Syllabi Collection

# IDEAS WORTH TEACHIN AWARDS

TWENTY COURSES THAT ARE CHALLENGING CONVENTIONAL BUSINESS TEACHING AND SHOWING WHAT IS POSSIBLE IN MANAGEMENT EDUCATION









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Wake Forest University



COURSE	Alternative economic models
N° S1STR304_2016	
Course leader	Sandrine Stervinou
Instructors(s)	BORNAND Elvire; LOUCHE Céline ; NIRELLO Laura ; RENAULT Cécile ; Claire- Isabelle Roquebert ; STERVINOU Sandrine
Course description	The world is facing mounting challenges: the global financial crisis, inequality, poverty, global warming, etc. While conventional economic perspectives do address those challenges only and very partially, we have seen recently a number of initiatives burgeoning such as collaborative economy, green economy, or social economy. Those initiatives provide a new and alternative but also a challenge to conventional models.
	Through a series of conferences with experts, this course offers insights into those new and significant economic models and propose a broader perspective on economic theories.
Course objectives	<ul> <li>The objectives of the course are the following:</li> <li>Introduce and analyse new and alternative economic models/concepts</li> <li>Revisit economic theories and problems through alternative lenses</li> <li>Reflect on economics theories and its implications for issues facing the world today from inequality to climate change to the financial crisis</li> <li>Developing a critical reflection on economic perspectives and developments</li> </ul>
Learning goals & learning objectives	LO01 - Analysis: Make use of critical analysis/critical thinking skills LO05 - Action: Evaluate, prevent and manage short, medium and long-term risks LO08 - Entrepreneurship and Innovation: Take the initiative for projects LO10 - CSR: Identify and understand stakeholder interests LO14 - Cooperation: Work effectively in a team
Tackled concepts	social economy, happiness economics, circular economy, urban agriculture, collaborative economics
Learning methods/Teaching procedures	Information search (academic and non-academic) Readings Information synthesis Team Work Interviews
Assignment	Students are asked to work in teams. Each team will have to develop one of the six themes presented during the lectures (i.e. Social Economy; Urban Agriculture; Collaborative economy; Circular economy; The economy of the well-being / The economy of the happiness). This involves: research of information both academic and non- academic on the subject; one or more interviews with experts/practitioners; writing of a report; and a six minutes' video for the final presentation.

Evaluatio	on	Continuous Assessment	100 %	Individual Work Participation + Quiz			
				Team work			
Bibliogra Material	phy/Course	See specific bibliography ass	ociated t	o each lecture.			
Number	of ECTS credits	2,5					
Schedule		6 lectures of 2 hours	<ul> <li>12 hours organised as follow:</li> <li>6 lectures of 2 hours (session 1 to 6)</li> <li>6 coaching session of 2 hours (session 7 to 12)</li> </ul>				
N°	Туре						
1		- Presentation of the assignr	Introduction - Presentation of the course - Presentation of the assignment - Methodological requirements for the project				
2		Lecture: Social Economy Two approaches will be p European Approach (EMES)		: the Social Innovation School and the the social innovation school and the the use of two examples.			
		<u>Books</u> : Draperi J.F. (2007), Comprer Defourny J. et Nyssens M. (		nomie sociale, Dunod onomie sociale et solidaire, De Boeck			
3		<b>Lecture: Urban Agriculture</b> This course will be given by an artist who took part in artistic and ecological project on urban gardens.					
		<u>Book</u> : Cockrall-King J. (2017), La révolution de l'agriculture urbaine, EcoSociété					
4		Lecture: Collaborative economy         What is collaborative economy? What are its boundaries and limits?         Building on concrete cases, this lecture will provide the good and dark side of collaborative economy. It will lead to discussions and reflections around 'uberization', behavior changes, and gift economy.					
		<u>Books</u> : Novel S ; Riot S. (2012), Vive la co-révolution – Pour une société collaborative, EMS					
		Decrop A. (2017) (dir.), L'économie collaborative, De Boeck					
5		Lecture: Circular economy Why companies have to think about circular economy? What is it all about? How circular economy can be integrated in value chains? This lecture will provide insights into the concept of circular economy and its implementation.					
		<u>Website</u> : ellenmacarthurfoundation.org <u>Book</u> : <u>http://instituteddec.org/DEV/wp-content/uploads/2016/09/Economie-</u> <u>circulaire_transition-incontournable_IEDDEC-final.pdf</u>					



6	<b>Lecture: The economy of the well-being / The economy of the happiness</b> This session will introduce the notion of the economy of happiness. It will
	present the debates and challenges around this concept as well as the latest developments.
	Why thinking about happiness? Why our politicians are looking for other indicators than the traditional economic ones? What is the reliability of the economy of the happiness concept? What is its interest? How to measure happiness? Those are some of the questions that will be addressed.
	<u>Book</u> : Davoine L. (2012) <i>, économie du bonheur,</i> Repères.
7	Coaching session: Delimitation of the project
	We will start the session by a debriefing of the different lectures and each time look and discuss concrete examples.
	Then students will be asked to choose a company from a predefined list to analyse it under one of the perspectives provided during the lectures. Part of the session will be devoted to work on the choice of a subject for the final assignment.
8	Coaching session: Debrief on readings
	During this session, each group will be asked to present what they have read so
	far and what sources they have used. This debrief will be important to identify
	the missing elements and provides a working plan.
9	Coaching session: Definition of the problematic and identification of people
	to interview
	During this session, students will be asked to present the problematic or issue
	they will focus on. At this point it is very important to be as specific as possible
	and very clear about the focus and perspective taken.
	Groups will be also asked to identify relevant organisation/people to interview
	to inform their analysis and understanding of the issue.
10	Coaching session: Debrief on the interview(s) The focus of this session will be in the interview(s): who will be interviewed? Why? How will it be organised? What questions will be asked? What do you expect to find out?
11	Coaching session: Debrief on the presentation's design
	This session will be focused on the video each group has to prepare for the final session. Each group is asked to come with the design and storytelling of the video. It is important to check for the following elements: - A clear message
	- Relevant information
	<ul> <li>Style and 'tone' of the video (drawing, humour, TV journal, etc).</li> <li>Timing (no more than 6 min)</li> </ul>
12	Videos presentation
	This session is devoted to the presentation of the project. Each group will
	present their 6 minutes' video to introduce the topic and present their findings.
	At the end of the session students and professors will vote for the best video. The best videos will be presented to all students and professors of the school.
	The final 20 minutes will be used as a debriefing of the whole course.



#### **Course:**

## **BUS 446 Business Ethics: Critical Thinking through Film**

Semester: Fall 2016

Instructor: Professor Jadranka Skorin-Kapov

Meeting Time: Tuesday, Thursday 4:00pm - 5:20pm

Location: Harriman Hall 108

Instructor Contact Information			
<b>OFFICE:</b>	Harriman Hall 323		
PHONE:	(631) 632-7426		
FAX:	(631) 632- 9412		
e-mail:	jadranka.skorin-kapov@stonybrook.edu		
web page:	http://www.ams.sunysb.edu/~jskorin/vita.html		

Instructor Office Hours:	Tu, Th 9:00am-9:30am;
	Tu, Th 3:00pm- 3:30pm;
	Mon, Wed 4pm-4:30pm

#### **Course Description**:

This course combines critical thinking, discussion of moral values, and ethical considerations applied in a business setting. Using narrative film (i.e. a fictional scenario) to depict challenging ethical dilemmas, students will engage in critical thinking, evaluation of moral standards, and display of various ethical positions pertaining to contemporary society and business. A simulated situation as presented in a narrative film and supported by research from the humanities, will add to *experiential learning*, emphasized in contemporary business education.

#### Prerequisites: BUS 115, Business major or minor,

#### **U4 Course Overview:**

Critical thinking involves analysis of relevant issues such as creativity, goals, and impact. Morality presents a set of one's beliefs and contributes to one's character. Ethics is a set of actions in line with moral beliefs. Ethical dilemmas arise in situations that are complex, blurring the line between what is right and what is wrong. For example, assuming that telling the truth is morally right, is telling the truth always the preferred action?

The purpose of this course is to simulate a situation when you need to engage your capabilities in the following ways: (1) critically evaluate the product (film) in terms of its artistic creativity versus its business goal and ideological propagation; (2) discuss the ethical situation and actions depicted in a film by using different normative ethical positions; (3) evaluate your moral beliefs

by imagining yourself in the fictional role presented in film; (4) decide what would you do in such a situation.

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Having a simulated environment is a pragmatic and a well-developed educational approach to challenging jobs. For example, pilots and astronauts go into a flight simulator before going into space, architects and engineers rely on modeling before undertaking the production. In analogy, when teaching business decision making, including leadership and entrepreneurship, films presenting ethical, business, personal, and social challenges can serve as a *simulator* for inducing experiential learning in the analysis of the business scenario. Since nowadays we live in an ever increasing virtual environment, prevalent with visual tools, using narrative film as a source for analyzing business decisions seems a worthwhile approach.

#### **Required Texts & Other Course Materials:**

Blackboard: notes by J. Skorin-Kapov and some assigned articles.

Wanda Teays, *Business Ethics through Movies: A Case Study Approach*, Wiley-Blackwell (2015)

The films to be discussed in the course are available via different channels. There is a possibility of monthly subscription on either Netflix, Amazon Prime or Hulu Plus. (A comparison is at <a href="http://www.businessinsider.com/amazon-prime-versus-netflix-versus-hulu-plus-2014-4">http://www.businessinsider.com/amazon-prime-versus-netflix-versus-hulu-plus-2014-4</a>) Also, many films are available for renting on M-Go, usually for \$3.99 per film. In addition, assigned films will be held on reserve in the Melville Library in the event that they cannot be viewed elsewhere.

Note: It is important that you read and/or see the assigned material before class.

#### **Student Learning Outcomes**

#### **College of Business Program Learning Outcomes**

**1.** <u>Critical Thinking Skills</u>: Students will apply critical analysis to film as a product combining artistic elements, business elements, and ideological elements. This will enhance the ability to evaluate different strategies influencing one's moral, social and business values.

2. <u>Ethics and Social Responsibility</u>: By analyzing a fictional scenario students will learn and apply various ethical positions from different points of view: personal, corporate, stakeholders.

3. <u>Interpersonal and Communication Skills</u>: Students will learn how to write a wellorganized and coherent analysis of a situation depicted in a film, and how to participate in discussions by clearly stating arguments supporting their views, and by acknowledging possibly conflicting arguments by others.

**Note:** Learning outcomes will be assessed through written assignments, in-class discussions, a group presentation, and a written group project.

#### **Course Specific Learning Outcomes**

This course is designed to provide students with the following knowledge and skills:

**1.** Understand the theoretical concepts regarding narrative film (story, plot, genres, style) as art and as business. How to influence the spectatorship? How to critically examine the elements of the story and the message film tries to convey?

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**2.** Learn about moral and ethical issues and apply them to the situation depicted in a film. The issues include:

a) The human condition (character) by addressing the question of moral character;

b) Normative ethical theories including Virtue Ethics (Aristotle), Deontological Ethics (Kantian duties), Teleological Ethics (Utilitarianism);

c) Understanding ethical dilemmas including diverse perspectives and technological advances;

d) Analysis of ethical dilemmas applied to Business Ethics, including the relation between business and society, responsibility, human rights, business-stakeholder interactions, and ethics in the workforce.

- Demonstrate an ability to distinguish among the ethical principles guiding human behavior.

- Apply ethical reasoning to a variety of situations and human experience.

- Understand and differentiate ethical, legal, social justice, and political issues.

**3.** Develop the verbal and written skills to articulate valid arguments on better understanding of your own morality and code of ethics: your values, motives, and desires in your career.

- Collect the most pertinent evidence, draw appropriate disciplinary inferences, organize effectively for one's intended audience, and write in a confident voice using correct grammar and punctuation.

- Research topic, develop an oral argument and organize supporting details.

- Deliver a proficient and substantial oral presentation for the intended audience using appropriate media.

- Evaluate oral presentations of others according to specific criteria.

#### **Course Requirements & Grading Information:**

The final grade is calculated out of a total of **100 points**, based on the following percentage components:

Class participation	20%	
Class notes assignments	24%	
Paper assignment	25%	
Group presentation	25%	
Initial questionnaire	3%	
Final questionnaire	3%	
Total	100%	

Note:

1. Class participation grade will depend on the extent to which you actively and constructively discuss relevant issues. You need to apply the concepts from readings to specific films, to clearly articulate your point of view, and to engage in discussing the viewpoints of others. Assigned class material should be read before class in which it is discussed. Points may be deducted for disrupting class (arriving late, leaving earlier, using phones, etc.)

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2. Class notes assignments should be submitted prior to discussions, and late submissions are not acceptable. They should be about 300 words, analyzing a specific filmic situation, and how the issues relate to the relevant discussions, readings and concepts studied in class. It should be submitted via blackboard and it will be checked for plagiarism. There will be 8 class notes assignments, each graded on the following 0-3 point scale: 0 = missing or not submitted on time; 1= submitted on time but incomplete or inadequate; 2= submitted on time but not addressing all issues; 3= submitted on time and meeting all requirements

**3. Paper assignment** is a more detailed description of the film *A Most Violent Year* (J.C. Chandor, 2014). It should be submitted via Blackboard, before the beginning of class when the film is scheduled for discussion. It should be about 800-1000 words.

4. Depending on the class size, at the beginning of the semester students will form **groups of 3-5 members**. A group will select one of the topics for class discussion, find a relevant film, analyze it in light of the selected topic, and prepare a **Power Point presentation** for class. **The presentation should run up to 10 minutes, and the group will afterwards lead the class discussion up to 10 min. The group will receive a single group presentation grade.** 

**5**. There are two questionnaires to be completed in this class: the initial one at the beginning of class, and the final one during the last week of classes. The questionnaires will deal with your professional value statements and ethical understanding.

#### **Grading Policies**

The final grade is based on a 100-point scale, as follows:

A = 95-100 A = 90-94.99 B = 85-89.99 B = 80-84.99 B = 75-79.99 C + = 70-74.99 C = 65-69.99 C - = 60-64.99 D + = 55-59.99 D = 50-54.99 F = 49.99 or below

<u>Academic Integrity:</u> Each student must pursue his or her academic goals honestly and be personally accountable for all submitted work. Representing another person's work as your own is always wrong. Faculty is required to report any suspected instances of academic dishonesty to the Academic Judiciary. For more comprehensive information on academic integrity, including categories of academic dishonesty please refer to the academic judiciary website at <u>http://www.stonybrook.edu/uaa/academicjudiciary/</u>

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#### Academic Dishonesty:

The College of Business regards any act of academic dishonesty as a major violation punishable by severe penalties, including dismissal from the University. University policy requires that instructors and GAs and TAs report all suspected cases of academic dishonesty to the appropriate Academic Judiciary Committee, which is empowered to take strong action against violators. Under no circumstances will the College of Business permit cheating of any kind. Many activities constitute academic dishonesty. The following list is not inclusive, only suggestive:

• Cheating on exams or assignments by the use of books, electronic devices, notes, or other aids when these are not permitted, or by copying from another student.

• Collusion: two or more students helping one another on an exam or assignment when it is not permitted.

• Ringers: taking an exam for someone else, or permitting someone else to take one's exam. Submitting the same paper in more than one course without permission of the instructors.

• Plagiarizing: copying someone else's writing or paraphrasing it too closely, even if it constitutes only some of your written assignment.

• Submitting the same paper in more than one course without approval of the instructors.

• Falsifying documents or records related to credit, grades, status (e.g., adds and drops, P/NC grading), or other academic matters.

• Altering an exam or paper after it has been graded in order to request a grade change.

• Stealing, concealing, destroying, or inappropriately modifying classroom or other instructional material, such as posted exams, library materials, laboratory supplies, or computer programs.

• Preventing relevant material from being subjected to academic evaluation.

#### Americans with Disabilities Act:

If you have a physical, psychological, medical, or learning disability that may impact your course work, please contact Disability Support Services at (631) 632-6748. They will determine with you what accommodations are necessary and appropriate. All information and documentation is confidential.

Students who require assistance during emergency evacuation are encouraged to discuss their needs with their professors and Disability Support Services. For procedures and information go to the following website: <u>http://www.sunysb.edu/ehs/fire/disabilities.shtml</u>

#### **Critical Incident Management:**

Stony Brook University expects students to respect the rights, privileges, and property of other people. Faculty are required to report to the Office of Judicial Affairs any disruptive behavior that interrupts their ability to teach, compromises the safety of the learning environment, or inhibits students' ability to learn. Faculty in the HSC Schools and the School of Medicine are required to follow their school-specific procedures.

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#### Blackboard:

You can access class information on-line at: <u>http://blackboard.sunysb.edu.</u> If you have used Stony Brook's Blackboard system previously, your login information (Username and Password) has not changed. If you have never used Stony Brook's Blackboard system, your initial password is your SOLAR ID# and your username is the same as your Stony Brook (sparky) username, which is generally your first initial and the first 7 letters of your last name.

If you are having trouble logging into Blackboard, you will need to log into <u>SOLAR</u> to verify your **Net ID username & set your Net ID Security Question and Password.** For more information, visit: <u>http://clientsupport.stonybrook.edu/</u>

If you are a student and continue to have a problem logging into Blackboard, you will need to bring photo ID to either the Melville Library SINC Site Room S1460 or the Union SINC Site Room 080 and speak to a Blackboard Administrator from Saturday - Friday from 9 am - 5 pm.

# **Course Structure**

The lectures will iterate between theoretical topics, real business cases, and subsequent discussions on films. A presentation and a discussion of theoretical topics and business cases will serve as a preparation for subsequently analyzing some films. The assigned material should be read prior to class. Assigned films to be discussed should also be seen in advance, to facilitate connections with theoretical concepts, and to facilitate the preparation of the assignment analyzing a given film.

We will critically discuss some films from the Teays' textbook, and films not discussed in the textbook, to allow for creative discussions. Students' assignments refer to films not presented in the textbook and should be submitted online before the class in which these films will be discussed. The analysis should relate the theoretical concepts with the characters and the story depicted in film: What are the main ethical issues? How do they relate to the theoretical concepts discussed? Why is this relevant?

## **Class Schedule and Assignments**

#### Week 1

<u>**Tu 8/30</u>** Overview of syllabus: topics (morality, character traits, normative ethics and applied ethics, critical thinking, decision making), course objectives, student requirements, grading and assessment. Discussion on group projects.</u>

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#### Reading:

Introduction to Critical Thinking and Decision Making (J. Skorin-Kapov) (Blackboard) Experience from film (J. Skorin-Kapov) (Blackboard)

# <u>Th 9/1</u> Moral agency, overview of ethical positions (virtue ethics, teleological ethics, deontological ethics)

#### **Reading:**

Overview of Ethical Positions (J. Skorin-Kapov) (Blackboard) Chapter 2.1. in Business Ethics Through Movies Discussion on current real world cases involving ethical issues. **Discussion on film** Insider (Michael Mann, 1999)

#### Week 2

Tu 9/6 No Class

#### <u>Th 9/8</u> Mythical structure of narration and character types

#### Reading:

On Jung's Archetypes, Campbell's Mythology, and Vogler's Practical Guide for screenplays (J. Skorin-Kapov) (Blackboard)

C. Vogler, A Practical Guide to Joseph Campbell's *The Hero with a Thousand Faces*." <u>http://www.thewritersjourney.com/hero%27s\_journey.htm#Practical</u> Watch: *Movies in your Brain: The Science of Cinematic Perception* (<u>http://www.oscars.org/events/movies-your-brain-science-cinematic-perception</u>) Greg Miller, *Data from a Century of Cinema Reveals How Movies Have Evolved* (<u>http://www.wired.com/2014/09/cinema-is-evolving</u>/)

Discussion on film: Star Wars Episode V: The Empire Strikes Back (Irvin Kershner, 1980)

# Group membership defined; over the next 2 weeks groups need to identify films for group presentation.

#### Week 3

<u>**Tu 9/13</u>** On narrative film in general (story, plot, genres, style): Understand film as art and as business. How to influence the spectatorship? How to critically examine the elements of the story and the message film tries to convey?</u>

#### **Reading:**

*Film, Identification, Emotion, Genre* (J. Skorin-Kapov) (Blackboard) Watch: *Understanding film narrative: Observations on film art* (D. Bordwell <u>http://www.davidbordwell.net/blog/2014/01/12/understanding-film-narrative-the-trailer/</u>

#### **Discussion on films**:

Noah (Darren Aronofsky, 2014) Funny Games (Michael Haneke, 2007) (international co-production, exterior is filmed on Long Island) Disconnect (Henry Alex Rubin, 2012)

#### <u>Th 9/15</u> On qualitative analysis, ethics and society: On ethical decision making.

**Reading:** Chapter sections 1.1 and 1.2 in *Business Ethics through Movies About Benefit Corporations* (J. Skorin-Kapov) (Blackboard) *On "B Corp" (Benefit Corporation)* <u>https://www.bcorporation.net/what-are-b-corps</u> **Discussion on films** *A Hijacking* (Tobias Lindbolm, 2013) Danish film

*A Hijacking* (Tobias Lindholm, 2013) Danish film *Michael Clayton* (Tony Gilroy, 2007)

Discussion on real world cases involving similar ethical issues.

