each starts the page with a one-sentence paragraph. The Context page shall be typed single-spaced while the Legal, Ethical, and Social pages shall be typed double-spaced. Each of the four pages will use a header identifying the student author, the assignment, and the page (e.g., Michael J. O'Hara, Calgon Carbon Corp., Context, page 1 of 4).

Part One only will involve the Context page. In Part Two, the display sequence of the four assignments shall be Context, Legal, Ethical, and Social.

PAGE ONE: CONTEXT The context assignment provides bibliographic information and context for the business decision. Starting with the first line of text on the Context page, list on separate lines of text:

the name of the company you are analyzing, its ticker symbol and the largest market in which its securities are traded (e.g., NYSE)

three URLs: the company's web site, last 10-K SEC filing, and last 8-K SEC filing
name of your employer and your employer's primary NAICS (p.k.a. SIC) code numbers and names;

the one or two NAICS (p.k.a. SIC) code numbers and names related to the decision you are analyzing;

in four, single-sentence statements state the
[a] decision;

[b] legal issue;

[c] ethical issue; and

[d] social issue.

(NOTE, in turn, the [b], [c], and [d] sentences shall appear as the first paragraph on the next three pages. ALSO NOTE: There is only one decision, but that decision has at least three dimensions and there may be multiple decision makers that "make" it.)

in a table with three year's of data prior to decision, a very simple balance sheet; revenue, net income, and stock price;

also in the table, today, the number of outstanding equity shares and face value of bonds as well as the market value of equity and bonds

and lastly

in a paragraph or two, place the company and its decision in context.

PAGE TWO: LEGAL The first paragraph uses the [b] sentence above. Focus on a single cause of action and use its legal name (e.g., breach of contract).

A single cause of action may surface a host of issues: intensely prioritize your treatment. Do not do laundry lists (e.g., contracts have six elements: agreement, consideration, capacity, reality of assent, form, and legal subject matter), instead focus

on the components (e.g., capacity) critical to the analysis of your decision. Do not use lists of questions: write in the form of answered questions.

Ideally, both the ethical and social issues will spring directly from the same dimension of the legal issue (e.g., capacity). *At a minimum*, both the ethical and the social issues must spring from the legal issue (e.g., breach of contract).

PAGE THREE: ETHICAL The first paragraph uses the [c] sentence above. Unambiguously identify your preferred criteria for measuring "ethical" behavior (e.g., efficiency as ethics). Unambiguously identify who has an ethical concern *and* who is "participating" in making the decision. Perform your ethical analysis from *that* decision maker's point of view. Do not use lists of questions: write in the form of answered questions. Focus is especially beneficial for the ethics assignment.

PAGE FOUR: SOCIAL The first paragraph uses the [d] sentence above. Expand upon, rather than repeat the Legal treatment or repeat Ethical treatment. The social focus can be either internal or external to the firm. Social focus is not "management". Social focus, whether internal or external to the firm, constrains the scope of management discretion. If a person would be considered a foolish manager if that person attempted to "manage" the issue, then that issue is a candidate for being a social issue. Social focus, whether internal or external to the firm, actively involves persons other than the decision maker(s). Do not use lists of questions: write in the form of answered questions.

EXAMS:

There are three exams: a midterm exam and two comprehensive finals, one solo and one group. The Midterm Exam is worth 30% of the course grade and is on **May 29**. The Comprehensive Final Exams are at the Regent's scheduled final exam time of **June 26** and are worth 50% of the course grade. The Solo Comprehensive Final is worth 30% and the Group Comprehensive Final is worth 20%.

The Midterm Exam will have 52 questions graded as if there are only 50. The Solo Comprehensive Exam will have 60 questions graded as if there are only 57. The Group Comprehensive Final will have 20 zero-guess multiple-choice questions derived from the Solo Final. The Group Final questions will be similar to, but not necessarily identical to, the Solo Final questions. Each Study Group will get *three attempts* to successfully complete the Group Final exam with the instructor identifying the correctly answered questions of the first attempt and the second attempt.

STUDY GROUPS:

Study Groups will complete the Group Comprehensive Final. Study Groups are responsible for 20% of your course grade.