#### Week 4

Tu 9/20Discussion on filmMargin Call (J.C. Chandor, 2011)Class Notes Assignment 1 on Margin Call due beginning of class.

#### Th 9/22 Virtue Ethics and moral character

**Reading:** Chapter section 2.4 in *Business Ethics through Movies* 

#### Discussion on films displaying moral character, including:

Erin Brockovich (Steven Soderbergh, 2000); Michael Clayton (Tony Gilroy, 2007); Insider (Michael Mann, 1999)

Discussion on real world cases.

Deadline for submitting film proposals for group presentation.

#### Week 5

Tu 9/27Discussion on film

Insomnia (Christopher Nolan, 2002)

Class Notes Assignment 2 on Insomnia due beginning of class.

Th 9/29Teleological Ethics: The end justifies the meansReading: Chapter section 2.2 in Business Ethics through MoviesGreed is Good speech clip from Wall Street (Oliver Stone,1987) Discussion on film Contagion (Steven Soderbergh, 2011)Discussion on real world cases involving similar ethical issues.Group presentations schedule finalized.

#### Week 6

Tu 10/4Discussion on filmExperimenter (Michael Almereyda, 2015)Class Notes Assignment 3 on Experimenter due beginning of class.

<u>Th 10/6</u>: Deontological Ethics: on Kantian ethics and duties Reading: Chapter section 2.3 in *Business Ethics through Movies* Discussion on film *Shattered Glass* (Billy Ray, 2003) Discussion on real world cases involving similar ethical issues.

#### Week 7

<u>Tu 10/11</u> Discussion on film

*Arbitrage* (Nicholas Jarecki, 2012) Class Notes Assignment 4 on *Arbitrage* due beginning of class.

Th 10/13: Moral reflection: environmental issues

**Reading**: Chapter section 3.1 in *Business Ethics through Movies* **Discussion on film** A *Civil Action* (Steven Zaillian, 1998) About activism and fake news tactics using film (example: *The Yes Men* and Bhopal Disaster <u>https://www.youtube.com/watch?v=LiWlvBro9eI</u>) Discussion on real world cases involving similar ethical issues. ••• 15

#### Week 8

Tu 10/18Discussion on filmThe Day After Tomorrow (Roland Emmerich, 2004)Class Notes Assignment 5 on The Day After Tomorrow due beginning of class.

Th 10/20: Ethics in workplace: addressing different ways of workplace violence Reading: Chapter section 3.2 in *Business Ethics through Movies* Discussion on film *Network* (Sidney Lumet, 1976) Discussion on real world cases involving similar ethical issues.

#### Week 9

Tu 10/25:Discussion on filmA Most Violent Year (J.C. Chandor, 2014)PAPER ASSIGNMENT on A Most Violent Year due beginning of class.

**<u>Th 10/27</u> Ethical challenges in business:** inequity **Reading:** Chapter section 3.3 in *Business Ethics through Movies* **Discussion on film** *Made in Dagenham* (Nigel Cole, 2010)

Discussion on real world cases involving similar ethical issues.

#### Week 10

#### Tu 11/1Discussion on film

*Two Days, One Night* (J. Dardenne and L.Dardenne, 2014) Belgian, French, Italian film Class Notes Assignment 6 on *Two Days, One Night* due beginning of class.

#### Th 11/3 Addressing workplace harassment

**Reading**: Chapter 3.4 in *Business Ethics through Movies* **Discussion on film** *North Country* (Niki Caro, 2005) Discussion on real world cases involving similar ethical issues.

#### Week 11

Tu 11/8Discussion on filmThe Hunt (Thomas Vinterberg, 2012) Danish filmClass Notes Assignment 7 on The Hunt due beginning of class.

#### Th 11/10 Global Justice and Human Rights: Business, society, racism

**Reading:** Chapter section 3.5 in *Business Ethics through Movies* **Discussion on films** *Sleep Dealer* (Alex Rivera, 2008), *Trading Places* (John Landis, 1983) Discussion on real world cases.

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#### Week 12

Tu 11/15Discussion on filmBabel (Alejandro Iñárritu, 2006)Class Notes Assignment 8 on Babel due beginning of class.

# <u>Th 11/17</u> Ethical challenges in business: Ethics and Business Competition Reading:

A. Shleifer, *Does Competition Destroy Ethical Behavior?* (http://scholar.harvard.edu/files/shleifer/files/competition\_ethics.pdf)

**Discussion on film** *Glengarry Glen Ross* (James Foley, 1992) Discussion on real world cases involving similar ethical issues.

#### Week 13

# Tu 11/22:Ethics and Business InnovationReading:

K.E. Martin, *Innovation, Ethics, and Business* (<u>http://www.corporate-ethics.org/pdf/innovation\_ethics.pdf</u>)

#### **Discussion on film**

*Tucker the Man and His Dream* (Francis Ford Coppola, 2000) **No Assignment this week: prepare for group presentations** 

Th 11/24 No Class – Thanksgiving

Week 14	
<u>Tu 11/29</u>	Group presentations

Th 12/1 Group presentations

#### Week 15

Tu 12/6:Summarizing the ethical concepts addressed in the courseDiscussion on films: Groundhog Day (Harold Ramis, 1993); Crouching Tiger, Hidden Dragon (Ang<br/>Lee, 2000)

<u>Th 12/8</u>: Concluding a discussion on ethical concepts, films seen in the course, and possible impact on development of moral judgments.

#### Films suggestions for Group Projects:

Up in the Air (Jason Reitman, 2009) Return to Paradise (Joseph Ruben, 1998) Leviathan (Andrey Zvyagintsev, 2014) Russian film Footnote (Joseph Cedar, 2012) Israeli film Outbreak (Wolfgang Petersen, 1995) Suffragette (Sarah Gavron, 2015) Crash (Paul Haggis, 2004) After the Wedding (Susanne Bier, 2006) Danish film Do the Right Thing (Spike Lee, 1989) Human Capital (Paolo Virzi, 2013) Italian film Runaway Jury (Gary Fleder, 2003) Spotlight (Tom McCarthy, 2015) The Big Short (Adam McKay, 2015) The Dinner (Ivano De Matteo, 2014) Italian film The Emperor's Club (Michael Hoffman, 2002) The Fugitive (Andrew Davis, 1993) The Inheritance (Per Fly, 2003) Danish film The Truman Show (Peter Weir, 1998) Water (Deepa Mehta, 2005) Indian, Canadian film

**NOTE:** In consultation with the instructor, other films could be selected for a group project.

Assessment of student work: A rubric will be used to assess the paper assignment.





#### <u>Corporate Social Responsibility - 2 1231.3925.01 – תידיגאת תוירחא</u> Semester 2017

\*Translated and shortned

Phone	Mail	Lecturer	Final Exam	TIME	DAY	GROUP
052-257412	2 <u>talia@taharoni.co.il</u> taharoni@tau.ac.il	Dr. Talia Aharoni	Listed	18:45-21:30	Tuesday	01

םידומילה ףקיה Scope

ס"י 1 סרוקה ףקיה

ECTS ס"י 1 ECTS – 4= 1 ס"י 1 ECTS (, סרוקה לש דוקינה ךרע European Credit Transfer and Accumulation System (, סרוקה לש דוקינה ךרע הינולוב רילהת"מ קלח םניהש םלועב ההובג הלכשהל תודסומב".

#### סרוקה רואית Course Description

Corporate Responsibility has become a core business practice, vital to business growth, development and management of any global and / or local company. The various aspects and issues encompased in the CR field underlie the discussion of the responsibility of businesses, the nature of the modern capitalist approach, the inter-relations between governments, businesses and civil society organizations.

The course discusses the major issues of the field of CR, including theories and scenario analysis, characterization of various business sectors, acquaintance with the Company's sectors and stakeholders, and an examination of the roles of the Board of Directors and officers in securing corporate objectives in accordance with the interests of its stakeholders.

We will examine the area of corporate responsibility as an organizing axis for managing business in a multivariate world: changing the global social agenda, legislation, global trade, social and environmental changes, and focusing on the integration of the corporate responsibility approach as an integral part of business strategy and business management. While presenting possible ways of implementing the decision-making system of the modern firm, overcoming the dilemmas that arise and analyzing practical scenarios. The course presents and evokes discussion on CR as a business strategy approach. Presenting CR as a mediating concept between the short term business objectives of maximizing profits to the long term business innovation and development, the course discusses risk management, environmental and social sustainability, corporate learning and development , stakeholders relations and business leadership.

Upon completion of the course, the student will be able to :



- 2 To examine and understand the complexity of the global and Israeli business arena for its political, social and environmental changes.
- 3 From this understanding, to analyze events and business scenarios in their broad aspects
- 4 Integrate social, environmental and governance criteria in the diversified areas of management: strategy and business development, financing, marketing, work environment, corporate governance, investments management in the Israeli and global capital markets.
- 5 Identify, define, and leverage the opportunities, dilemmas, and challenges of implementing a corporate responsibility approach to management.
- 6 Implement a variety of tools and methods to enhance corporate responsibility and sustainability in management both in the Israeli market and in the global scenec: laws, regulations, indices, business models.

#### Course agenda \* סרוקה תינכת

Cases :	** Readings	Subjects:	Date	Week
Greenpeace Unilever NIKE SHELL	Friedman, M. (1970). Locke R. M. (2003)	Introduction: The Interrelationships between Business and Society in the Global World, Fundamental Concepts, Principles and the Timeline of Corporate Responsibility	14.3.17	1
McDonald's; Coca-Cola; GE Students present.	Carroll, A.B. (1991). Freeman E. R. (2005 AA10000.	Stakeholders Engagement and Materiality : identification and mapping of the corporation's stakeholders, the Non-Profit Sector, strategies for building cross-sectoral partnerships, and dialogue development	21.3.17	2
Enron ; IDB; Merck; Tnuva Siicon in Milk Students	Zamir, y. (2009) The Goshen Report The MBA Oath:	Corporate ethics and governance : What is between ethics-governance and them? What is an ethical dilemma? Key Approaches to Management Ethics, Effective Corporate Governance and Relation to Corporate Responsibility and Risk Management. Report of the Goshen Committee for Corporate Governance. The MBA Oath:	28.3.17	3
Netafim Drip Irrigation; Interface; Eco- Magination Students	Garrett Hardin. (1968 <b>)</b> Gressel (2012) Noam	Sustainability and environmental responsibility The trajedy of the Common; The Environmental crisis, The sustainability approach, environmental impacts of businesses: exploitation of natural resources, biodiversity, global warming, water, waste; Sustainability as a promoter of business growth and new business models	4.4.17	4
The Chocolate Industry Marks & Spencer	Ruggie, John. 2008. The CR Management	Social responsibility – Core Issues : Corporations and human rights. Social justice and diversity in the workplace. Community development and relations ; The marketplace	25.4.17	5



Cases :	** Readings	Subjects:	Date	Week
Walmart Students	CODE ,Maala (2004)	sales and advertising, Supply-chain, procurement policy, business development		
PRI ; Calvert; Domni; Tel- Aviv Stock Exchange Students	GRI's G4 Robins N. (2008( PRI: Principles for Responsible Investment Maala Ranking and Index	<b>Sustainability Reporting :</b> The Triple Bottom Line; model; Reporting frameworks; Integrated reporting <b>Responsible investments:</b> ESG criteria in investment management and credit granting, indices and ratings in the Israeli and global capital markets, responsible investment channels	9.5.17	6
Students presentatio ns Car to Go AirBNB Africa Cellular	Zadek S. (2004). Michael E. Porter & Mark R. Kramer. (2011). <u>Harvard Business</u> <u>Review</u> , Elkington.J (2009)	<b>Conclusion: Who is responsible?</b> Current and future trends in corporate responsibility; Scenario analysis, how to manage and implement corporate responsibility, new business models, The sharing & circular ,economy Corporate Responsibility in <b>Israel</b>	16.5.17	7

\*םייונישל סיסב וניה האירקה תמישרו תינכתה.

\*\* הלעמל טרופמה י"פע) הבוח תאירק (Readings

#### Week 1:

#### Friedman, M. (1970). "The Social Responsibility of Business is to Increase its Profit", <u>New</u> <u>York Times Magazine</u>, September 13, 1970. Pp: 32-34, 122-126. Available at:

http://www.colorado.edu/studentgroups/libertarians/issues/friedman-soc-resp-business.html Locke R. M. (2003). The Promise and Perils of Globalization: The Case of Nike, in R. Schmalensee and T. A. Kochan (eds.), *Management: Inventing and Delivering Its Future*, Cambridge, MA: MIT Press. Available at: <u>http://www.ross.mayfirst.org/files/locke-Richard-nikepaper\_0.pdf</u> **Week 2:** 

Carroll, A.B. (1991). "*The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizations Stakeholders"*, <u>Business Horizons</u>, July-August, Vol. 34 (4), Pp. 39-48. <u>http://www.cbe.wwu.edu/dunn/rprnts.pyramidofcsr.pdf</u>

- 4. Freeman E. R. (2005) A Stakeholder Theory of Modern Corporation, in L. P. Hartmann (ed.), Perspectives in Business Ethics, 3rd edition (New York), 112–122. Available at: <u>http://academic.udayton.edu/lawrenceulrich/Stakeholder%20Theory.pdf</u>
- 5. AA10000. (2010) Accountability Principles Standard, Final Draft
   )אירבעל םוגרת (http://www.goodvision.co.il/images/File/website%20version.pdf)

.) ארשיב ארשיב (Corporate Governance) אידיגאת לשממ דוק תניחבל הדעווה ח"וד (Corporate Governance) אידיגאת לשממ דוק תניחבל הדעווה ח

- 4. The MBA Oath: <u>http://mbaoath.org/about/the-mba-oath/</u> Week 4:
- 5. Garrett Hardin. (1968) "The Tragedy of the Commons". <u>Science</u>, December 13. Vol.162. Pp. 1243-1248.
- Harvard Business Review Forethought Special Report (2007). Climate Business/Business Climate, Vol. 85 (10): 22-40: <u>http://webuser.bus.umich.edu/ajhoff/mgmt\_pub%20files/2007%20HBR.pdf</u>
   <u>םייעבט םיבאשמב העקשהב יולת דיתעה .תבכרה תא הרחא תוּמייקה תסיפת</u> (2012). (לסרג

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#### <u>Week 5:</u>

3. Ruggie, John. 2008. "Promote, Respect and Remedy: A Framework for Business and Human Rights." Innovations, Vol. 3, no. 2 (spring), pp. 189–212: <u>http://www.mitpressjournals.org/doi/pdf/10.1162/itgg.2008.3.2.189</u>

הלעמ ,יתרבח לוהינל דוקה. 2004

http://www/maala/org/il/warehouse/userUploadFiles/File/infoport/ethics/Ecode.pdf Week 6:

- 5. GRI's G4 <u>https://www.globalreporting.org/reporting/g4/Pages/default.aspx</u>
- 6. Robins N. (2008( The emergence of sustainable investing *in* C. Krosinsky and N. Robins (eds.), *Sustainable investing: the art of long-term performance*, London: Earthscan, 3-18. <u>The Six Principles for Responsible Investment</u>
- 7. PRI: Principles for Responsible Investment <u>http://www.unpri.org/principles/hebrew.php</u>

#### <u>Week 7:</u>

• <u>קניל</u> - 2015 הלעמ גוריד

- Zadek S. (2004). The Path to Corporate Responsibility. Harvard Business Review 82 (December), 125-<u>http://www.hse.ru/data/988/481/1225/Oct%2028%20%20Zadek.pdf</u>
- Michael E. Porter & Mark R. Kramer. (2011). "The Big Idea: Creating Shared Value". <u>Harvard Business</u> <u>Review</u>, January-February, 89(2). Pp: 62-77. <u>http://hbr.org/2011/01/the-big-idea-creating-shared-value/ar/1</u>
- Elkington.J (2009) The Pheonix Economy 50 Pioneers in the Business of Social

Innovation. http://volans.com/wp-content/uploads/2013/03/The-Phoenix-Economy.pdf

Aditional Readings תושר תאירק

- Limor N. (2010). "*The social responsibility of Businesses*", <u>Social Security</u>, issue 83, pp.19-80. [In Hebrew].
- Shamir R. (2007) "The Private Market and the Public Pressures"
- Avshalom, A. (2009). "Affective assimilation process in a professional community", Human resources, Jan-Feb. pp. 56-67. [In Hebrew].
- Kei, A. (2009). "What is the Ethical code and what are its roles", Business ethics: from theory to practice, The Value in Business Center. pp. 31-39. [In Hebrew]. Zamir, Y. (2009). "Introduction to ethics", Business ethics: from theory to practice, The Value in Business Center. pp. 11-19. [In Hebrew].
- Dunfee, T.W. (1999). "*Corporate Governance in a Market with Morality*", 62 Law and Contemporary Problems, Duke University Law School, 129-158.
- Fahy M., Roche J. & Weiner A. (2005). "*Corporate Governance*" (Chapter 8 ) in <u>Beyond</u> <u>Governance</u>, Wiley, England pp. 163-198
- Porter et al. (2007). "*Climate Business/Business Climate: A strategic approach to climate*". Harvard Business Review. Vol. 85 (10): 22-40.
- Theiirc, (2011). Towards integrated reporting: Communicating Value in the 21st Century. <u>http://theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011\_spreads.pdf</u>

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**Business School** 

**School of Economics** 

# ECON3109 / ECON5309 Economic Growth, Technology and Structural Change

Course Outline Course Information Semester 1, 2018

business.unsw.edu.au

CRICOS Code 00098G





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## 1 STAFF CONTACT DETAILS

Lecturer-in-charge: Peter Kriesler Room ASB445 Phone No: 9385 3373 Email: <u>p.kriesler@unsw.edu.au</u>

The Lecturer-in-charge is responsible for the overall direction and content of the course.

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The tutor for the course is Roni Demirbag Email: r.demirbag@unsw.edu.au 1.1

#### **Communications with staff**

You should feel free to contact your lecturer about any academic matter. All enquiries about the subject material should be made at lectures or tutorials or during consultation time. Discussion of course subject material will not be entered into via lengthy emails.

Email correspondence on administrative matters (e.g. advising inability to attend tute) will be responded to within 48 hours, but not over weekends. Please note that the lecturer has no advance notice of the date and time of the exam.

## 2 COURSE DETAILS

#### 2.1 Teaching Times and Locations

Lectures start in Week 1 (to Week 12) The Time and Location are: Monday 12.00-14.00 Myers Theatre.

Tutorials start in Week 2 (to Week 13) You need to register for tutorials through the myUNSW website.

#### 2.2 Units of Credit

The course is worth 6 units of credit.

#### 2.3 Summary of Course

The process of economic development is never smooth. It is associated with profound changes in the fundamental structures of economic society. The rate of growth and development varies substantially between different economies. The course seeks to explain the factors that determine how societies grow and develop, with special emphasis on the role of technology and finance.

Various approaches, including those that consider capabilities, cumulative causation, the role of the state and institutions as well as traditional and structuralist approaches will be examined. Special attention will be paid to problems associated with growth, including those relating to equity and human rights issues.

#### 2.4 Aims and Relationship to Other Courses

This course provides an introduction to the analysis of growth, development and structural change at an intermediate level.

#### 2.5 Student Learning Outcomes

See Course Outline Faculty Site

#### 2.6 Learning Activities and Teaching Strategies

The examinable content of the course is defined by the references given in the Lecture Schedule, the content of Lectures, and the content of the Tutorial Program.

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#### Lectures

The purpose of Lectures is to provide a logical structure for the topics that make up the course; to emphasize the important concepts and methods of each topic, and to provide relevant examples to which the concepts and methods are applied.

#### **Tutorials**

Tutorials are an integral part of the subject. Tutorial presentations/discussion questions/problems...... will build on the material discussed in class with the lecturer.

#### Out-of-Class Study

While students may have preferred individual learning strategies, it is important to note that most learning will be achieved outside of class time. Lectures can only provide a structure to assist your study, and tutorial time is limited.

An "ideal" strategy (on which the provision of the course materials is based) might include:

Reading of the relevant chapter(s) of the text and any readings **before the lecture.** This will give you a general idea of the topic area.

Attendance at lectures. Here the context of the topic in the course and the important elements of the topic are identified. The relevance of the topic should be explained.

Attending tutorials and attempting the tutorial questions.

#### 3 ASSESSMENT

#### 3.1 Formal Requirements

In order to pass this course, you must:

achieve a composite mark of at least 50 out of 100; and

make a satisfactory attempt at ALL assessment tasks. This means attendance at 80% of tutorials (9 out of 12) and a mark of at least 40% in all assessment items.

#### AND

Achieve a satisfactory level of performance in the final exam. This means a minimum mark of 40 per cent. Any student having an overall mark of

50 or more but less than 40 per cent in the final examination will be given an UF grade (unsatisfactory fail).

#### 3.2 Assessment Details

Assessment will consist of :

	Assessment Task	Weighting	Length	Due date
1	Tutorial Papers	30%	See below	Midnight on the Sunday before the tutorial. Starts Week 4 tutorial
4	Tutorial Participation	10%		
5	Debate	10%		
6	Final Exam	50%	2 hours	As scheduled in official exam period
		100%		

In addition, students are expected to complete the Moodle Module on 'Working with Academic Integrity'.

## SATISFACTORY PERFORMANCE IS REQUIRED IN ALL PARTS OF THIS COURSE

#### 3.3 **Tutorial Participation**

#### Marks Guide for Tutorial Participation

0	Below 80% of attendance as required by UNSW and Business School rules. Attendance at 9 of 12 tutorials will be deemed as meeting the requirement. Students must sign on by 10 minutes from start of tutorial to qualify as 'in attendance'. It is up to the student to ensure that their attendance has been correctly recorded. Signing on for another student will be treated as misconduct.
4	Has satisfied the attendance requirement (attended at least 9
	tutorials) but has not contributed to class discussion.
6-10	Has attended 9-12 tutorials and contributed to class discussion in
	relevant and constructive ways.

If, owing to illness or other exceptional circumstances, you are unable to attend your usual tutorial, you may try to attend another tutorial in the same week. However, you are required to attend your usual tutorial class at least 9 times during the session. This allows for occasional absence due to minor illness and other reasons, hence special consideration applications will not reduce this requirement.

Students should also note that, in certain circumstances, such as where a request for special consideration is made in relation to assessment items, tutorial attendance will be taken into account in determining your final assessment or whether special consideration is granted.

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#### 3.3.1 Debates

Some tutorials in this course will be presented in the form of a debate, with students presenting each side of an argument about question in political economy. These presentations will be assessed according to guidelines which will be available on the course website.

#### 3.3.2 Tutorial Papers

Students will be required to submit a tutorial paper on-line for those tutorials involving discussion questions.. When you post a tutorial paper online, the exact time you submitted it will be recorded.

What do I need to include?

Answers to the discussion questions

How much should I aim to write?

750 words.

What makes for a good answer?

*Make sure you answer the question being asked: a relevant answer is important;* 

Try to apply the concepts, theories and frameworks you have learnt in the lecture and the readings to help you develop an answer (ie. don't just guess or use commonsense);

Show that you understand the key concepts that you are using (DON'T use a term you don't know the meaning of – look it up first!)

Make your point of view clear (ie. the reader needs to understand what it is you are arguing)

Explain your point of view: don't make assertions without justifying and providing evidence for them;

If you wish, use examples to help illustrate your point;

Try to be comprehensive in your answer and think about the different dimensions relating to the question;

However, quality not quantity: don't just try to fill up space for the sake of it and don't just write down everything you know;

Yes, you may use point form – however, if you use bullet points, make sure you still explain each point;

Keep in mind that usually in economics there is no single right answer; Try to express yourself clearly, although you will not be marked down for spelling errors and grammatical mistakes;

In your answers to discussion questions, you must refer to the textbook and readings, although you can use additional material (eg. from lectures, library) to expand you argument.

Following these guidelines will help you develop your critical and analytical thinking.

These are also the principles behind a good exam answer so the tutorial journal constitutes valuable exam preparation.

How will I be assessed?

You will be assessed on the basis of

8. whether you have submitted your journal entries on time (remember, Moodle records the EXACT time you posted your journal entry);

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- 9. whether you have answered the question asked; and
- 10. the quality of your entries.

Further details, including marking guide, will be made available on the web.

#### 3.3.3 Moodle Module on Academic Misconduct

Students are expected to complete the Moodle Module on 'Working with Academic Integrity' by following this link: <u>https://student.unsw.edu.au/aim</u> and completing the linked module. When the module is completed, students will need to save or screen print their proof of completion. This needs to be submitted with the first tutorial paper. No tutorial paper will be accepted without proof of completion of module.

#### **3.4** Final Exam Format

A two hour Final Examination will be held in the University's Examination Period. The final exam will cover the entire course. The format of the exam will be circulated during lectures.

The date of the examination in this course will be published in the University's Provisional Examination Timetable. Students who have timetable clashes should report these immediately to the Examinations Branch. Please note: the date for the examination in this course is determined by the Examination Branch of the University – not by the Lecturer-in-Charge.

The final unseen examination provides students with an opportunity to demonstrate the competencies they have gained over the session in a time-restricted environment. They will encounter many such demands to perform under time pressure in their later careers and thus the experience of taking University examinations will stand them in good stead when these occasions arise. The questions in the exam will cover all the topics in the course and will encourage students to draw together material from different parts of the course in writing their answers.

It is important to note that a satisfactory performance in the Final Examination is required to pass this course.

Applications for special consideration for this assessment item must be lodged online through myUNSW within 3 working days of the assessment (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration). Then submit the originals or certified copies of your completed Professional Authority form (pdf - download here) and any supporting documentation to Student Central.

#### 3.5 Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential and will not be related to course grades.

## 4 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.

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#### 5 COURSE RESOURCES

The website for this course is on UNSW Moodle at: <u>http://moodle.telt.unsw.edu.au</u>

#### The textbook for this course is:

Thirlwall, A. P. and Pacheco-López, P.(2017 10th ed.) *Economics of Development*, Palgrave Macmillan, Houndmills.

#### **Recommended:**

Clark, D. (ed) (2006) *The Elgar Companion to Development Studies*, Edward Elgar, Chelthenham

Ha-Joon Chang (ed) (2003) *Rethinking Development Economics* (Anthem Studies in Political Economy and Globalization) (Paperback)

Secondi, G. (ed) (2008) The *Development Economics Reader*, Routledge, London Ha-Joon Chang and Ilene Grabel (2004) *Reclaiming Development: An Alternative Economic Policy Manual*, London; Zed Books

These have many entries relevant to both the lectures and tutorials

In addition there is are two very good collections of one page summaries of issues related to lectures and tutorials at:

http://www.ipc-undp.org/publication/27450 http://www.ipc-undp.org/publication/27485

An excellent introductory read to many of the issues is:

Ha-Joon Chang (2010) 23 Things They Don't Tell You About Capitalism, Penguin Books, Victoria

# 6 COURSE SCHEDULE

#### 6.1 Lecture Schedule

Lectures start in Week 1 and finish in Week 12.

LECTURE SCHEDULE					
Week	Торіс	Reference			
Week 1 26 February	Introduction to the Analysis of Economic Growth and Development	f Thirlwall Chpt. 1			
Week 2 5 March	Introduction to Development Issues	Thirlwall Chpt. 3			
Week 3 12 March	Development: The Importance of "Duality"	Thirlwall Chpts.5 & 6 (selective)			
Week 4 19 March	Cumulative Causation in Economic Development	Thirlwall Chpt. 10			
Week 5 26 March	The Role of Finance and Stock Markets	Thirlwall Chpt.13			
Mid-semester break: Friday 30 March – Saturday 7 April inclusive					
Week 6 9 April	Balance of Payments and Economic Growth	Thirlwall Part V			
Week 7 16 April	Income inequality, human rights, economic growth and development	Thirlwall Chpt. 2, 3 & 7			
Week 8 23 April	Role of State in economic growth and transformation	Thirlwall Chpt. 9			
Week 9 30 April	Institutions and Governance	Thirlwall Chpt. 8			
Week 10 7 May	Development and the Environment	Thirlwall Chpt. 12			
Week 11 14 May	Sustainable Development	Thirlwall Chpt.12			
Week 12 21 May	Overview				

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#### 6.2 Additional Reading

#### DETAILED ADDITIONAL READING

Readings with an asterix\* are available on the course website.

Most of the other items are available online from the library, and are accessible either by putting the subject code (econ3109) or the details of the article into the library catalogue. Journal articles can be accessed on line through the library website. Copies of all other references will be kept in open Reserve.

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#### Week 1: Introduction to the Analysis of Economic Growth

What do we mean by economic growth? How have economists traditionally tried to explain it? What is the meaning of life, the universe and everything?

Chang Chapter 1

Thomas, V. et al (2000) "Overview" from *The Quality of Growth*, World Bank, Oxford University press New York pp. xxiii-xxxiv {*available online*} *Whole document is at:* <u>http://www-</u> <u>wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/200</u> <u>0/10/07/000094946\_00092205320345/Rendered/PDF/multi\_page.pdf</u>

\*De Rivero, O (2010 2<sup>nd</sup> ed.) *The Myth of Development: Non-Viable Economies and the Crisis of Civilization* Chapter 4 The Search for El Dorado, Chapter, Zed Books \*Junankar, P. N. (Raja) (2016) *Development Economics: The Role of Agriculture in Development* Chapter 1 Introduction, Palgrave Macmillan

#### Week 2: Introduction to Development Issues

The meaning of "economic development". Why treat it as a separate analytical problem?

Chang Chapter 2, 3

Clark: "Culture and development", "Human development", Human development and economic growth"

Secondi, Chapters 1 & 2

Remenyi, J. (2004) "What is development?" in Kingsbury, D., Remenyi, J., McKay, J. and Hunt, J. (eds) *Key Issues in Development*; Palgrave Macmillan *{available online}* 

Sen, A. (1988) "The concept of development" in *Handbook of Development Economics* Volume 1, Amsterdam, North Holland pp. 9-25 {*available online*}

Sen, A. (1999) "The ends and means of development" in *Development as Freedom* [Oxford University Press: Oxford] pp. 35-53 {*available online*} Robinson,

Joan (1962) "Development and under-development" in *Economic Philosophy* Chicago, Aldine Publishing, pp. 99- 123 *{available online}* 

Stern. N. (1989) "The economics of development: a survey" *Economic Journal*, Vol. 99 pp. 597-685 [http://www.jstor.org/pss/2233764]

Popov, V. and Jomo, K.S. (2018) "Are developing countries catching up?" *Cambridge Journal of Economics* 42 pp. 33-36

#### Week 3: Some Theories of Economic Development: The Importance of "Duality"

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Some of the main work in economic development has stressed the role of capital accumulation, and the importance of the distinction between the "traditional" agricultural sector and the "modern" manufacturing sector.

#### Chang, Chapters 10 and 11

Clark, "the Lewis model"

Kaldor, N. (1960) "The characteristics of economic development" in *Essays on Economic Stability and Growth,* Duckworth pp. 233-242 {*available online*}

Kalecki, M. (1976) "Economic problems of underdeveloped non-socialist economies" in his *Essays on Developing Economies*, Sussex, The Harvester Press, Chapters 1,2 pp. 17-28 {*available online*}

\*Kriesler, P. (2013) "Post-Keynesian Perspectives on Economic Development and Growth" in Harcourt, G. C. and Kriesler. P. (2013a) (eds.) *Handbook of Post-Keynesian Economics: Volume 1: Theory and Origins* Oxford: Oxford University Press, 539-555

Meier, Gerald (1995) 6th ed *Leading Issues in Economic Development*, New York, Oxford University Press, Chapter III "Dualistic development" pp. 113-160 {*available online as Dualistic development. Chapter 3* }

#### Week 4: Cumulative Causation in Economic Development

The role of vicious and virtuous circles in explaining the differences in country's growth rates; why once they do well, it is easy to keep doing well, while once countries are in trouble, it is hard to get out of that trouble.

Clark: "history and development studies" "Myrdal, Gunnar"

Ricoy, C. (1987) "Cumulative causation" in The New Palgrave: Volume 1, Macmillan, London, pp. 730-735 {available online}

Kaldor, N. (1989) "The role of increasing returns, technical progress and cumulative causation in the theory of international trade and economic growth" in his *Further Essays on Economic Theory and Policy* Duckworth, London pp. 201-223 {*available online*}

James, J. (2001) "Information technology, cumulative causation and patterns of globalization in the third world" *Review of International Political Economy* Vol. 8:1 pp. 147–162

McCausland, W. and Theodossiou, I. (2012) "Is manufacturing still the engine of growth?" *Journal of Post Keynesian Economics*, Vol. 35 pp. 79 – 92

Martin, R. (2017) "Cumulative causation, endogenous growth, and regional development" in Richardson, D., Cabtree, N., Goodchild, M., Kobayashi, A., Liu, W. and Marston, R. (eds) *The International Encyclopaedia of Geography*, John Wiley & Sons

Sindzingre, A. (2013) "Growth Divergences and Cumulative Causation: Economics as a Social Science"

http://economix.fr/docs/35/SindzingreCumulativeCausationAFEP13.pdf

#### Week 5: The Role of Finance and Stock Markets

Structuralist models, as well as those stressing the role of finance in the development process, have developed as an alternative to more traditional models.

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Chang, Part V

Secondi, Part 6 especially chapter 34

Clark: "stock market an economic development"

Chick, V. (1998) "Finance and investment in the context of development: a post Keynesian perspective" in: Halevi J. and Fontaine J. (eds). *Restoring Demand in the World Economy* [Edward Elgar] pp. 95-106] {*available online*}

Kregel, J. and Burlamaqui, L. (2003) "Towards a political economy of competition in finance and development: a Schumpeterian and Minskyian perspective", The Other Cannon

http://www.anpec.org.br/encontro2003/artigos/A49.pdf

Palma, J.G. (1987) "Structuralism" in *Economic Development* Macmillan, London, pp. 316-322 {*available online*}

\*Singh, A. (2010) "Are the institutions of the stock market and the market for corporate control evolutionary advances for developing countries?" in *Macroeconomics, Finance and Money:, Essays in Honour of Philip Arestis*, Fontana G., McCombie, J. and Swayer, M. (eds) [Palgrave Macmillan] pp. 311-326

Studart, R. [2001] "The stages' of financial development, financial liberalization and growth in developing economies" in *Money, Macroeconomics and Keynes: Essays in Honour of* Philip Arestis *Victoria Chick*, Volume 1 edited by: Philip Arestis, Meghnad Desai, Sheila Dow [Routledge: London] pp.68-78 {*available online*}

Taylor, Lance (1992) "Structuralism and competing approaches to economic development" in *New Directions in Economic Development*, Dutt, A.K. & Jameson K. P. (eds), Aldershot, Edward Elgar pp. 35-55 {*available online*}

Wheat, S. (1997) "Banking on a better future" *Guardian Weekly, February* 9 p.19 {available online}

Yunus, M. (1996) "Credit where credit's due" *Guardian Weekly November 8* p. 25 *{available online}* 

#### Week 6: Balance of Payments and Economic Growth

There is a significant body of literature which argue that the main constraint on economic growth and development is imposed by the balance of payments, and are, therefore, heavily influenced by trade.

Chang Part IV Secondi, Part 7 Clark, "international trade"

Skastein, R. (2007) "Free trade: a dead end for under-developed economies" *Review of Political Economy*, Vol 19 pp. 347-368

Singer, H.W. (1987) "Terms of trade and economic development" in *Economic Development* Macmillan, London, pp. 323-32 {*available online*}

Fletcher, I. (2009) *Free Trade Doesn't Work*, US Business and Industry Council, Washington

Tribe, M., Nixson, F. and Sumner, A. (2010) "Developing countries and international trade" in their *Economics and Development Studies*, Routledge, London pp. 138-168

Ho, P. S. (2012) "Revisiting Prebisch and Singer: Beyond the declining terms of trade thesis and on to technological capability development" *Cambridge Journal of Economics*, 36, 869-93

Gosh, Jayati, (2013) Economic integration and global cries: A perspective from the developing world" in Flassbeck, H., Davidson, P., Galbraith, J., Koo, R., and Ghosh. J. (eds) *Economic Reform Now: A Global Manifesto to Rescue Our Sinking Economies,* New York: Palgrave Macmillan, 133-60

Shafaeddin, M. (2016) "Competitiveness and development: a Schumpeterian approach" in Erik S. Reinert, Jayati Ghosh and Rainer Kattel (eds) *Handbook Of Alternative Theories Of Economic Development,* (Edward Elgar Publishing Limited: Cheltenham) Chapter 30

# Week 7: Income inequality, human rights, economic growth and development

Changes to the distribution of incomes, and to human rights are both the cause and the result of economic growth and development.

Chang, Part VI

Secondi, Part 3

Clark: "global inequalities", "human rights' **{available online}**, "income distribution" **{available online}**, "poverty and growth"

Atkinson, A B and Morelli, S, (2014) *Chartbook of economic inequality* <u>http://www.ecineq.org/milano/WP/ECINEQ2014-324.pdf</u>

Ha-Joon Chang (2010) 23 Things They Don't Tell You About Capitalism, Victoria: Penguin Books, "Thing 13 – Making rich people richer doesn't make the rest of us richer"-

Alvaredo, F and Gasparini, L. (2013) "Recent Trends in Inequality and Poverty in Developing Countries" Documento de Trabajo Nro. 151 <u>http://cedlas.econo.unlp.edu.ar/download.php?file=archivos\_upload/doc\_c</u>edlas151.pdf

Champernowne, D. & Cowell, F. (1998) "Why bother about inequality?" in *Economic Inequality and Income Distribution* Cambridge University Press

□ 1-19 {*available online*}

Donnelly, J. (1989) "Repression and development: the political contingency of human rights trade-offs" in Forsythe, D. (ed) *Human Rights and Development* Macmillan pp. 305—328 {*available online*}

Balakrishnan, R. and Elson, D. (2008) "Auditing economic policy in the light of obligations on economic and social rights" *Essex Human Rights Review* Vol. 5, pp. 1 - 19

http://www.pdx.edu/sites/www.pdx.edu.econ/files/Balakrishnan2.pdf

Easterly, W. (2002) "Inequality does cause underdevelopment: new evidence", Centre for Global Development, Working Paper No. 1



#### http://www.cgdev.org/content/publications/detail/2789

Kasliwal, P. (1995) "Inequality" in *Development Economics* South-Western College Publishing, pp. 52-73 {*available online*}

Jolly R. "Income distribution" and Fortman, B. (2006) "Human rights" in *The Elgar Companion to Development Studies*, Clark, D. (ed) Edward Elgar Publishing Limited, Chelthenham

\*Remenyi, J. (2004) "Poverty and development", D., Remenyi, J., McKay, J. and Hunt, J. (eds) *Key Issues in Development*; Palgrave Macmillan

Ostry, J.D., Berg,A.and Tsangarides, C. G. (2014) "Redistribution, Inequality, and Growth" IMF Staff Discussion Note SDN/14/02 http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf

Lagarde, Christine Managing Director, International Monetary Fund, (2013) "A New Global Economy for a New Generation"

https://www.imf.org/external/np/speeches/2013/012313.htm

#### Week 8 :Role of State in economic growth and transformation

Concept of State, the Neo liberal model, the developmental state model

Chang, Introduction and Chapter 2

Clark: "democracy and development" "state and development"

Ha-Joon Chang (2010) 23 Things They Don't Tell You About Capitalism, Penguin Books, Victoria Thing 7- Free-market policies rarely make poor countries rich, Thing 12 Governments can pick winners

Kohli, A. (2006) "The state and development" *The Elgar Companion to Development Studies*, Clark, D. (ed) Edward Elgar Publishing Limited, Chelthenham

\*Onis, Z. 1991. The logic of the developmental state. *Comparative Politics* Vol. 24 No. 1 pp.109-126

Rodrik, D. 2002. After Neoliberalism, What? Mimeo Harvard University.

http://www.bndespar.com.br/SiteBNDES/export/sites/default/bndes\_pt/Galerias/ Arguivos/conhecimento/seminario/novosrumos\_Dani.pdf

Tabellini, G. (2004) "The role of the state in economic development" CESIFO Working Paper No. 1256 <u>http://www.cesifo-</u>

group.de/portal/pls/portal/docs/1/1189104.PDF

Thurbon, E. and Weiss, L. (2016) "The developmental state in the late twentieth century" in Erik S. Reinert, Jayati Ghosh and Rainer Kattel (eds) *Handbook Of Alternative Theories Of Economic Development,* (Edward Elgar Publishing Limited: Cheltenham) Chapter 33

#### Week 9: Institutions and Governance

Chang, Part VII

Secondi, Part 2

Christoforou, A. (2013) "on the indemnity of social capital and the social capital of identity" *Cambridge Journal of Economics*, 37, 719-736

Clark, "institutions and development"

Bardhan, P. (2006) "Institutions and development" and Adelman, I. 2006) "Democracy and development "in The Elgar Companion to Development



Studies, Clark, D. (ed) Edward Elgar Publishing Limited, Chelthenham {available online}

\*Easterly, W., J. Ritzen and M. Woolcock. (2006) "Social Cohesion, Institutions, and Growth" *Economics & Politics*, Vol. 18 (2).