Study Groups may form as early as the second class meeting; however, Study Groups must form no later than the start of class on **May 22**. Study Groups may have 3 or 4 members. No Study Group may contain more than one member who is a non-USA national.¹ Within a class section the maximum number of Study Groups is 10. To form a Study Group the members shall prepare a written and signed petition for formation that contains: [1] each member's typed or printed name in addition to signature and [2] nationality. Upon formation, each new Study Group will be announced in class. Proposed Study Groups will be rejected if and only if the remaining students in the class could not form valid and voluntary Study Groups. If the instructor is required to form involuntary Study Groups on May 22, then those involuntary Study Groups shall assigned randomly.

EXTRA CREDIT:

Each student may earn up to 2% of the course grade via an Extra Credit assignment. The Summer 2001 LESE syllabus describes a two-page assignment called a Legal Analysis Paper. By informing the instructor in writing of the date, time, and place, a group of Study Groups may select *-a-* movie or play that is showing in the Omaha metropolitan area to view *as a group* and to then individually author LAPs. The Extra Credit assignments must satisfy the Typing Requirements and be double-spaced. Extra Credit assignments are due no later than **June 19** and will be grade as either 100% or as zero percent based on whether, objectively, the LAP is a good faith effort.

MAKE-UP WORK:

Make-up work is strongly discouraged. **Make-up work is not feasible for the Group Final Exam.** There are two **prerequisites** for make-up work.

1. 24 hour **prior notice** of your intended absence, *unless for sufficient reason (e.g., death of an immediate family member);*
- AND**
2. timely, **written verification** by an impartial third party *(e.g., from the mortician, on letterhead).*

¹ This requirement has nothing to do with the "war" on terrorism. It has everything to do with ensuring an international educational experience for USA students and international students.

TYPING REQUIREMENTS:

DO NOT USE A COVER SHEET, instead **use a single line header (e.g., see top of this page)** on each page identifying, from left to right: (1) the student author; (2) the assignment; (3) and the page of page number [e.g., *Michael J. O'Hara; "The Complete History of America (Abridged)" LAP; page 1 of 2*].

Grammar, punctuation, and spelling do influence your grade. Your papers shall use a #12 font typeface, shall use one-inch margins on all four sides of a page, and shall be typed on 8 1/2" x 11" white paper. Assignments with multiple sheets of paper shall be stapled together.

You have been changed a \$5 *per credit hour* technology fee for the ENRON Computer Lab in RH 403 and the campus computing rooms in EAB 009, MBSC 1st Floor, Elmwood Room, DSC 104, and PKI 158 all of which have word processing software and provide computer support for you. *You also have paid for a UNO Lotus Notes email account.* (See, <http://mail.unomaha.edu> where you use your first and last name as your username and your social security number as your password. UNO sends all official notices to this email account.) *CBA will, upon your timely request, give you a print card for use in the ENRON lab and worth \$5. Black and white copies are less than a nickel a page and color copies are a dollar a page.)*

EACH FAILURE to comply with the typing requirements (e.g., incorrect header or not using a staple) will cause an AUTOMATIC LOSS OF 5% from your earned assignment grade.

ACADEMIC DISHONESTY:

Any form of academic dishonesty (e.g., plagiarism) will be grounds for a course grade of "F."

DATE **CHAPTERS and EVENTS**

May 13 introduction, judicial process, constitutional law, economics, & ethics

May 15 B&D Chap 10 Contracts, 1 Plunge, 2 Employer, & 3 Attorney

May 20 B&D Chap 11 Warranties, & 12 Torts, 14 Intellectual Property

May 22 B&D Chap 6 Money & 7 Bankrupt **form Study Groups**

May 27 *no class Memorial Day*

May 29 6:00 - 6:30 time for pre-exam study
6:30 - 8:30 **Midterm Exam**

June 3 MP&T Part One Dynamics

June 5 B&D Chap 4 Incorporate, 5 Ownership, & 9 Board

June 10 MP&T Part Two Lawyers

June 12 B&D Chap 13 Employees **Context due**

June 17 MP&T Part Three Solving

June 19 B&D Chap 8 Venture Capital & 15 Public Capital
Extra Credit assignments due

June 24 MP&T Part Four Ethics & Multiparty **whole BCA due**
review whole course student evaluations

June 26 6:00 - 6:30 review for exams
6:30 - 9:05 **Solo and Group Comprehensive Final Exams**