Acemoglu, D. and Robinson, J. (1987) "The role of institutions in growth and development" Commission, on Growth and Development, Working paper no. 10 <u>http://siteresources.worldbank.org/EXTPREMNET/Resources/489960-</u> <u>1338997241035/Growth\_Commission\_Working\_Paper\_10\_Role\_Instituti</u> ons\_Growth\_Development.pdf

Human Development Report. (2002) *Deepening democracy in a fragmented* world

Chang, Ha-Joon (2011) "Institutions and economic development: theory, policy and history", *Journal of Institutional Economics*, 7: 4, 473–498 http://hdr.undp.org/sites/default/files/reports/263/hdr 2002 en complete.pdf

#### Week 10 Development and the Environment Guest Lecture: Michael Johnson

This lecture will cover the relationship between development and the environment, which is of increasing significance.. Although a more detailed reading list will be circulated later, these readings present a useful introduction

Secondi, chapter 32

Clark: "environment and development"

Stern, N, (2006) Stern Review: The Economics of Climate Change, HM Treasury, London. Available at:

http://www.hm-treasury.gov.uk/sternreview\_index.htm

Look at the UN Intergovernmental Panel on Climate Change at <u>http://www.ipcc.ch/</u> Human Development Report (2011) *Sustainability and Equity: A Better Future for All* <u>http://hdr.undp.org/en/reports/global/hdr2011/</u>

#### Week 11 Limits to Growth, Sustainable Development and Guest Lecture: Paul Twomey

This lecture will cover the basic theme of the limits to growth and of , sustainable development. Although a more detailed reading list will be circulated later, these readings present a useful introduction

Secondi, chapter 32

\*UNECE (2009) *Measuring Sustainable Development* (uploaded)

Berr, E, (2015) "Sustainable development in a post Keynesian perspective: why ecodevelopment is relevant to post Keynesian economics" *Journal of Post Keynesian Economics*, Vol. 37 pp. 459-480

\*Atkinson, G. (2009) *Sustainable Development and Policy: A Review of the Literature* (Final Report to the Government Economic Service Group on Sustainable Development

\*Kates, R.W., Parris, T.M., and Leiserowitz, A.A, (2005) "What is Sustainable Development: goals, indicators, values, and practice Environment" *Science and Policy for Sustainable Development*, Volume 47, pp 8–21



Wikipedia also has a decent entry on SD and on many of the SD indicators,.

Week 12: Overview



# 6.3 Tutorial Schedule

Tutorials start in Week 2 and finish in Week 13.

Tutorials in this course will alternate between two types. The first is a critical discussion of the question set each fortnight. The recommended readings for the relevant lecture should be regarded as the starting point for research into the question. In order to prepare for these sessions, students will be required to submit a tutorial paper online before the tutorial.

The second type of tutorial will be a debate, with students presenting each side of an argument about the development process. For many of the debates, we will use the *Human Development Reports* produced by the United Nations Development Program (Oxford: Oxford University Press) as background material to guide the debates. Note that the HDRs have been quite controversial and watch out in particular for the use of statistics (check which countries are included (or excluded), the time period used, the data sources and comparability of different data sources, use of current exchange rates or PPP etc.). These Reports should be regarded as the starting point for research into the topic. Also, Clark, D. (ed) (2006) *The Elgar Companion to Development Studies*, Edward Elgar Publishing Limited, Chelthenham has many useful references, as does May Robinson's *A Voice for Human Rights* (2006) University of Pennsylvania Press, Philadelphia and Snarr, M. And Snarr, D. (eds; 4<sup>th</sup> ed) (2008) *Introducing Global Issues*. Lynne Reinner PublishersLondon

## **TUTORIALS:**

# WEEK 2 MEANING OF ECONOMIC DEVELOPMENT

Introduction and allocation of debate topics. Also discussion around the following:

"Development was one of the most persistent myths of the second half of the twentieth century. Theoreticians, experts and politicians have been convinced that economic and social developments is an inborn, one could say inevitable, process for all nation-states. They think that it is only necessary to apply the correct theories and policies and poor countries will begin to create wealth and become societies with high living standards. .... Development, however, has

proven to be as elusive as the conquistador's dream [of hidden gold]". De Rivero, O (2001) *The Myth of Development The Search for El Dorado*, pp. 110

Discuss paying particular attention to the distinction between economic growth and development. (Note 2<sup>nd</sup> edition 2010 is available online)

# WEEK 3 DEBATE

"Most violence and conflict within and between nations is rooted in cultural or ethnic conflict. Economic explanations are not a major contributory factor to social violence."

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Human Development Report 1994 New dimensions of human security http://hdr.undp.org/en/content/human-development-report-1994 http://hdr.undp.org/en/content/human-security-framework-and-nationalhuman-development-reports Stewart F "Development and Security" Working Paper 3, Centre for Research

Stewart, F. "Development and Security" Working Paper 3, Centre for Research on Inequality, Human Securityand Ethnicity, CRISE <a href="http://www3.geh.ox.ac.uk/pdf/crisewps/workingpaper3.pdf">www3.geh.ox.ac.uk/pdf/crisewps/workingpaper3.pdf</a>

# WEEK 4 DISCUSSION QUESTION

"The distinction between developed and underdeveloped countries is an extremely important one. In particular, less developed economies behave, for a variety of reasons in a number of important respects, quite differently from the more developed ones." What distinguishes these types of economies? In what ways do they behave differently, and how can countries move from one to another?

# WEEK 5 DEBATE

As a "rising tide raises all boats", countries should aim at maximising their growth and worry about redistributing later.

Human Development Report 1996 Economic growth and human development <a href="http://hdr.undp.org/reports/global/1996/en/">http://hdr.undp.org/reports/global/1996/en/</a>

Human Development Report 2016 *Human Development for Everyone* http://hdr.undp.org/en/2016-report

# WEEK 6 DEBATE

"Investing in girls and women is the most effective strategy for poverty reducing improvements in economic and social development. Gender inequalities need to be overcome **first** for economic development to have any chance of succeeding."

Human Development Report 1995 Gender and human development <a href="http://hdr.undp.org/reports/global/1995/en/">http://hdr.undp.org/reports/global/1995/en/</a>

2012 World Development Report on Gender Equality and Development http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXT WDRS/EXTWDR2012/0,,menuPK:7778074~pagePK:7778278~piPK:7778320~t heSitePK:7778063~contentMDK:22851055,00.html

Economic Development and Gender Equality: Is There a Gender Kuznets Curve? Joshua Eastin and Aseem Prakash World Politics / Volume 65 / Issue 01 / January 2013, pp 156 186 <u>http://faculty.washington.edu/aseem/gkc.pdf</u>



# WEEK 7 DISCUSSION QUESTION

"The operation of the financial sector merely responds to economic development, adjusting to changing demands from the real sector and is therefore overemphasized." Outline the arguments for and against this.

# WEEK 8 DISCUSSION QUESTION

Outline the benefit of trade to developing nations. Does this mean that free trade will be beneficial?

# WEEK 9 DEBATE

"Economic development must first be achieved in order to effectively implement human rights, because civil and political rights stifle the potential for growth and investment."

http://hdr.undp.org/reports/global/2000/en/

# WEEK 10 DISCUSSION QUESTION

Should governments take an active role in the development process? What should this role be?

# WEEK 11 DISCUSSION QUESTION

"The main determinant of differences in prosperity across countries are differences in economic institutions. To solve the problem of development will entail reforming these institutions. Unfortunately, this is difficult because economic institutions are collective choices that are the outcome of a political process, and the result of history." Discuss

#### WEEK 12 DEBATE

Economic development is more important than environmental sustainability in improving the welfare of most people.

Human Development Report 2007/8 Fighting climate change: Human solidarity in a divided world

http://hdr.undp.org/en/reports/global/hdr2007-8/

**Human Development Report 2011** Sustainability and Equity: A Better Future for All

http://hdr.undp.org/en/reports/global/hdr2011/

# WEEK 13 DISCUSSION QUESTION

Explain what is meant by "sustainable development". What policies can ensure that this is achieved?

#### ETH 8018: Economic Inequality and Social Mobility

#### **Course Description**

The U.S. and many other countries face of trio of inequalities: income, wealth, and opportunity. While income inequality is a well-accepted result of a capitalist economy, the degree of inequality has been steadily increasing since 1979. Many including Nobel Prize winning economists Robert Schiller and Joseph Stiglitz and successful business persons like Paul Tudor Jones and Elon Musk suggest that economic inequality is the defining challenge of our time. There is evidence that technological innovation will increase the level of economic inequality even more in the near future. Some believe this may threaten capitalism and democracy. This seminar will explore economic inequality and social mobility from different points of view.

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#### **Course Objectives**

- To understand what the meaning of economic inequality and social mobility is, how it is measured, how it has changed in the United States and in the rest of the world, and how it may change even more in the future.
- To explore what the causes of rising inequality are, and what the future may look like.
- To explore the effects of rising inequality.
- To explore what this means for business leaders and what they might do about it.

#### **Course Materials**

The seminar will use readings from books and journal articles, popular press articles, and videos. Much of the path breaking work on the subject has appeared in the past four years, and new studies are coming out often. Two books are required reading for the course:

- 1. *Robert Putnam, Our Kids: The American Dream in Crisis*, Simon & Schuster, (2015). To be discussed in Class 2 on January 22<sup>nd</sup>.
- 2. Erik Brynjolfsson and Andrew McAfee, *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies,* W.W. Norton and Company, (2014). To be discussed in Class 9 on February 13<sup>th</sup>.

The course schedule which has links to the readings and videos is on Canvas.

#### Structure of the Course

With a couple of exceptions each class will follow a discussion format facilitated by your instructors, Jim Freeland and Ed Freeman. It is expected that you will complete the readings prior to the class meeting and be ready to offer your perspective. Each class has some discussion questions to help guide you.

#### Grading

Class discussion and Discussion Board contributions will count 50%, and the final assignment counts 50%. The final assignment is to be completed by each individual student and is a personalized document that addresses some issue related to the topics discussed in the seminar. The document should reflect knowledge and information gained by the seminar. It should be a maximum of 1,000 words and may include graphs, figures, and hyperlinks.



# INTS 764: Fault Lines in the Global System (A Primer in Foresight Strategy for Future Worlds)

Tuesdays, 3:00-6:00pm (JMHH 418) Fall Syllabus

## Faculty:

Regina Abrami, Director, Global Program Senior Lecturer, Political Science & Senior Fellow, Management Department Office: 209 Lauder Fischer Hall Email: rabrami@wharton.upenn.edu Office hours: By appointment, sign-up sheet will be provided

## **Course Description:**

Fault Lines in the Global System introduces students to the field of foresight strategy. It does so through video, readings, discussion, and experiential exercises centered on a well-known global fault line: water stress.

Now commonly described as "Blue Gold" or "Today's Oil," water has played a critical role in the evolution of human civilization. It underpins production in a wide range of economic sectors, and, above all else, is fundamental to human life. Water is now commodified, and on a scale never before seen, making the study of water stress an ideal point of entry into the complex and unintended consequences of choices made by societal, enterprise, and government actors. Through this topic as well, we have a path toward knowledge acquisition of, and applied experience with systems thinking, one of the epistemological foundations of foresight strategy.

Aimed toward contexts of high ambiguity, systems thinking is deliberately ecological and holistic in its framing of causality and consequences. Specifically, systems thinkers attend to the prospect that change is not just sequential and linear, but more often iterative, exponential, and multi-causal. As such, systems thinking, by its nature, concerns itself with sources of sustainability and change, whether focused on the environment, a company's bottom line, or the performance of economies, nations, and militaries. For this reason, anyone concerned with strategic design in highly ambiguous contexts can only benefit from honing their foresight skills.

By the end of this course, students will acquire content knowledge regarding water issues, demonstrate capacity using several leading foresight tools (e.g., scenario planning, back casting, feedback loops, red/blue teaming, matrix gaming, horizon scanning), and complete a team-based futures scenario on a topic of their choosing.

In addition to discussion of assigned readings, experiential and interactive group exercises comprise the remainder of in-class activities. Full attendance and active participation is therefore required of all students. In addition, there is a full day field trip to Washington to engage with subject matter experts in the fields of foresight strategy and water resource management.

# **Course Requirements and Grading:**

The requirements below aim to provide students with an opportunity to learn different foresight tools, road test them, and reflect on our experiential exercises. For the final assignment, students will complete a team-based futures scenario on a topic of their choosing.

I. Class Participation: (25%)

Inclusive of,

- active participation in strategic foresight exercises
- attendance and regular participation in class discussion
- feedback to classmates on preliminary drafts of their "Global Futures" presentations

# II. Writing Assignments: (30%)

A. 2 Reflection Memos (250-500 words maximum, 12pt font) (10%)

**Due Dates:** You are asked to complete two reflection memos. You must complete at least one reflection memo by October 10 (meaning in relation to the October 6 class activities or an earlier class). The second reflection memo may be submitted at will with regard to a class of your choosing. <u>Memos are</u> <u>due to me by email no later than the day prior to our next class</u>.

These memos are an opportunity for you to reflect up a group-based learning experience. Possible items to consider may be what, if any, value you found in the exercise and what you observed in others and yourself with regard to the role of mental models, cognitive biases, and faulty assumptions during a given discussion or exercise.

**B.** Foresight Strategy Essay: Seeing the Future? (8-10 dbl-sp pgs, 12pt font) (20%)

For this assignment you will read Peter Schwartz's *Learnings from the Long View* (60 pages), and one book from the assigned list (see appendix). Essay specifics will be discussed in the classroom and posted to our Canvas site.



The essay should be no more than 8-10 double-spaced pages, in narrative prose, with proper citation, page numbers, bibliography and footnotes.

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Happy to read drafts submitted no later than 1 week prior to due date.

# III. The "Global Futures" Scenario Project (40%)

Your capstone assignment asks you to apply tools introduced in this course to a global fault line of your choice. These "fault lines" may be geopolitical, environmental, societal, or industry-based in nature, and must be of a nature where the outcome is highly ambiguous but also highly likely to have major impact.

Team topics must be pre-approved by the faculty, and finalized no later than week 4 of the course.

The assignment has several components:

- a) A 15-20 minute oral presentation of your "Global Futures" project, including time for Q&A. This presentation will be centered on four (4) future scenarios developed following the "most uncertain, most impact" 2x2 matrix model that will be introduced in class; Students are expected to demonstrate adequate response to earlier feedback.
- b) Preliminary presentation of your 2x2 matrix and peer-to-peer feedback during week 8 of the term
- c) An annotated bibliography and project executive summary that will be distributed to classmates no less than one week in advance of your presentation;
- d) Details from your field interviews with subject matter experts.

# **Class Etiquette:**

The benefit of a small group seminar starts with a commitment to prepare for class and keen mindfulness of one's impact on others. To facilitate an environment for shared and respectful learning, you need to prepare in advance for each class, and are encouraged to participate often and with enthusiasm. In addition, please comply with the following:

A. <u>Use of Electronic Devices:</u>

Laptops and other electronic devices are required to remain down during class discussion, except in instances where you are referring to readings and/or working on a group exercise. You are also requested to leave your phone in your book bag. Should you have reason to need your phone during class, please inform the course instructor in advance.

B. <u>Food:</u>

Please keep in class food consumption to a minimum as it can be viewed as disruptive by some, while making others wish they had something to eat too. Best if you can refrain from eating until break time (or bring enough for all).

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# **Code of Academic Integrity:**

The Global Program fully supports and adheres to all university policies and procedures regarding academic integrity (cheating, fabrication, plagiarism, etc.). The work you submit in this class is expected to be your own. If you submit work that has been copied without attribution from any published or unpublished source including the Internet, or that has been prepared by someone other than you, or that in any way attributes somebody else's work as your own (e.g., translation without proper attribution), you may face discipline by the university's Office of Student Conduct. For more information consult:

- University Code of Academic Integrity <u>http://www.upenn.edu/academicintegrity/</u>
- Office of Student Conduct
   <u>http://www.upenn.edu/osc</u>

# **Class Attendance Policies:**

Attendance is valued and expected in this class. Given the small number of class meeting times, **no more than one class absence** is excused without impact. More than one absence will result in a full grade drop in your final grade. **Three absences** will result in an automatic course failure. Three late arrivals constitute one absence. Given the experiential nature of the class, make-up work is generally not possible.

## Fault Lines in the Global System Class Schedule

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## **Class 1: Introduction (August 30)**

In today's class, students will be introduced to the idea of systems thinking through several experiential exercises. In addition, discussion of course objectives, the logic of our focus on water stress as a fault line to study, and the idea of foresight as a strategic planning tool will be discussed.

## Class 2: Water as Civilizing or Economic Force? (September 6)

In today's class, we begin with careful consideration of the idea of "water civilizations," and by way of discussing some of the major historic water civilizations. As you read, consider how the centrality of water played a role in institution-building, power, and conflict in the examined cases.

Steven Solomon, 2010. *Water: The Epic Struggle for Wealth, Power, and Civilization* (New York: Harper Collins)

Chapter 2: "Water and the Start of Civilization," pp. 15-23 Chapter 3: "Rivers, Irrigation, and the Earliest Empires," pp. 24-58 Chapter 5: "The Grand Canal and the Flourishing of Chinese Civilization," pp. 96-125

J. Stephen Lansing 1987. "Balinese 'Water Temples' and the Management of Irrigation," *American Anthropologist* (89:2), June 1987, pp. 326-341.

For the second half of the class, students will be asked to apply some of the systems thinking concepts introduced in the last class to a well-known water civilization not discussed in the readings.

## Class 3: California Dreaming I: Building an Export Engine (September 20)

In today's class, we lay the foundation for in-depth discussion of water issues in California. We also use the case of California as our backdrop to an exploration of several critical foresight strategy tools. In advance of this class, please view Part 1 (Mulholland's Dream) of the documentary, *Cadillac Desert* (approximately 90 minutes of your time). Details on how to access the video are provided on our canvas site

Exercise: Students will model California's water crisis from a systems thinking perspective.

# Class 4: California Dreaming II: How Did California Grow into a Water Crisis (September 27)

Having now experienced core elements of systems thinking through class exercises, this class opens with an introduction to the field of foresight strategy. Special attention to its roots in government and business, in places as wide-ranging as the Department of Defense's Office of Net Assessment to the Shell Corporation will be considered. We use this background to discuss the differences between foresight and forecasting.

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In the second half of the class, we turn to the legacy of Mulholland's Dream, with special attention to the making of the California water system and the role of the federal government. Readings focused on the Central Valley's Westlands Water District will be circulated for discussion next week.

# Class 5: California Dreaming III: Westlands Water District in Crisis (October 4)

In today's class, students are introduced to the Westlands Water District, heartland of the American almond industry, and home to one of the most powerful lobbying groups in the USA. We will examine how Westlands came into creation and its water crisis as the backdrop to thinking about the design of sustainable futures.

Exercise: Students will work in small groups to back cast a version of Westlands with and without water stress. Considerable time will be allocated to discuss the strengths and weaknesses of this method as a means to identify control mechanisms within complex systems.

## Class 6: California Dreaming IV: Westlands Water District Foresight (October 11)

Building off each team's back cast from the last class, students will begin the shift toward scenario planning as a foresight strategy tool. Special attention is given to the critical role of horizon scanning at the start of a scenario-building exercise.

Exercise: Students will work in small teams to complete a horizon scanning exercise. Through discussion we will explore possible explanations for variation in each team's findings.

## Class 7: California Dreaming V: Westlands Water District 2025 (October 18)

In this final class on foresight skill-building, student teams are expected to apply a larger menu of concepts to the Westlands Water District and the U.S. almond industry.



Exercise: Following an introduction to likelihood matrices, student teams will be asked to develop a likelihood matrix for the Westlands almond industry. Building off these matrices, student teams are asked to develop 4 possible futures for the region.

# **Class 8: Preliminary Student Presentations (October 25)**

In today's class, students will make their first foray into the design of their "Global Futures" scenarios. Each student team will be given 10 minutes to introduce their topic to the class, describe what they have identified as the most critical uncertainties with regard to their topic, and in turn, what four prospective futures might look like.

Please come to class prepared with questions and feedback for classmates to aid them in honing their work, starting fundamentally with whether you agree with what has been identified as the most critical uncertainties with regard to a team's chosen topic.

## Class 9: "Water Stress" in Africa (November 1)

Shifting geographies, we focus in today's class on water stress on the African continent and efforts to resolve it. Students will acquire a basic understanding of key water issues in Africa. Please read the short articles below, which can be found on our canvas site.

Daren Taylor, "Climate Change threatens Africa's Biggest Water Supplies" Janet Otieno, "Understanding Africa's Water Wars" John Vidal, "How food and water are driving a 21<sup>st</sup> Century African Land Grab" Jim Goodman, "The Re-Colonization of Africa" Tina Rosenberg, "A Green Revolution: This time for Africa" United Nations Report, "Building an Alliance for a Green Revolution in Africa" (skim only)

Exercise: In the second half of the class, students will explore through an experiential exercise some of the tremendous challenges faced in trying to resolve water stress in Africa, particularly the impact of gender and power differentials in shaping outcomes.

## Class 10 Pandemic vs. Monopoly: Gaming in Foresight Strategy I (November 8)

In today's class, divided into teams, students will play two different table-top games as a means to explore the utility of "gaming" as a foresight strategy tool.

As part of our debrief, we will critically examine and discuss the parallels and differences between gaming and game theory, the relation between "rules" and social behavior, and their implications for the design of organizational life.

# Class 11 Playing Conflict: Gaming in Foresight Strategy II (November 15)

Today, we have a guest speaker from the U.S. National Defense University's Center for Applied Learning (formerly the "War Gaming Design and Training Center") who will introduce us to the history and role of "war gaming" in the USA and elsewhere.

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We will focus especially on matrix gaming as a means to facilitate dialogue and develop strategy in times of conflict and ambiguity. Students will participate in a matrix game, followed by discussion.

# Note: No Class on Tuesday, November 22: Happy Thanksgiving!

# NOTE:

For our last two classes, student teams will make their final "Global Futures" presentations. Each team will be allotted 20 minutes, including Q&A. Each team is strongly encouraged to send along a draft of your presentation for faculty feedback in advance of your presentation date.

Remember to submit to classmates a copy of your annotated bibliography and executive project summary no later than one week prior to your presentation.

# Class 12 Student "Global Futures" Presentations (November 29)

## Class 13 Student "Global Futures" Presentations (December 6)

# Appendix A: Foresight Strategy Essay: Seeing the Future?

For this assignment you will read Peter Schwartz's *Learnings from the Long View* (60 pages), and one book from the list below. Additional details on assignment content, format, and due date will be posted to the course Canvas site and discussed in class.

# **The Reading List**

# **Required:**

Peter Schwartz 2011. *Learnings from the Long View.* (Emeryville, CA: Global Business Network).

# Select <u>One</u> from Below:

Nick Bostrom 2014. *Superintelligence: Paths, Dangers, Strategies* (Oxford, UK: Oxford University Press).

Yuval Noah Harari 2015. Homo Deus: A Brief History of Tomorrow (London: Vintage Press).

Vasilis Kostakis & Michael Bauwens 2014. *Network Society & Future Scenarios for a Collaborative Economy* (New York: Palgrave Press)

Andrew W. Krepinevich 2010. 7 *Deadly Scenarios: A Military Futurist Explores War in the Twenty-First Century* (New York: Bantam Books).

Andrew W. Krepinevich & Barry Watts 2015. *The Last Warrior: Andrew Marshall & the Shaping of Modern American Defense Strategy* (New York: Basic Books)

Daniel C. Lynch 2015. *China's Futures: PRC Elites debate Economics, Politics, and Foreign Policy* (Palo Alto, CA: Stanford University Press)

National Intelligence Council 2017. *Global Trends: Paradox of Progress* (Washington DC: National Intelligence Council)

National Intelligence Council 2012. *Global Trends 2030: Alternative Worlds* (Washington DC: National Intelligence Council)

Nate Silver 2012. *The Signal and the Noise: Why So Many Predictions Fail – but Some Don't* (New York: Penguin Press)

James Surowiecki 2004. The Wisdom of Crowds (New York: Anchor Books)

Nassim Nicholas Taleb 2015. *Antifragile: Things that Gain from Disorder* (New York: Random House)



Philip E. Tetlock and Dan Gardner 2015. *Superforecasting: The Art and Science of Prediction* (New York: Crown Press).

Philip E. Tetlock 2006. *Expert Political Judgement: How Good is It? How Can We Know?* (Princeton, NJ: Princeton University Press).



#### COURSE NUMBER: Management 3305 - Fall 2017

**COURSE TITLE:** Human Capital Sustainability

**DESCRIPTION:** Examining managerial challenges associated with employee relations using concepts drawn from human resource management, labor relations, organizational behavior, and entrepreneurship. Focus on balancing economic efficiency with employee equity and voice. How market forces, collective bargaining, public policy, negotiations, and globalization affect sustainable employment relationships. There are no prerequisites.

CONTACT HOURS: Monday/Wednesday 4:30-7:00pm

**PROFESSOR:**Patrick McHugh, Associate Professor of Management<br/>Office Hours: Tuesday 1:00-2:30pm and by appointment (315G Funger Hall)<br/>Phone/E-mail: 202-994-3712/mchughp@gwu.edu

**CREDIT HOURS:** Students will spend 5 hours per week in class. Over the semester, students spend 45 hours in instructional time and 85 hours preparing for class. Instructional time includes discussions, guest speakers, site visits, and experiential activities.

#### **LEARNING OBJECTIVES:**

 Gain knowledge of concepts/frameworks from human resource management, organizational behavior, labor relations, and entrepreneurship to understand and enhance human capital sustainability
 Apply concepts/frameworks to human capital challenges through exercises, cases and projects.
 Develop skills analyzing human capital sustainability problems and shaping solutions.
 Develop negotiation skills applicable to the human capital context.

#### **BRIEF OVERVIEW:**

Sustainability has primarily focused on the impact organizations have on the physical environment. Organizations also have a profound influence on employees and the social environment. Management decisions often have a direct impact on employee well-being (e.g. stress, job/life satisfaction, physical and mental health). This course examines the managerial challenges associated with balancing economic efficiency with employee equity and voice – in other words, the sustainability of human capital. Human capital sustainability will be the criterion used to evaluate management decisions. Drawing on a variety of sectors (e.g., consulting, sports, retail, hospitality, "gig economy", financial services, and entrepreneurial ventures) students will examine how markets, public policy, and collective bargaining influence management decisions. Topics will include the role of negotiations in resolving conflict, mechanisms for employee voice, managing to enhance human capital sustainability, the relationship that public policy, entrepreneurship, and globalization have on sustainable employment relationships.

#### **READINGS & MATERIALS:**

1. Human Capital Sustainability (HCS) – Custom Published, McGraw Hill. (only through GW bookstore).1

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- 2. Class Handouts Available in Blackboard (BB). BB ER (electronic reserve); BB P (projects)
- 3. New York Times and other print media outlets through the GW Gelman library system.

#### **ASSIGNMENTS AND GRADING:**

20.0% of grade --- 40 pts. Discussion Questions
10.0% of grade --- 20 pts. Class Engagement
10.0% of grade --- 20 pts. Take Home Quiz
10.0% of grade --- 20 pts. "How I Built This" Reaction Paper
10.0% of grade --- 20 pts. Music Project
15.0% of grade --- 30 pts. Negotiations Exercise
25.0% of grade --- 50 pts. Final Examination

186 points or higher (93%)	= A	155-159 points (above 77%)	= C+
180-185 points (above 90%)	= A-	150-154 points (above 75%)	= C
175-179 points (above 87%)	= B+	140-149 points (above 70%)	= C-
168-174 points (above 84%)	= B	120-139 points (above 60%)	= D
160-167 points (above 80%)	= B-	000-119 points (below 60%)	= F

**CORE PRINCIPLE:** "Learning is not a spectator sport. Students do not learn much just by sitting in class and listening to teachers, memorizing..., and spitting out answers. They must talk about what they are learning, write about it, relate it to past experiences, and apply it to their daily lives. They must make what they learn a part of themselves."<sup>2</sup>

**Discussion Questions:** Study questions are assigned for each class session. A sign-up sheet is circulated at the start of each session. When signed, you are indicating that you are prepared for the assignment and may be called on. At minimum, you must be able to tell the class where you diligently searched for an answer. Do not wait until the end of the class to sign the sheet. If late for class, but prepared to answer the study questions, please sign the sheet when you arrive.

You may refrain from signing the sheet 2 times throughout the term without an adverse effect on your grade. If you do not sign the sheet 3 times your class discussion points will decrease to 37.5, and so on as indicated below. If I feel that your answers are inadequate (e.g. "I didn't do that one." or "I couldn't find that one."), then you will not be given credit for signing the sheet. If you are unsure whether you are answering the questions adequately, or concerned about the status of the discussion question portion of your grade, please talk with me about it. Do not wait until the end of the semester.

2 or less = $40$	5  times = 34	8  times = 28	11 times $= 23$	14  times =
15				

<sup>1</sup> GW bookstore has moved all course materials, including ALL required and recommended textbooks, to only be available online at <u>GWShops.com</u>. Therefore, students will NOT be able to purchase books on campus the day of classes.

<sup>2</sup> A. Chickering and Z. Gamson. 1987. Seven Principles for Good Practice in Undergraduate Education. American Association of Higher Education Bulletin, March, pp. 3-7.



3  times = 37.5	6  times = 32	9 times $= 27$	12  times = 22	15  times =
10				
4  times = 36	7  times = 30	10  times = 25	13 times $= 20$	16  times =
00				

The <u>only</u> recognized excuse for not signing the study question discussion sheet includes a major illness involving you, a family member, or close friend. If a health issue arises, contact me quickly so that I am informed of your circumstances.

<u>Class Engagement</u>: This is the instructor's subjective judgment of student engagement during class sessions. Did the student:

a) Add to the learning experience of the class, as well as contributing and taking leadership roles during class exercises?

- b) Adhere to the social contract contained in the syllabus?
- c) Consistently make quality contributions to class discussion?
- d) Asking engaging and class-related questions of guest speakers?

e) Avoid unprofessional behavior (cell phone use, texting, leaving the room in the middle of a class session, looking at laptops during guest speaker presentations, treating others with a lack of respect).

The following table may be helpful in terms of thinking about various behaviors and the instructor's assessment of your class engagement:

Rating	Behaviors
Excellent	Comes to class prepared; contributes to discussion but does not dominate it; makes thoughtful contributions that advance the discussion adding to class learning; shows interest and respect for others' views; participates actively in groups; taking on leadership roles and encouraging peers to play this role
Very Good	Comes to class prepared; makes thoughtful comments when called upon; contributes without prompting; shows interest in and respect for others' views; participates actively in groups
Good	Comes to class prepared; contributes occasionally without prompting; shows interest in discussion; listening attentively and taking notes; participates in groups
Fair	Mostly prepared; participates when called upon; participates but talks too much making tangential contributions; interrupts others; participates in groups; occasionally distracted by technology
Poor	Not prepared; does not contribute to discussion voluntarily or when called on; does not participate in groups; may listen, but fails to contribute due to lack of preparation; consistently distracted by technology
Very Poor	Not prepared; disrupts class discussion by being rude to others (arriving late to class; chatting with classmates, getting up and leaving room during discussion), or passively by appearing distracted; bored or sleepy; focused on technology

#### **Quiz and Final Exam:**

They may consist of short answer; fill in the blank, true/false, short essay, multiple choice, and case analysis questions. The final will be comprehensive. In order to have success on the quiz and exam, **I suggest taking good notes** (more on note taking later in the syllabus), preparing the study questions, carefully reading assigned material, and discussing material with classmates. All students are required to take the quiz and exam during the prescribed date/time.

The quiz will be take home, and *may be completed either on an individual basis, or in a group (the group maximum size is four students). Whether you complete the quiz individually or in a group is up to you.* If you decide to complete the quiz as a group, all members of the group will receive the same grade. Quiz dates and deadlines are identified in the class schedule. Completed quizzes must be typed and either sent electronically to the instructor (mchughp@gwu.edu) or deliver a hard copy to the instructor's mailbox in Funger 315.

*Quiz* – No make-up quiz will be offered. Each student will have the option of keeping or dropping the quiz. For those students electing to drop the quiz, their final exam will be worth 70 points (35 percent of the course grade). <u>After students have made their choice of whether to keep or drop their quiz grade, that decision is final.</u>

Final Exam – The final exam is an individual assignment. The final exam date and time are not negotiable.

### **Negotiations Exercise:**

On November 8, we will review the negotiations exercise. I will hand out background information and explain the specifics of the exercise. One class period, November 13th will be devoted to this exercise. You are hereby notified in advance that you will need to be available for your team from November 8 through November 13th (SEE ME TODAY IF THIS IS A PROBLEM!!). The grade for this exercise will be based on a combination of my observations, your negotiations plan, your performance given your role, and a group assessment. The key to this and to any bargaining negotiation is preparation.

## Music Project:

In this course, you will be exposed to four different "schools of thought" regarding the employment relationship: 1) Mainstream Economics School; 2) Human Resource Management School; 3) Industrial Relations School; and 4) Critical Industrial Relations School. You will be assigned to a group. Your group must identify a song that best represents each school of thought – for a total of four songs. In a 2-4 page paper, identify why each of the songs you have chosen exemplify a particular school of thought. You must include the artist, name of song, and the lyrics for each of the four songs you have chosen. This is a group assignment; therefore, all members of the group will receive the same grade.

**<u>"How I Built This" Reaction Paper</u>:** This paper can be completed individually or in a group (max group size 4 members). Select one of the NPR podcasts "How I Built This" ---- In a 2-4 page paper, answer the following questions: a) What is the company or organization? b) Who is the founder/entrepreneur (interviewee)? c) What good or service does the company or organization provide? d) What role does human capital play for this organization – is it important? If yes, why? If no, why not? e) Does the interviewee identify human capital as a key to organizational success?</u> f) What are the human capital challenges for this organization – using the lens of balancing efficiency, equity, and voice? Why? (Be sure to draw on course material when appropriate).



#### THE SOCIAL CONTRACT FOR THE COURSE:

1. **Class Format & Preparation**: I will expect that you will come to class ready to share your ideas. Have respect for each other (one person speaks at a time). One element of this respect is not disrupting class sessions by arriving late to class, leaving and returning to the classroom during the class session, or leaving the class early. We will be having a 10 minute break during the class sessions. *If you have circumstances that warrant an excuse from this policy, please discuss it with me as soon as possible*.

# 2. Academic Integrity: Any form of academic dishonesty will result in a failing course grade and any other academic sanctions allowed for in the Academic Integrity Code

(<u>http://www.gwu.edu/~ntegrity/code.html</u>). Students are responsible for knowing what acts constitute academic dishonesty. In this course, I will be particularly focused on plagiarism --- claiming someone else's work as your own. The code of academic integrity applies to all courses in the George Washington School of Business. Please become familiar with the code. All students are expected to maintain the highest level of academic integrity throughout the course of the semester.

3. Late work is not acceptable: Late assignments will be marked down by 25% each 24 hour period the work is overdue. Keep back-up copies of documents and don't blame printers for late assignments.

4. Assignment Standards: <u>All</u> assignments to be handed in must be typed double-spaced (12-point font). While I am primarily interested in the content of your assignments, I am also interested in the quality of your writing (e.g., page numbering, complete sentences, ordered thoughts, spelling, and proper referencing).

5. **References and Citations**: When citing the textbook, use the following – (Textbook, Page# \_\_\_\_). When citing class lecture or notes – (Class, Date/Class Session \_\_\_\_\_). For other citations, use APA Style: <u>https://owl.english.purdue.edu/owl/resource/560/01/</u>

6. **Religious and Disability Accommodation:** Religious accommodation only refers to the day or days of the observance of a holiday. For example, if a religious holiday falls on Tuesday, then you are not excused from M/W class obligations (even if you are traveling on M/W). You must let the instructor know before the end of the second session when you will require a religious accommodation. *Note that religious accommodation is already built into the Discussion Questions element of the course.* If you will miss more than two class sessions because of religious observances, then you must speak with me before the end of the second class session.

Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. Once eligibility is established, contact me privately to discuss specific needs. For additional information please refer to: <u>gwired.gwu.edu/dss/</u>.

#### 7. Mental Health Services:

The University's Mental Health Services offer 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental health consultations confidential assessment, counseling services (individual and small group), and referrals. Contact them at 202-994-5300, or check out the website <a href="https://healthcenter.gwu.edu/mental-health">https://healthcenter.gwu.edu/mental-health</a>.

8. **Grade Appeals**: If you believe you deserve a higher grade on an assignment, please write down your concerns and send them to me within 72 hours of receipt of the grade in question. I will review your written request and give you a written response.

9. Laptops/Cell Phones: <u>Turn off cell-phones and put them away.</u> Students do have permission to use their laptops for note-taking purposes ONLY. <u>The instructor reserves the right to "cold call" students that are using their laptop during class sessions</u>. Be careful of your laptop use when we have guest speakers – if you are jotting down notes, fine. If you are doing other things, that is extremely rude and will negatively impact your class engagement score.

10. **Taking Notes:** Success on the quiz and the final exam will depend, in part, on how effectively you take notes. I will provide outlines of lecture notes for each class session. Most of these outlines will be posted in blackboard. Note that these are just "outlines" and require you to fill-in and add information to the outline. The instructor will not post "completed" notes. If you miss a class session, please ask a classmate if they would be willing to share their notes. If you need clarification regarding class notes (for example, something is confusing or you missed a point during the class lecture), set up a time so that we can discuss this at my office (or if it is quick clarification – after class). Also, feel free to ask questions or ask me to slow down during class lecture as you build your class notes.

11. **Key Success Factors**: A) Read the assigned material and answer the study questions (the study questions are intended to guide your reading). B) Take good notes. C) Engage in class discussion – be active, not passive. D) When completing the quiz and the final exam, make a strong effort to make linkages to class material, readings, and guest speakers. E) See me if you are having problems – don't wait until the end of the course!

#### 12. Letters of recommendation:

I am unable to write a letter of recommendation for any student who has not completed one of my classes. It is difficult to write a strong letter for a student not receiving a B+ or better in my class.

13. Emergency Preparedness and Response: To report an emergency or other suspicious activities call the University Policy Department at 202-994-6111. If the line is unavailable dial 911.An evacuation will be considered if the building we are in is affected or we need to move to a location of greater safety. We will always evacuate if the fire alarm sounds. In the event of an evacuation, please gather your personal belongings and proceed to the nearest exit. Do not use the elevator. Once we have evacuated the building, proceed to our primary rendezvous location (Smith Center). In the event that this location is unavailable, we will meet at (Wellness Center). Additional information about emergency preparedness and response at GW can be found at <a href="http://campusadvisories.gwu.edu">http://campusadvisories.gwu.edu</a> or by calling the GW Information Line at 202-994-5050. <a href="http://campusadvisories.gwu.edu">Violence/Active Shooter</a>: Quickly determine the most reasonable way to protect your own life. Remember that others are likely to follow your actions during an active shooter situation. If an active shooter is in your vicinity: a) call GWPD or 911; b) if evacuation is not possible, hide in a concealed space; c) lock and barricade the door; d) turn off the lights; e) stay quiet and silence your cell phone; f) wait for law enforcement; g) if aggressor enters the room, fight back.

## **COURSE SCHEDULE:**

The schedule is subject to change. I <u>will</u> add/delete readings, guest lecturers, site visits, or films as the term progresses. You are responsible for keeping informed of changes in the syllabus and due dates.

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#### The Employment Relationship and Sustainability: Underlying Assumptions

01. August 28	<ul> <li>Pfeffer, J. (2010). Building Sustainable Organizations: The Human Factor. Academy of Management Perspectives, 24(1), 34-45 (BB P)</li> <li>Friedman, M. (1970). The Social Responsibility of Business is to Increase its Profits. The New York Times Magazine, September 13 (BB P)</li> <li>HCS (Contemporary Labor Relations, pp. 28-35) – (BB P)</li> </ul>
	- Extra Credit Quiz
02. August 30	<ul> <li>HCS (Schools of Thought About the Employment Relationship; pp. 52-75)</li> <li>Video "I am a Man: Dr. King and the Memphis Sanitation Strike" (in class)</li> <li>Class Discussion sheet begins</li> </ul>

## The Employment Relationship and Human Capital Sustainability: Historical Perspective

03. September 6	<ul> <li>- HCS (Historical Development, pp. 89-122)</li> <li>- Video: "League of Denial" (2013), <i>Frontline PBS</i>: <u>http://www.pbs.org/wgbh/pages/frontline/league-of-denial/</u> (Note: This is a 2-hour video)</li> <li>- Film: "Matewan" (in class) / Matewan Synopsis (BB P)</li> </ul>
04. September 11	<ul> <li>HCS (The Legal Environment, pp. 132-142)</li> <li>Standing (2014). The Precariat. <i>Contexts</i>, 13(4), pp. 10-12. (BB P)</li> <li>Standing (2016). It is Rigged We Must Revolt. <i>Working Class Perspectives</i>, Nov. 1 (BB P)</li> <li>Manjoo, F. (2015). Uber's Business Model Could Change Your Work. <i>New York Times</i>, January 28.</li> <li>Monbiot, G. (2016). Neoliberalism – the ideology at the root of all our problems. <i>The Guardian</i>, April 15 (BB P)</li> </ul>
05. September 13 P)	<ul> <li>HCS (The Legal Environment, pp. 142-161)</li> <li>Rauch, J. (2017). The conservative case for unions. <i>The Atlantic</i>, July/August (BB</li> <li>Representation without Paying Owensboro Letters (BB P)</li> <li>Tritch, T. (2013). No right to know your rights. <i>New York Times</i>, May 9</li> </ul>
Quiz	- Distributed on September 14 – Due September 17 (before 5:00pm – <u>mchughp@gwu.edu</u> or Funger 315 mailbox)

#### **Employee Collective Action & Management Response**

06. September 18	- HCS (Organizing, pp. 180-207)
	- Bachman, J. (2014). Airline merger pushed JetBlue's pilots Business Week,
	April 22. (BB P)
	- Case: Rivers Casino (in class exercise)

07. September 20	- Berfeld, S. (2015). How Walmart Keeps an Eye on Its Massive Workforce.
_	Bloomberg Businessweek, November 24
	https://www.bloomberg.com/features/2015-walmart-union-surveillance/
	- DePillis, L. (2014). In Advance of Union Election, Capital Bikeshare Worker
	Fired for Organizing, Washington Post, November 26 (BB P).
	- Case: Jimmy Johns (BB P)
	- Greenhouse (2014). Florida Tomato Fields, a Penny Buys Progress. New York
	Times, April 24.
	- DPE Fact Sheet (2016). The Misclassification of Employees as Independent
	Contractors (BB P)
	- Case: GW Resident Advisors (BB P).
Music Project	- Due October 15 (before 5pm, electronic copy only mchughp@gwu.edu)

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#### **Negotiations: Structure, Strategy and Managing Conflict**

08.	November 6	<ul> <li>HCS (Bargaining, pp. 222-243)</li> <li>Malhotra, D. (2014). 15 Rules for Negotiating a Job Offer. <i>Harvard Business Review</i>, April.</li> <li>Case: Uncovering the Hidden Cameras (in class)</li> <li>Exercise: Bargaining Simulation (in class)</li> </ul>		
09.	November 8	<ul> <li>HCS (Impasses and Dispute Resolution, pp. 256-269; 275-283)</li> <li>Kochan, T. et al. (2013). The Human Capital Dimensions of Sustainable Investment: What Investment Analysts Need to Know. <i>Center for Economic and</i> <i>Policy Research</i>, Working Paper, February.</li> <li>Guest Speaker – Steve Sleigh</li> <li>Set up Teams for Negotiation Exercise</li> </ul>		
10.	November 13	- Negotiations Exercise - Target and Resistance Points Due for Negotiation Exercise - Final Agreement Due / Self-Peer Evaluation Forms Due		
11.	November 15	<ul> <li>Stone &amp; Colvin (2015) The Arbitration Epidemic, <i>EPI Briefing Paper</i> (BB P).</li> <li>Silver-Greenberg &amp; Corkery (2016). Start-ups Embrace Arbitration to Settle Workplace Disputes. <i>New York Times</i>, May 14.</li> <li>Case: Fox News, Sexual Harassment, and Arbitration (BB P).</li> <li>Film: Final Offer (in class)</li> </ul>		
Mana	Management Practices and Employee Well-being: Pitfalls and Prospects			

 November 20 - Schwartz, T. & Porath, C. (2014). Why you hate work. New York Times, May 30.
 - McGregor & Doshi, (2015). How Company Culture Shapes Employee Motivation. Harvard Business Review, November 25.
 - Ton, Z. (2012). Why Good Jobs Are Good 4 Retailers. Harvard Business Review, January-February



- Irwin, N. (2016). How did Walmart Get Cleaner Stores and Higher Sales? It Paid Its People More. *New York Times*, October 15.

November 22 - No Class Session, Thanksgiving Break

 November 27 - Grant & Singh (2011). Problem with Financial Incentives. Wharton (BB P).
 - Grant, A., Christianson, M., & Price, R. (2007). Happiness, Health, or Relationships? Managerial Practices and Employee Well-being Tradeoffs. Academy of Management Perspectives, August. (BB ER)
 - Case: Changing Compensation in a French Bakery (BB P)

#### Emotional Labor: Tourism/Hospitality & Human Capital Sustainability

14. November 29 - Case: The Hotel (BB P) - Off Campus Site Visit

#### Entrepreneurial Challenges: Narcissism, Social Benefit, and Psychological Safety

15.	December 4	<ul> <li>HCS (The Double Bottom Line, pp. 1-10)</li> <li>Personality Inventory (BB P)</li> <li>Sapone, M. (2015) The On-demand Economy doesn't have to Imitate Uber to Win. <i>Quartz</i>, July 10. (BB P)</li> <li>Maccoby, M. (2004). Narcissistic leaders: The inevitable pros, the inevitable cons. Harvard Business Review, January 92-101</li> <li>Flaherty, C. (2016). New study says narcissistic students thrive under narcissistic professors, perpetuating toxic behavior. Inside Higher Ed, April 6 (BB P).</li> <li>Duhigg, C. (2016). What Google Learned from Its Quest to Build the Perfect Team. <i>New York Times</i>, February, 25.</li> <li>Wong J.C. (2017). Tesla factory workers reveal pain, injury and stress: "Everything feels like the future but us" <i>The Guardian</i>, May 18. (BB P)</li> <li>Case: Uber (BB P)</li> </ul>
<u>Struc</u>	ctural Barriers t	o Human Capital Sustainability: From College Athletes to Global Supply Chains
16.	December 6	- Strauss, B. (2014). At Northwestern, a blitz New York Times, April 23.

December 6 - Strauss, B. (2014). At Northwestern, a blitz... New York Times, April 23.
 Nadkarni, R. (2015). Kain Kolter's Union Battle Cost Him More Than He Ever Expected. *Deadspin*, August 18, (BB P)
 Hruby, P. (2016). Four Years a Student Athlete: The Racial Injustice of Big-time College Sports. *Sports Vice*, <u>https://sports.vice.com/en\_us/article/four-years-a-student-athlete-the-racial-injustice-of-big-time-college-sports</u>
 Weil, D. & Goldman, T. (2016). Labor standards, the fissured workplace, and the on-demand economy. *Perspectives on Work*, (20), 26-29. (BB P)

- Frankel, T.C. (2016). The cobalt pipeline: Tracing the path from deadly hand-dug mines in Congo to consumers' phones and laptops. *Washington Post*, September 30. (BB P)

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- Guest Speaker (Todd Frankel)
- 17. December 11 Review Session

### "How I Built This" Reaction Paper - Due December 12 (before 2:30pm – <u>mchughp@gwu.edu</u> or Funger 315 mailbox)

# THE FINAL EXAM DATE IS BASED ON THE FINAL EXAM SCHEDULE.<sup>3</sup> FINAL EXAM WEEK IS DECEMBER 13 – DECEMBER 21.

#### Recommendations for Success

\* The study questions are a guide. Discuss the questions with classmates, but be careful in terms of "sharing" your work. Remember the final exam is based on individual performance. Some current research suggests that studying with peers can be detrimental to your learning (see for example the book "Academically Adrift: Limited Learning on College Campuses" by Arum & Roksa, 2011).

\* Take good notes – be an active note taker. Engage in class discussion. Be active.

\* Seem me if you are having problems and don't wait until the end of the semester.

#### Additional Books, Articles and Films (in case you are interested in learning more)

- Donaghey, J., Reinecke, J., Niforou, C. & Lawson, B. (2013). From employment relations to consumption relations: Balancing labor governance in global supply chains. *Human Resource Management*, 53(2), 229-252.
- Elfstrom, M. & Kuruvilla, S. (2014). The changing nature of labor unrest in China. *Industrial & Labor Relations Review*, 67(2), 453-480.
- Estabrook, B. (2011). *Tomatoland: How Modern Industrial Agriculture Destroyed our Most Alluring Fruit*. Kansas City: Andrews McMeel Publishing.
- Fritz, C., Fu Lam, C., & Spreitzer, G.M. (2011). It's the Little Things that Matter: An Examination of Knowledge Workers' Energy Management. *Academy of Management Perspectives*, August.
- Ganster, D. & Rosen, C. (2013). Work Stress and Employee Health: A Multidisciplinary Review. *Journal of Management*, 39(5), 1085-1122.
- George, J.M. (2014). Compassion and Capitalism: Implications for Organizational Studies. *Journal* of Management, 40(1), 5-15

<sup>3</sup> In accordance with university policy, the final exam will be given during the final exam period and not the last week of the semester.

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# Northeastern University ENTR 3520: Impact Investing & Social Finance

Course Syllabus

4 Credits Spring 2018

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## 7 Teaching team

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Teaching Assistant: Jeyashri Sridhar Email: <u>sridhar.j@husky.neu.edu</u>

Class Ambassadors: To be announced.

## 1.1 Office Hours

Dr. Minard's office hours are **Monday** and **Thursday from 2pm-4pm** in **120B Hayden**, and by appointment. If my door is open, you may walk in. Please see the class ambassadors for class assignment-related questions.

## 6. Course Description and Prerequisites

## 2.1. Foundations

There are no formal prerequisites for this course, however, the following courses provide a foundation for learning the competencies in this course and several will have been taken prior to this course.

7. Global Social Enterprise (ENTR2206) provides a foundation for understanding social entrepreneurship and the pioneer gap in funding which has driven impact investing over the last several years

8. Innovations and Social Change (ENTR3212) provides a foundation for understanding the history of innovation, why some innovations transform society, and how business, government, and the third sector can collaborate in solving tough social problems

9. Financial Accounting & Reporting (ACCT1201) provides a foundation for analysis of financial reports and evaluation of sustainable performance

10. Financial Management (FINA2201) provides a foundation for understanding ratios, liquidity, long-term capital, rate of return, net present value, cash flow, financial planning and forecasting, and risk assessment and management

11. Principles of Macroeconomics (ECON1115) provides a foundation for critical thinking about economic models that underlie financial management concepts

12. Principles of Microeconomics (ECON1116) provides a foundation of critical thinking about economic models and tools that underlie financial management concepts

## 2.2. Description

What is impact investing? One of the earliest pioneers of the term "socially responsible investing" in the U.S., Amy Domini, founder of Domini Social Investments, puts it this way, *"Investing is a purchasing decision. Caring about it is like caring about what you eat or how you choose to lead your life.*" When the 2008 financial crisis hit, American citizens became frightfully aware that the financial industry might not be looking out for their best interest, and that there is a serious disconnect between work, wealth and wellbeing. Many were hit with the idea that there are moral limits to markets (Michael Sandel; 2010) and that it can be dangerous when financial regulations are trumped by corporate self -interest *as if corporate interest were the same as public interest.* What underpins our current iteration of <u>capitalism</u> is the idea that value (money, resources) has been *appropriated* more than actually *created* in the modern globalization process, as Santos argues. Consumers and citizens have witnessed, like scholars have shown empirically from studies in <u>behavioral economics</u>, that markets and the people who create them are not rational, not even most of the time.

As French economist Thomas Piketty's <u>recent scholarship</u> on global inequality through time demonstrates, modern capitalism is filled with market distortions and imperfections, e.g., extreme poverty alongside extreme wealth. How can investment decisions, what we buy and care for, fulfill our highest aspirations for capitalism, to live together under better conditions of equality, and as investors, be stewards of shared resources for shared prosperity and sustainable development?

The focus of this course, *impact investing,* is a rapidly emerging field to describe the practice of driving an investor's decisions to invest through the lens of long-term social and environmental value creation. It can be distinguished from traditional investing and other types of responsible investing by two core concepts: *intentionality* (the intention to generate social impact) and impact *measurement* (the commitment to accountability and transparency at all levels).

Our general working definition is *investment strategies that generate financial return while intentionally improving social and environmental conditions for the public* (*Bugg-Levine and Emerson, 2011*). Impact investing is sometimes referred to as "blended value" (Emerson) where the best aspects of traditional investing, philanthropy, and collective action are blended together to create results with long-term public benefits. To achieve a measurable social return, impact investors will look for businesses that have a strong social mission embedded in their business operations. Thus, the demand for high performing social enterprises has grown as firms like Blackrock, Bain Capital, Goldman Sachs, Mercer, and JP Morgan Chase look for opportunities to try out their new impact funds.

Social entrepreneurship and impact investing are interrelated topics in business school education today. They embody the emergence of new legal forms of business, such as Benefit Corporations, and new investment vehicles, like Social Impact Bonds, that place the citizen (as user, customer, community, future generations) on the same level as the shareholder. These social innovations can be characterized by the term *economic democracy*.

Impact investments can be made by anyone, anywhere in the world. This course, as part of DMSB/SEI's commitment to social entrepreneurship education, focuses primarily on investments into funds or companies working in low -income communities, primarily in Boston and the U.S., using capital in ways that make these communities resilient against the combined effects of poverty, inequality and climate change. Examples of companies that student teams have pitched include both local and global social enterprises: Cero (food waste recycling and compost), Dorchester Food Coop (local food coop), Tian Leh

(sustainable agriculture China/NU alum), Roca (employment and training of at-risk youth and young men), Recover Green Roofs (renewable energy solutions), ArtLifting (homeless artist employment), among others.

The diversity of stakeholders, investment vehicles, and institutional arrangements in the impact investing space is growing fast. We will be hearing from some of the leaders in Boston's impact investing ecosystem, such as Ceres, Green Century Funds, Root Capital, Community Capital Management, Big Path Capital, Trillium Asset Management, Bridgespan, Bain, Acumen, and many more. In addition, intermediary organizations like Social Finance, the GIIN, and Third Sector Capital Partners are working with government agencies on scaling up innovative solutions.

The leading industry network, the **Global Impact Investing Network (GIIN)**, SSIR, and leading news outlets like *The New York Times*' "Revalued" column, The Economist, Impact Alpha, and other news and research resources will be referenced throughout the semester.

# 2.3. Instructional Format & Registration Logistics

This is the course syllabus ("Syllabus") for a four-credit undergraduate DMSB course titled "ENTR 3520 Impact Investing and Social Finance".

#### Total Time: 6-7 hours/week

Class Time: 3 hours and 20 minutes/week Field Research and Group Work: 2 hours/week On-line and Reading: Approx. 1-2 hours (reading is front-loaded first four weeks)

Our class meets twice a week on Monday and Thursday from 11:45am-1:25pm in **Dodge Hall 150.** There is a weekly **online component** where students are asked to post reactions to readings and guest speakers. In the first four weeks of class students are encouraged to take advantage of **several online NU finance modules, as needed,** and then mid -way through the course, students are offered **two online impact investing modules** for further study.

We will begin on Monday, January 8<sup>th</sup> at 11:45am and complete the semester on Thursday, May 5th (final presentations in lieu of final exam). In the first week you will receive the **Weekly Course Schedule** in addition to the **Course Syllabus**. I suggest you read through both the syllabus and the course schedule carefully, and bring questions to my attention in class.

#### 2.3.1. NUImpact - the student-run Impact Investing Initiative at Northeastern

Since 2015, several DMSB students from this course launched a student-led initiative (NUImpact), now an official student organization of MOSAIC, with the goal to educate, train and inspire students to measure the social impact of their ventures or innovations, and to learn about impact investing. NUImpact has an executive board and is offering educational programs on impact investing jointly with the Law School, as well as offering training workshops for students of all majors, in collaboration with THRIVE on campus. One of the main activities of NUImpact is the management of an Impact Investing Fund. Students in this course will be invited to engage in this effort in several ways, including through research on investment opportunities, and through the final impact investing portfolios teams will create and pitch to the NU Impact Fund investment committee for funding.

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## 2.4. Learning Objectives

The course is designed to prompt students to be critical, practical, and inspired thinkers about everyday issues involving finance, values-driven business decisions, economic and social policy, and the complexities of financing social change in the US and abroad. To foster this mindset, we will incorporate principles of ethics, ecology and <u>human-centered design thinking</u> as a set of methods to cultivate our moral imagination, empathy and engage in evidence-based research, emboldening students to become more conscious consumers, investors, public servants and practitioners/social entrepreneurs. As Don Shaffer, CEO of RSF Social Finance, a leading impact investing fund in San Francisco, explains:

"Each small step, each transaction we are involved in, if we're mindful of the relationships and can "see" the human beings on all sides of it, will help us to bring money back down to earth where it belongs."

We will begin our study looking at the field of impact investing *as a mindset and a language*. In order to fully understand the genesis and evolution of impact investing in the context of finance, we need to first study the origins of social finance, and related areas of socially responsible investing, strategic/venture philanthropy, corporate social responsibility, including microfinance and the government's role in creating systems that support social and economic development.

While not a highly technical course, students will be exposed to new knowledge and models of entrepreneurship and investing; basic financial skills and strategies for investing such as the ability to source, screen and structure investment deals; and, how to conduct investment research, as well as give effective team presentations and writing skills for diverse stakeholders. Most importantly, students develop a critically refined view of the concept of "impact", how to measure it, and how to choose the right capital structure for the targeted problem ensuring it is appropriate to the local context.

#### The 5 key learning objectives for the course are the following:

4. Ability to analyze the components of capital markets and social capital markets how they interact with each other; understand how markets work, including what aspects of markets work for everyone, and which aspects detract from the concepts of equity, justice and sustainability (e.g. the current state of disclosure and transparency, and what it should look like in the future).

5. Demonstrate knowledge of the historical origins of social finance and impact investing, including the key players and current innovations in social finance in the US and abroad.

6. Conceive, design, develop, and present a comparative analysis of social enterprises ready for impact investment, including an impact thesis, due diligence checklist, sourcing strategy, deal structure, and pitch deck; ability to discern impact investing strategies for a wide range of investors, regardless of available capital.

Synthesize the opportunities and barriers to impact investing for individuals, institutions, funds, communities and governments; understand the pioneer gap in funding early stage social enterprises working in low-income communities.

Demonstrate knowledge of professional ethics needed to find investor/investee values alignment; Refine professional and collaborative team building skills including qualitative research on impact measurement, human centered design thinking, oral and written presentations, and the practice of mindfulness in the context of business.

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### Course Materials & Resources

## 3.1. Required Reading

**Required Books.** We have two required books that I encourage you to purchase from the bookstore or buy online from BetterWorldBooks, Amazon, or check out of the library.

CLARK, C., EMERSON, J., and THORNLEY, P. (2015). *The Impact Investor: Lessons in Leadership and Strategy for Collaborative Capitalism.* New York: John Wiley & Sons.

SHILLER, R. (2012). *Finance and the Good Society*. Princeton: Princeton University Press. Pp. 312.

**3.1.2. Online reports.** In addition to the required books, there are several online reports that we will be referring to throughout the course:

• Beyond the Pioneer: Getting inclusive industries to scale, Harvey Koh, Nidhi Hegde

and Ashish Karamchandani (April 2014): http://www.beyondthepioneer.org/

• Impact Investing for Everyone: A Blueprint for Retail Impact Investing, Triodos Bank

(September 2014): <u>http://www.socialimpactinvestment.org/reports/Triodos-Bank-report-on-Impact-investing.pdf</u>

• Global Impact Investing Network, Knowledge Center:

https://thegiin.org/knowledge-center/

 Annual Impact Investor Survey, GIIN 2017: https://thegiin.org/knowledge/publication/annualsurvey2017

> • Exploring the value proposition for impact sourcing: The buyer's perspective, Accenture and Rockefeller Foundation, 2012: <u>https://assets.rockefellerfoundation.org/app/uploads/20120314232314/Exploring-the-Value-Proposition-for-Impact-for-Impact-Sourcing.pdf</u>

## 3.2. Additional Resources

In addition to the required books and above reports, course readings will be sourced from book chapters, online journals, films, and magazine articles, all of which will either be accessible online or downloaded from BlackBoard. These will include have articles and case studies that include lengthy or "book like" reports written by leading impact investing analysts and institutions. I will be adding readings throughout the semester as needed.

## Please consider immediately subscribing to the following newsletters:

- Impact Alpha: <u>https://news.impactalpha.com/</u>
- Stanford Social Innovation Review (free via NU library): www.ssir.org
- Rockefeller Foundation: http://www.rockefellerfoundation.org/newsroom
- RSF Social Finance newsletter: http://www.tfaforms.com/forms/view/330516

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- GIIN newsletter: http://www.thegiin.org/cgi-

bin/iowa/resources/publication/index.html

- Impact Assets Issue Briefs:

http://www.impactassets.org/publications insights/issue-briefs

- Domini Insights: https://www.domini.com/why-domini/domini-insights
- ACRN Research Daily: http://bit.ly/2hmV7Tk
- Weekly Impact Digest from Cathy Clark at Duke

University: http://paper.li/cathyhc/1419911909#/

- UW-Madison's Progress Daily: Real News in Social Enterprise/Impact Investing <u>https://progress-cobap.org/category/publications/impact-investing/</u>

## 4. Methods of Instruction

## 4.1. Teaching Approach and Commitment

*Approach.* This course reflects my commitment, as an Ashoka U Change Leader for Northeastern University, to advance the field of social entrepreneurship and social innovation at DMSB and as one of the Social Enterprise Institute faculty. It is helpful, therefore, to share our teaching philosophy at SEI, which includes the following principles.

- Our approach to learning is interdisciplinary, global, evidence-based and iterative
- We are committed to student success through experiential learning and reflection

• We see *theory and history as foundational means for understanding,* with the end being a positive, tangible, and sustainable impact on underserved or marginalized people and communities.

• We see the problems associated with poverty as systemic, political barriers that sometimes – though not always - provide business opportunities for innovative solutions which, when partnered with government, can reach more people.

• We expect the best from students *because anything else would be a waste of time.* 

*Commitment.* My commitment as an educator and a learner is to learn from and with you. I am committed to **transparent teaching**; this means that I am interested in *how you learn* more than what you learn; it means that there should be no surprises in what I expect from your work when evaluating it; it means you should be clear about what I am asking you to do, i.e., the task, and why you should be doing it, i.e. the purpose. I will ask for your ideas when developing some grading criteria throughout the semester, and always remain open to your suggestions for how to improve the course. Please do not wait until the end of the semester to share your thoughts and concerns on any aspect of the course with me. See below for the details on the roles of the Class Ambassadors to facilitate our communication.

## 4.2. Class Ambassadors

The class will appoint two (2) student volunteers to serve as our **Class Ambassadors**. The role of these students is to be an advocate on behalf of the class regarding any concerns, requests, or to relay new ideas from the class to the instructor. This communication channel improves efficiency and effectiveness of the learning experience. The Ambassadors will help the instructor stay in close touch with the experiences of the students so that any adjustments can be made in real-time. In addition, the Ambassadors will

be the liaison between the instructor and the students for any changes or clarifications in the course assignments, events, guest speakers or any other issues that may arise. No extra credit is awarded, however there may be special opportunities for the Ambassadors.

# 4.3. Co-op experience

Your work experience is a very important element in our collective knowledge base as a class. As such I strongly encourage you to share when you have a "co -op moment", something to add to class discussion and I will gladly provide you with the opportunity to share your stories and insights with us.

# 4.4. Impact Investing Pitch Competition

You will work in teams to conduct research, identify and structure actual investment opportunities for a direct impact investment into a social enterprise or a fund using what we've learned during the term, and then pitch this opportunity to the NU Impact Fund investment committee for possible investment. Details to follow.

# 5. Assessment Criteria & Methods for Evaluating Students

# 5.1. Course Assignments and Deliverables

There are five (5) graded assignments for this course, three individual assignments and two team -based assignments. Due dates for all deliverables are listed at the end of the Syllabus and detailed instructions and grading rubrics will be posted on BB.

# 5.1.1. Assignment 1 (35%): Final Impact Portfolio Project (Group)

You will work in teams to conduct research that will lead to the development of an impact investment thesis and strategic recommendations for an investment that you will pitch to an investment committee. This is composed of several stand-alone deliverables: initial mixed methods research, a pre-impact and post- impact investment strategy and thesis, an initial target list with comparative analysis, a due diligence checklist, and investor letter. The final pitch presentation will be an accumulation of the deliverables prepared in teams throughout the course.

# 5.1.2. Assignment 2 (20%): Reading Quiz (Individual)

There will be a short-question reading quiz at the mid-way point on the required course readings. Students will be given a worksheet with sample questions, and are strongly encouraged to develop reading groups to help them prepare for the quiz; it is imperative to stay current on all the course readings. If you fall far behind, I encourage you to get in contact with me well <u>before</u> the quiz.

# 5.1.3. Assignment 3 (20%): Reflection Paper (Individual)

This assignment has two parts. At the beginning of the semester, students will answers a set of questions and rate the confidence they have in their answers. Four weeks before the end of the semester, students will choose an issue area that challenged their thinking, and write a reflection paper on this issue, weaving in key concepts from the required readings and *at least three (3) outside references* as well as content from class/guest

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speaker discussions. In small groups, students will discuss and analyze the differences from the start of the semester. The reflection papers are both a personal essay and an evidence-based writing assignment; the purpose of the paper is to help students make informed career decisions as conscious consumers and active participants in the financial system.

# 5.1.3. Assignment 4 (25%): Participation as "Active Engagement" (Individual)

Participation in the class means *active engagement* and counts for a major portion of your final grade. "*Active engagement*" has several components:

- <u>Attendance</u>: You are required to attend and be attentive for all of our classes (unless excused). You need to be on time to be counted as "in attendance". Respecting the time of our distinguished guest speakers (doing research, asking questions, listening and engaging) is essential.
- 2. <u>Preparation</u>: You should come to class prepared to participate in discussion, with notes and questions on the readings, and perform your own supplemental web-based research.
- <u>Civility</u>: Your conduct in class should include being respectful and kind to others of divergent opinions and fully committed to the productive completion of each of our class sessions.
- **4.** <u>**Collaboration**</u>: Freezing negative assumptions and adopting a "yes-and" approach to really listening to the ideas of others helps collaboration.
- 5. <u>Problem Solving</u>: You are expected to critically analyze, synthesize and evaluate ideas and communicate your views clearly. When there are things you do not understand or agree with, you are asked to share these questions so others may benefit from your learning.
- 6. <u>Peer Reviews</u>: You are expected to complete self and peer evaluations two times during the semester to provide feedback and suggestions for improvement to your team. The reviews of you and your peers will be factored into your final participation grade.

Another key element of participation is **Industry Mentor Presentations (Group).** One unique aspect of this course is having the opportunity to hear from a very distinguished group of guest speakers who are leading the field. They will come every week to share their perspectives and engage in a lively discussion on a range of topics, including their own career paths. In order to take advantage of this special opportunity, *students will sign up to be either presenters or discussants for each guest speaker.* 

**Presenters** are required to 1) **post** details about the upcoming guest speaker, 2) **pose** informed questions for the class, 3) **send** the speakers a welcome email with class bios and a campus mail, 4) as well as **introduce** them when they arrive in class.

*Discussants* are required to 1) **facilitate** the question and answer period, 2) **post** a summary of the main points and any follow-up questions on BB, and 3) **send** a thank you email to the guest speaker after their intervention.

# 5.2. Assessment Methodology

Grades are based on the four (4) assignment categories:

- 1. Final Project (35%)
- 2. Reading Quiz (20%)
- 3. Reflection Paper (20%)
- 4. Participation (25%)

These assignments have one goal: to achieve balance between theoretical and historical understandings with team-based, research-driven experiential learning. Accordingly, the assignments for the course lean toward the applied world of impact investing, and require you to do secondary and some primary research.

The instructor will be using specific grading rubrics to assess the work of the students, similar to the team collaboration rubric found in Appendix C. Rubrics can be found on BB under "Assignments".

# 5.3. Grading Standard

Letter grades will be assigned for cumulative points according to the following formula. *The baseline—meets expectations—means that students have demonstrated overall proficiency in the learning outcomes of your course and will earn a B level grade.* To the extent you exceed expectations in quality of your work, your grade will be a B+ or an A -, depending on the level and frequency of that performance. An A grade is reserved for those who exceed expectations consistently, or to a significant degree. A C grade or less is usually the result of failure to submit your work on time, or to follow instructions, or to simply to fail to make the minimal effort to produce a college-level work product.

94–100% A Exemplary performance	74–76% C Below expectations but passing
90–93% A- Consistently above expectations	70–73% C- Below expectations and needs
87–89% B+ Above expectations, very good	improvement
84–86% B Meets expectations, good	67–69% D+ Consistently below, but enough
overall performance	to get credit
80–83% B- Mostly meets expectations	64–66% D Under performing
77–79% C+ Meets expectations but only	60–63% D- Should repeat the course
some of the time	< 60% F No credit for the course

## 6. Class Policies & Procedures

## 6.1. Attendance Policy

Students missing more than two (2) classes may have difficulty passing the course, and with more than three (3) absences students will lose a half letter grade (from B to B-) on their final grade. Students who may need to miss a class must inform the instructor **in advance**, and submit the necessary documents and make-up material within 2 weeks of the class in order not to forfeit the participation grade.

Each lecture starts promptly with a 5- minute mindfulness exercise. Studies have shown direct linkages between mindfulness practice and the capacity to concentrate and engage in collective learning. Classes may include a guest speaker or a discussion-based activity or interactive lecture on the required readings. If you are absent or unprepared, it will inhibit our class discussions from moving forward. Students who are late may be asked to wait outside until a break.

#### 6.2. Late Assignments & Extra Credit

No late assignments are accepted and there is no extra credit for this course.

## 6.3. APA Citations

••• 71 Please use the APA citation format for all written work, in -text citations, endnotes/footnotes, and the reference page for ALL papers. For assistance in using APA citations or for general tips and guides on research writing, please see the Snell Library Resources.

## 6.4. Academic Integrity; Class Honor Policy

This class, and everything you do in it, is governed by the NU Academic Integrity Policy, which can be found at the following link: http://www.northeastern.edu/osccr/academicintegrity/index.html

I take NU's Academic Integrity Policy very seriously. In order to maintain a vigorous learning community in the classroom, it is critical that we, as a class, do not tolerate academic fraud (cheating, plagiarism, lying). As a matter of personal and professional respect for each other, and ourselves, we should expect the highest standards of conduct from our peers and ourselves. Violating these standards takes away the value and meaning of the educational environment for all of us, and in the event that such a violation occurs, the individual(s) responsible will be subject to University sanctions that may include failure from the course, suspension, or expulsion. Please see me if you are uncertain about what represents an honor code violation.

### 6.5. Privacy, Confidentiality, Discrimination and Behavior in the Classroom

Students are able to draw on the wealth of examples from class discussions, written work, and oral presentations. Although this enriches the academic experience, it is imperative that students not share information that is confidential, privileged, or proprietary in nature. Students in this class are bound to respect the confidentiality of presentations offered by fellow students and guest speakers. Any violation of this confidentiality may result in the student being dropped from the course.

Northeastern University's policy on Discrimination and Harassment, and Sexual Harassment apply to all students, staff and faculty. Any student, staff or faculty member who believes s/he has been the subject of discrimination or harassment based upon race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Institutional Diversity and Inclusion: http://www.northeastern.edu/oidi/compliance/sexualharassment/

Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at http://www.northeastern.edu/osccr/pdfs/Code%20of%20Conduct/2014-15%20UG%20Handbook\_Code%20of%20Conduct%20only.pdf

#### 6.6. Disability Accommodation, Religious Observances

Disability Services Request: If you qualify for accommodations because of a different ability, please provide me with a letter from Disability Services in a timely manner so that your

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needs may be addressed. Disability Services determines accommodations based on documented disabilities.

*Religious Observances*: In accordance with campus policy regarding religious observances, I will make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. Please let me know at the beginning of the semester that you will miss class because of religious observance so that appropriate accommodations can be made.

#### 6.7. Standardization of File Names and Font Size

This section describes a few small things you can do to make your grader (me) profoundly happy. For readability please make sure to use **12pt font, double-spaced.** Mac users must convert all files. You are also required to **name your files** in a standardized way. Please use the following format (and yes, Mac users, you are required to use file extensions):

[Topic] – [Assignment] – [Team Members (alphabetical by last name)].ppt or docx.

#### 6.8 Appropriate Use of Electronic Devices

Electronic devices can be both incredibly helpful in accomplishing our work, saving us time (and paper), for note-taking, and quickly connecting us with others, but they can also be a major distraction that can keep us from being fully present in the classroom. I won't accept any texting in class, and expect you to return phone calls/emails during breaks. During course lectures, guest speakers and class presentations, all electronic devices equipment should be off, with exceptions for differently-abled students with the proper written permission. Research shows that students retain more information if they write notes by hand compared to typing notes into a device. I agree with this research and therefore, I will ask you to close your computers so that you may focus your full attention on the discussion or experiential exercises. As a student in my class, I request your full respect for the integrity of the learning community by only using your laptop when it is permissible, i.e., to briefly look up something that is being discussed.

#### 7. Course Evaluations and TRACE

Participation in TRACE, the university's an online course evaluation tool, is essential to improving all subsequent offerings of the class. When it is delivered to you by email late in the semester, *I* will ask you to send me a screenshot of the confirmation page.

#### 8. Connection To DMSB's Social Enterprise Institute and related programs

We hope that upon completion of this course, you will be interested in our programs in social entrepreneurship offered by the Social Enterprise Institute (SEI) and the SEI-Student Association (SEISA).

*Field Study Programs* (Dialogue of Civilization Courses): Our field study programs include summer Dialogue courses in India (Summer 2), Senegal (Summer 1), Zambia (Summer 1) and South Africa (Summer 1). These programs are comprised of two courses, for a total of 8 credits.

*Community Engagement Programs*: There are programs in Boston, including a Citizen Schools program, Room-to-Read, BuildOn, Oxfam America, and many other

important volunteer opportunities. These programs are not for academic credit, and volunteers are accepted on a first come, first serve basis.

Academic Curriculum: We offer courses in global social entrepreneurship (ENTR2206), responsible business in an age of inequality, advanced studies in social enterprise, and innovation and social change. The courses can lead to a concentration track in Social Entrepreneurship for business majors, and an interdisciplinary minor in Global Social Entrepreneurship for non-business majors.

SEI Speaker Series: As a class, we will encourage everyone to attend the SEI Speaker Series events during the semester. Once the schedule of these events is set, we will discuss as a class and commit them to our schedules. We will spend time in class developing some questions for the guest speaker.

SEISA: The SEI Student Association is an excellent way to get actively involved with the social enterprises activities on campus and off. To learn more, please email the current SEISA members listed on SEI's website: northeastern.edu/sei

NUImpact (Student Social Impact Investing Initiative): As mentioned above, NUImpact is a MOSAIC student organization working jointly with THRIVE and the Law School students, faculty and alumni to educate and train students and community partners in social impact measurement and impact investing. To learn more, please contact the E-Board President Kaustubh Bansal.

#### 9. Important Due Dates (subject to change; all changes posted on BB)

#### **IMPORTANT DUE DATES:**

— Weekly	
— Jan. 22 (BB/Class)	
— February 5 (BB/Class	s)
— February 22	(BB/Class)
— February 23	(Online)
— February 26	(BB/Class)
— March 1 (BB/Class)	
— March 26 (BB/Class)	
— March 29 (Online)	
— April 5 (BB/Class)	
— April 9 (Class)	
— April 12 (Class)	
	<ul> <li>Jan. 22 (BB/Class)</li> <li>February 5 (BB/Class)</li> <li>February 22</li> <li>February 23</li> <li>February 26</li> <li>March 1 (BB/Class)</li> <li>March 26 (BB/Class)</li> <li>March 29 (Online)</li> <li>April 5 (BB/Class)</li> <li>April 9 (Class)</li> </ul>

#### Appendix 1 – Additional Resources

Below are additional resources that should be helpful as you become familiar with the topic of social finance. These are all supplemental reading to your required readings. Any new resources will be available via Blackboard as the semester progresses.

#### From GIIN Resources

#### **IMPACT INVESTING NEWS SITES AND RESOURCES**

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#### Alliance Magazine (www.alliancemagazine.org)

Provides analysis and updates about philanthropy and the social investment sectors.

#### **CASE Working Paper Series**

(http://www.caseatduke.org/knowledge/workingpapers/index.html) CASE at Duke staff and faculty working papers on Social Entrepreneurship.

#### Confluence Philanthropy, Glossary of Terms

http://www.confluencephilanthropy.org/Impact-Investing-101

#### Consultative Group to Assist the Poor (CGAP) (http://www.cgap.org/p/site/c)

An independent policy and research center dedicated to advancing financial access for the world's poor.

**Impact Investing Policy Collaborative** (http://iipcollaborative.org/resources/) Strives to grow impact investing markets by building a network for policy research and innovation. Its resources section hosts blog posts, presentations, and more.

#### Initiative for Responsible Investment at Harvard University

#### (http://hausercenter.org/iri)

Promotes the development of theory and practice of responsible investment through research, dialogue, and action.

#### InSight at Pacific Community Ventures

(http://www.pacificcommunityventures.org/reports-and-publications/) Features reports and publications on impact investing.

#### J.P. Morgan Social Finance Research

(http://www.jpmorganchase.com/corporate/socialfinance/publications.htm) Reports and publications from J.P. Morgan's Social Finance unit.

#### MIT Innovations Journal (http://www.mitpressjournals.org/itgg)

Cases, research, and commentary on entrepreneurship and global development, mobile communications, global public health, water and sanitation, and energy and climate.

#### Monitor Inclusive Markets (http://www.mim.monitor.com)

A unit within the Monitor Group that focuses on understanding and catalyzing investment in business models that engage the poor in socially beneficial markets.

#### **NextBillion** (http://www.nextbillion.net)

Explores the connection between development and enterprise.

#### RSF Social Finance (http://rsfsocialfinance.org/)

Cutting-edge example of an impact investor with 3 focus areas - Food & Agriculture, Education & the Arts, and Ecological Stewardship; they consider the long-term impact investments have on the market as a whole, and the people and places affected by these investments in particular.

#### Responsible Research (http://www.responsibleresearch.com/Reports.html) An

independent research provider covering emerging markets, with a focus on environmental, social, and governance (ESG) factors.

#### **Skoll Centre for Social Entrepreneurship**

(http://www.sbs.ox.ac.uk/centres/skoll/Pages/default.aspx)

Fosters innovative social transformation through education, research, and collaboration.

#### **Social Edge** (http://www.socialedge.org/)

An online community where social entrepreneurs and others in the social benefit sector can network, learn, and share resources.

#### **SocialFinance.ca** (http://socialfinance.ca)

This program of the MaRS Centre for Impact Investing is an online community and information hub for social finance and impact investing in Canada.

#### Stanford Social Innovation Review (http://www.ssireview.org)

A magazine and website covering cross-sector solutions to global problems while bringing together academic theory and practice with ideas about achieving social change.

#### Third Sector (http://www.thirdsector.co.uk)

Based in the U.K., the site provides news on impact investing, social enterprise, philanthropy, and the nonprofit sector.

#### Tides (https://www.tides.org/approach/)

A philanthropic partner and nonprofit accelerator dedicated to building a world of shared prosperity and social justice

#### **Tides Momentum** (http://momentum.tides.org)

A quarterly publication that spotlights the world's leading and emerging social changemakers.

#### **Upsides** (http://www.upsides.com/category/responsible-finance)

An online platform that covers responsible finance and sustainable development in emerging markets.

#### IMPACT MEASUREMENT RESOURCES

#### **B Lab** (http://www.bcorporation.net)

A nonprofit organization that certifies B Corporations, a new type of corporation that uses the power of business to solve social and environmental problems.

#### **CARS** (http://www.carsratingsystem.net)

A CDFI assessment and ratings system, providing a third-party assessment of impact and financial performance.

#### FIELD at the Aspen Institute (http://fieldus.org/index.html)

Its mission is to identify, develop, and disseminate best practices, and to educate funders, policymakers and others about microenterprise as an anti-poverty strategy.

#### Global Impact Investing Rating System (GIIRS) (http://giirs.org)

Assesses the social and environmental impact (but not the financial performance) of companies and funds using a ratings approach analogous to Morningstar investment rankings or S&P credit risk ratings.

#### Impact Reporting and Investment Standards (IRIS) (http://iris.thegiin.org) An

initiative of the GIIN, IRIS is a set of metrics that can be used to describe an organization's social, environmental and financial performance.

#### **MIX Market** (http://www.mixmarket.org)

Provides access to financial and social performance information covering approximately 2,000 MFIs around the world.

#### Appendix 2 - Impact Investing Reading List

1. <u>Impact Investing: Transforming How We Make Money While Making a</u> <u>Difference</u> by Antony Bugg-Levine and Jed Emerson

2. <u>The Responsible Hand: Overcoming the Shortcomings of Impact Investing</u> by Alex Hamilton Chan

3. <u>Pursuing Profits with Principles: The Case for Impact Investing Today</u> by Robert Balentine

4. What's Impact Investing's Bottom Line? by Jeff Schlegel

- 5. Investing with Intent for Impact by Luther Ragin and Katy Lankester
- 6. The State and Future of Impact Investing by Rahim Kanani
- 7. Impact at Scale by the Rockefeller Foundation
- 8. Insight Into the Impact Investment Market by J.P. Morgan and GIIN
- 9. Investing for Impact by Credit Suisse
- 10. Investing for Social & Environmental Impact by Monitor Institute
- 11. The Impact Investor by Insight, Impact Assets, and CASE at Duke
- 12. Creating Social Value by Philip Auerswald
- 13. Impact Investing: Happy Returns by the Economist

14. <u>Impact Investments: An Emerging Asset Class</u> by J.P. Morgan and the Rockefeller Foundation

15. <u>Solutions for Impact Investors: From Strategy to Implementation</u> by the Rockefeller Foundation

16. Innovations: SoCap '11 – Impact Investing Special Edition by MIT Press

17. From Blueprint to Scale by Harvey Koh, Ashish Karamchandani and Robert Katz

#### Appendix 3 - Grading Rubric for "Active Engagement" for ENTR 3520

Element	Exceeds Expectation	Meets Expectation	Below Expectation
	(A range)	(B range)	(C range and below)
Attendance	No classes missed	Between 0 and 2 classes missed	More than 2 classes missed
Preparation	Asks informed questions based on the reading; Often cites outside references; Brings new ideas to the discussion	Asks informed questions based on the readings	Has not read the required readings
Civility	Respectful and kind towards others; Draws out the skills and talents of others	Respectful and kind towards others	Disrespectful of people, and disruptive in class
Collaboration	Adopts a "yes-and" approach to idea storming; Demonstrates facilitation and mediation skills	Adopts a "yes-and" approach to idea storming	Uncooperative, and not listening to others
Problem Solving	Communicates ideas clearly and effectively; Turns confusion and frustration in class into passionate inquiry and creativity for learning	Communicates ideas clearly and effectively	Uncommunicative in class, and publicly demonstrates frustration when confused
Peer Reviews	Provides honest and thoughtful comments on Evaluations	Self and Peer Evaluations completed on time	Self and Peer Evaluations not completed or late

#### Appendix 4 – Grading Rubric for Final Group Project

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Element	Exceeds Expectation	Meets Expectation	Below Expectation
	(A range)	(B range)	(C range and below)
Research	In death primory		Minimal research
Research	In-depth primary research conducted	Thorough research conducted; use of	conducted; ineffective
	throughout the team	diverse resources;	use of data, and/or
	project; use of multiple	effective use of	weak storytelling
	academic and	qualitative and	
	practitioner sources;	quantitative data &	
	creative and effective	storytelling	
	use of quant and qual		
	data & storytelling		
Preparation	Evidence of rigorous,	Prepared for class	Has not prepared for
	team-supported	presentations; effective	the class presentations
	presentations and	final pitch presentation;	
	flawless delivery;	evidence of some use of	
	thorough use of	available resources	
Teensusada	available resources	Evidence of colleboration	
Teamwork	Evidence of shared	Evidence of collaboration	Little evidence of
	knowledge and skills	and skills leveraging	collaboration or skills
	leveraging; radical collaboration and new		leveraging; one or two team members
	team performance		dominate the work
	benchmark setting		dominate the work
Application of	Demonstrated	Demonstrated	Scant mention of key
Key Concepts	knowledge and	knowledge and	course concepts
	creative, innovative	application of key course	
	application of key	concepts	
	course concepts		
Policy	Thoughtful	Some mention of	No mention of any
Implications	consideration of	implications for both SEs	implications for key
	implications for both	and impact investors	stakeholders
	SEs and impact		
	investors		
Social Impact	Innovative suggestions	Thorough treatment of	Superficial mention of
Metrics	for participatory	impact measurement	impact measurement
	methods to collect,	and consideration of	or lack of consideration
	measure and report on	social enterprise	for social enterprises
	impact	constraints and impact	and impact investor
		investor learning	learning

#### Appendix 5 – Recommended Additional Reading

- 1. AHAMED, L. (2009). *Lords of Finance: The bankers who broke the world*. New York: Penguin Press. (Winner of the Pulitzer Prize)
- 2. AKERLOF and SHILLER (2014) *Phishing for Phools*. Princeton University Press.

3. BANERJEE, A. and DUFLO, E. (2011). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: PublicAffairs.

4. FERGUSON, N. (2008). *The Ascent of Money: A financial history of the world*. New York: Penguin Press.

5. KAHNEMAN, D. (2011). *Thinking, Fast and Slow*. New York: Farrar, Straus and Giroux.

6. MCCLOSKEY, D. (2006). *The Bourgeois Virtues: Ethics for an age of commerce*. Chicago: University of Chicago Press

7. POLAYI, K. (1957, 2001). *The Great Transformation: The political and economic origins of our time*. Boston: Beacon Press.

8. ROSS SORKIN, A. (2010) *Too Big to Fail: Inside the Battle to Save Wall Street.* Penguin Press.

9. STIGLITZ, J. (2010). *Freefall: Free Markets and the Sinking of the Global Economy*. Penguin Press.

10. TALEB, N. N. (2010). *The Black Swan: The impact of the highly probable*. New York: Random House.

11. TETT, G. (2010) Fool's Gold: How Unrestrained Greed Corrupted a Dream, Shattered Global Markets and Unleashed a Catastrophe. Abacus.

"We refuse to believe that the bank of justice is bankrupt. We refuse to believe that there are insufficient funds in the great vaults of opportunity of this nation. So we've come to cash this check, a check that will give us upon demand the riches of freedom and the security of justice."

-Reverend Martin Luther King, Jr.

"We refuse to believe that the bank of justice is bankrupt. We refuse to believe that there are insufficient funds in the great vaults of opportunity of this nation. So we've come to cash this check, a check that will give us upon demand the riches of freedom and the security of justice."

-Reverend Martin Luther King, Jr.

Syllabus\_ImpactInvesting\_Spring2018\_MINARD

#### MO 637: INTRAPRENEURSHIP: LEADING SOCIAL INNOVATION IN ORGANIZATIONS WINTER A, 2017 <u>UPDATED SYLLABUS, 1/11/17</u>

#### Overview

This class is about creating positive change without authority in organizations. It will provide you with a practical toolkit for driving social and environmental change from within established organizations, while advancing core business objectives. It will draw on the first-hand experiences of intrapreneurs who have created business lines and organizational changes that are both financially viable and achieve outcomes beyond profits.

This semester, we will be joined by guests from IBM, Amcor, Kellogg, Whole Foods, General Motors, and Cascade Engineering.

#### **Course Objectives**

By the end of the semester, you will:

- Have a greater understanding of your identity and capability as a change agent, even without a formal position of authority
- Gain a rich range of examples of companies making a positive difference while advancing core business objectives
- Learn a categorization of different kinds of social innovation that occurs in organizations
- Understand the mix of timing, personal characteristics, environmental conditions and influence tactics that enable intrapreneurship
- Be able to map and analyze social networks and identify the key influencers in a system
- Be able to identify a company's key values and how to communicate your ideas within a particular corporate culture
- Be able to communicate a value proposition for social innovation and adapt it to the learning styles of different stakeholders
- Understand your different options to organize others in their efforts
- Have gained insight into the pitfalls that you may face as an intrapreneur, and ways that others have successfully overcome these obstacles

#### The plan of the course

Getting a major initiative to succeed in big organizations is much like leading a social movement. It takes being able to read the opportunity structure and think like an entrepreneur as one's career develops; mapping the social system to locate allies inside and outside the organization; framing the initiative in a way that motivates decision makers and makes the business case; and mobilizing a team using available structures and technologies.

The course draws on the latest advances in social research, network analysis, and information technology to provide a toolkit for leading social innovation within organizations.

- We lay out a framework for how effective social movements change organizations. This framework includes four parts: reading the opportunity structure; framing the case effectively as a business proposition; mapping the social terrain to locate allies and supporters; and mobilizing allies into a team.
- The second session breaks down the process of recognizing opportunities and lays out some of the factors distinguishing successful from unsuccessful social innovations. We learn basics of *content analysis*, which allows us to use corporate documents (e.g., annual reports, press releases, speeches) to summarize the core elements of a company's culture.
- The third session lays out good strategies for making the case for change to decision makers. We practice the elevator pitch for social innovations.
- The fourth and fifth sessions are training in the tools of *social network analysis* and their application as a way to visualize and quantify the social terrain. Here, we will see how to use public information and how to secure data to map out the power structures inside and around the organization.
- The sixth session highlights tools for mobilization that have underlain actions from whimsical "flash mobs" to political protests in the wake of contested elections, and how they may be used within the context of organizations.

In the second half of the course, we go through several cases of successful and unsuccessful social innovation in organizations via "live cases" with social intrapreneurs addressing real issues in their companies. Innovations can be of several types:

- products (selling goods and services whose value extends beyond profit),
- practices (making how we do it more sustainable),
- people (making the workplace more just and rewarding), and
- public (building the community beyond the walls of the institution).

In the penultimate session we see how dispersed initiatives can aggregate into wide-scale social change, drawing on the experience of one company that has sought to institutionalize social innovation.

We end by reinforcing the most important learning points of the semester: what are the things that you will do differently as a result of taking this class?

#### GRADING

Grades are based 40% on individual work (including class participation) and 60% on group work.

#### Individual work

#### 25%: Class participation

25%: Your contribution to class discussion is evaluated according to your input and comments about the analyses of cases and conceptual material. Both the quality and quantity of your

participation are important, but we emphasize quality over quantity. High quality comments include those that enhance the learning of all members of the class, demonstrate a thorough analysis and preparation of the assigned materials, summarize key portions of the discussion and move us in a beneficial direction, evaluate and constructively critique ideas presented by others, and/or draw from your own experience or cultural background to shed new light on the discussion.

#### 15%: Live cases Memo to an intrapreneur

You will write one two-page (no more than 1000 words) memo to your "live case" intrapreneur. The memo should draw on the frameworks and tools of the course to analyze the current challenges the intrapreneur is facing with their innovation and propose courses of action. Note that this is an *individual assignment*. <u>Memo due before the class with your intrapreneur's live case</u>.

You will also present a brief summary of your recommendations to the intrapreneur in question.

#### Group work

**10%:** Analyzing a corporate culture and making the case for a social innovation. Using content analysis software and company documents, your group will analyze the company of your choice (you may choose to study your live case company), and make a suitable pitch to adopt a "Corporate Service Corps" (described in the IBM case). <u>2 page memo; due before class 1/17</u>.

**10%: Mapping power structures using social network analysis.** Using social network analysis software, your group will analyze the networks of managers in a professional firm (Capital Partners), described in the case to identify key players. <u>2 page memo; due before class 1/24.</u>

**40%: Final project.** Each group will work on the case of a specific social innovation that a real company is considering. At this stage we will have gone through all parts of the framework, and you will still have three weeks to provide a high quality final product. The final deliverable is a group memo to an intrapreneur at the company (<u>no more than 10 pages double-spaced, due 2/17 at 6pm</u>) that applies the tools and frameworks of the course to help them champion this innovation most effectively.

Note that **group grades can be adjusted** based on feedback from the group at the end of the course.

#### ACADEMIC HONOR CODE

Personal integrity and professionalism are fundamental values of the Ross School of Business community. This course will be conducted in strict conformity with the Academic Honor Code. The Code and related procedures can be found at

<u>http://www.bus.umich.edu/Academics/Resources/communityvalues.htm</u>. The site also contains comprehensive information on how to make sure you have not plagiarized the work of others. Claimed ignorance of the Code and relation information appearing on the site will be viewed as irrelevant should a violation take place. Non-Ross School students taking the course should

also familiarize themselves with the Code as they will be subject to the Code while in this course.

#### CONTACTING THE PROFESSOR

**Office hours:** Before and after class, and by appointment. Given the time demands facing the students of this course, I am happy to set up times to meet you on campus or off, during normal business hours or after, even on weekends if it's urgent. Of course, it's rarely that urgent, and the best way to reach me is usually via e-mail (<u>chriswhi@umich.edu</u>).

#### ACCOMMODATIONS

The University of Michigan is committed to providing equal opportunity for participation in all programs, services and activities. Students wishing to receive testing accommodations must register with the UM SSD (Services for Students with Disabilities) as soon as possible. Students must then submit their Verified Individualized Services and Accommodations (VISA) form via online web form as early as possible, but <u>no later than two weeks prior to the test or quiz for which accommodations are requested</u>. For Winter 2017, new requests for midterm accommodations must be received by **February 3, 2017, and April 6, 2017** for final exam accommodations.

Requests only need to be submitted once during your academic career at Ross. If you have already received accommodations you do not need to resubmit your paperwork. For NEW accommodation students, requests must be sent using the <u>Accommodations Request</u> form and must include:

- $\cdot\,$  a scanned or photographed copy of the VISA form
- $\cdot$  your name
- $\cdot\,$  the classes and related section numbers

All requests must be made via the web form. Questions can be directed to the Accommodations Coordinator at <u>RossAccommodationsCoordinator@umich.edu</u>.

In rare cases, the need for an accommodation arises after the two-week deadline has passed (for example, a broken wrist). In these cases, the student should still contact SSD and the Ross Accommodations Coordinator at <u>RossAccommodationsCoordinator@umich.edu</u>, however, due to logistical constraints we cannot guarantee that an accommodation can be made after the two-week deadline has passed.

#### **DELIVERABLES CHEAT SHEET**

BEFORE 2ND CLASS: EVERYONE DOWNLOADS YOSHIKODER AND LOGICS.TXT FILE

BEFORE 3RD CLASS: GROUP PREPARES (NO SLIDES) PITCH TO GUEST; GROUP FRAMING ASSIGNMENT DUE BY 9.30AM

BEFORE 4TH CLASS: EVERYONE SETS UP A TRUSTED FOLDER AND DOWNLOADS NODEXL

BEFORE 5TH CLASS: GROUP NETWORKS ASSIGNMENT DUE BY 9.30AM

BEFORE 6<sup>TH</sup>-10<sup>TH</sup> CLASS: ON THE DAY YOU ARE PRESENTING: GROUP LIVE CASE SLIDES DUE BY 9.30AM; INDIVIDUAL LIVE CASE WRITE UPS DUE BY 9.30AM

BEFORE 12<sup>TH</sup> CLASS: COURSE REFLECTIONS SLIDES DUE BY 9.30AM

FEB 17, 6PM : GROUP FINAL PROJECTS DUE

#### COURSE OUTLINE AND SCHEDULE OF SESSIONS

#### Session 1: Overview: How to lead social innovation at work

#### Readings:

Chapters 1-3 of Changing Your Company From the Inside Out.

Sustainability, "The social intrapreneur: A field guide for corporate changemakers." (On Canvas under "Files>Additional readings." OPTIONAL.)

#### Session 2: Reading the landscape: how to recognize opportunities for change

#### Readings:

- Chapter 4, "When: Opportunity structures." In *Changing Your Company From the Inside Out.*
- Klaus Weber, "Management logics: Framing the case for social innovations." (On Canvas under "Files>Tools for framing and content analysis>Management logics and framing.")

#### Before class:

Download the free Yoshikoder software and the "logics.txt" file from Canvas (under "Files>Tools for framing and content analysis.")

#### Session 3: Making the case: how to frame your innovation and make the business case

#### Readings:

Chapter 5, "Why: Making the case." In *Changing Your Company from the Inside Out*.

"IBM: The Corporate Service Corps." (HBS case #9-409-106). (Coursepack.)

Susan Ashford and James Detert "Getting the Boss to Buy In", *Harvard Business Review,* January-February 2015. (Coursepack, OPTIONAL).

#### Before class:

Framing Assignment due to <u>ChrisWhi@umich.edu</u> in MS Word by 9.30am.

During the class session, your group will pitch the idea of a CSC in an "elevator pitch" format (i.e., PowerPoint-free, notes-free plain English - you will need to "translate" from the language of the software to someone unfamiliar with the terminology). That is, you will have 2 minutes to persuade your target person that a CSC would be a good idea for the company of your choice. Kevin Thompson will give feedback. Please use your new skills in language analysis to help frame your pitch.

Guest analyst:

Kevin Thompson, IBM

#### Session 4: Acquiring the network toolkit and understanding power structures

#### Readings:

- Chapter 6, "Who: Understanding social networks." *Changing Your Company From the Inside Out.*
- Gerald F. Davis, "Mapping networks using NodeXL." (On Canvas under "Files>Tools for Network analysis>Guide to assessing networks in organizations.")

#### Before class:

#### MO637 Network Analysis: Getting Started

#### <u>1. Set up a Trusted Folder</u>

- 1. Create New Directory on your C drive called Network Analysis.
- 2. Open Excel
- 3. Click on the File Menu
- 4. Near the bottom left you will see Options. Click Options
- 5. On the left hand side of the screen you will see several items. Click Trust Center.

6. In the middle right of the Trust Center window you should see a button called "Trust Center Settings." Click Trust Center Settings.

7. On the left hand side of the screen you will see several items. Click Trusted Location.

8. Toward the bottom right hand corner of the window you will see a button called "Add new location." Click Add new location.

9. This will bring up the Microsoft Office Trusted Location window. Click the Browse button and navigate to the C:\Network Analysis, the folder you created in step 1.

10. Place all network data files in this folder as it is now a trusted location!

11. Get your network analysis on!

#### 2. Download NodeXL

#### a. PREFERRED: Download NodeXL to a PC

- 1. Go to <a href="http://nodexl.codeplex.com/">http://nodexl.codeplex.com/</a>
- 2. Click the big download button
- 3. Follow the prompts on the wizard

#### b. NOT PREFERRED: Download NodeXL to a Mac

NodeXL requires Office 2007, 2010 or 2013. If you have a Mac and use Bootcamp or Parallels with Office installed, you can stop reading here, because you probably already know how to run Windows software on your machine.

NodeXL is not a pre-installed program. However, users can install the template file themselves. Please note that you will have to install the file every time you start a new session. In addition, you will not be able to recover files on the remote computer after ending your session. The remote computer's desktop should only be used for temporary files you don't plan to keep. If there is a file you want to keep, email it to yourself or use cloud storage services such as Dropbox or MBox.

- 1. Go to: http://www2.bus.umich.edu/MyiMpact/technology/virtual-computer-lab
- 2. Click on the Apple icon to download the application.
- 3. When prompted, copy and paste the server URL from the Virtual Lab webpage above.

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- 4. Enter your uniqname and password. Make sure the selected domain is UMROOT (default).
- 5. Now, after loading, inside your web browser, you'll see the remote computer's desktop.
- 6. Open a web browser within the remote computer's desktop (e.g., an Internet Explorer window inside a Safari window), and go to: <u>http://nodexl.codeplex.com/</u>
- On the right panel, you'll see a purple box named "download". By default, it will download "NodeXLBasicExcelTemplate2014Setup.exe" in C:\Users\my\_uniqname\Downloads.
- 8. Execute the file, and install the program.
- 9. Once you see the success message, now you're ready to use NodeXL.
- 10. Open Windows explorer (Windows icon at the bottom left corner) All Programs. At the top you will see "NodeXL Excel Template".

<u>Troubleshooting: email Eun Woo Kim (eunwoo@umich.edu) and Chris White</u> (chriswhi@umich.edu)

During class, we will step through some simple network analyses. This will make much more sense if you have already downloaded the software and walked through the tutorial!

#### Session 5: Mapping the social terrain in organizations and locating the mavens and playas

#### Readings:

Malcolm Gladwell, *The Tipping Point*, first three chapters. (Consider [1] who are connectors, mavens, and salesmen, [2] how can one use social network analysis to identify them, and [3] how do they achieve their network positions?)

Wayne Baker, "The More You Energize Your Coworkers, The Better Everyone Performs", Harvard Business Review (COURSEPACK)

<u>Case:</u> Capital Partners

Your 2-page "Mapping power structures..." memo is due today.

#### Session 6: How to mobilize allies

#### Readings:

Chapter 7, "How: Platforms for mobilizing." In Changing Your Company from the Inside Out.

Clay Shirky, *Here Comes Everybody* (chapters 5, 10, and 11)

Malcolm Gladwell's rebuttal: http://www.newyorker.com/reporting/2010/10/04/101004fa\_fact\_gladwell

#### Session 7: Public: enhancing outside impact

#### Readings:

Michael Porter and Mark Kramer, "Strategy and society: the link between competitive advantage and Corporate Social Responsibility", *Harvard Business Review*, December 2006: 78-92. (COURSEPACK.)

Briefing from intrapreneur to be distributed before class

Live Case: Kellogg

Guest: Paloma Lopez (See bio)

#### Session 8: People: making the workplace more humane

Readings:

Spreitzer and Porath, "Creating Sustainable Performance", Harvard Business Review (COURSEPACK)

Catalyst, "Engaging in conversations about gender, race, and ethnicity in the workplace" (On Canvas>FILES>ADDITIONAL READINGS)

Briefing from intrapreneur to be distributed before class

Live Case: Whole Foods Market

Guest: Larry Austin (See bio)

#### Session 9: Practices: making the business more sustainable

#### Readings:

Stuart Hart, "Beyond greening: strategies for a sustainable world." *Harvard Business Review*, January/February 1997: 67-76. (COURSEPACK.)

Briefing from intrapreneur to be distributed before class

#### Live Case: Amcor

Guests: Leonore Hijazi and Dave Clark (see bios)

#### Session 10: Products: creating a multiple bottom line venture

Reading:

Jeffrey Dyer, Hal Gregerson, and Clayton Christenson, "The Innovator's DNA." Harvard Business Review, December 2009: 61-67. (COURSEPACK.)

Briefing from intrapreneur to be distributed before class

Live Case: General Motors

Guest: Alex Keros (see bios)

#### Session 11: From Intrapreneurship Initiative to Institutional Integrity

#### **Readings:**

Chapter 8, "Change your company, change the world." In *Changing your company from the inside out*.

"Cascade Engineering: Building frontline employee programs for triple bottom line impact." Jennifer Hu, Melanie Lowenberg, and Rohini Chojnacki. Aspen Institute Business & Society Program case LWW-02. **(COURSEPACK).** [Note: this case was written by three alums of MO637 and won the 2012 Aspen case competition.]

#### Live Case: Cascade Engineering

Fred Keller, Mark Miller, Kenyatta Brame, Christina Keller, Keith Maki (see bios)

#### Session 12: Group presentations and wrap-up

#### **Readings:**

No additional readings are assigned for this day. I expect you will be very busy with your final project. During this session, groups will share their key learnings from the semester.

## Analyzing a corporate culture and making the case for a social innovation

Every organization and every important decision maker has preferred but rarely explicit logics for how to evaluate opportunities and projects. Content analysis of corporate and individual communication shines light on these often hidden preferences and biases. Your group will analyze the profile of logics that a publicly traded company employs, using the framework of seven logics described in the Weber reading ("Management Logics..."). The following companies all have much publicly available material to analyze: HCA, Walt Disney, Unilever, Coca-Cola, Procter & Gamble, Ericsson, 3M.

Your group's task prior to Session 3 is to use Yoshikoder to process publicly available company documents and, based on this, to make a persuasive pitch for the company to adopt a corporate service corps (CSC). A CSC is a global service program in which employees of a company stop out of their day jobs to work as a team with NGOs to complete specific and substantial short-term projects, often in developing countries. "Short-term" can have a flexible definition: at IBM, it is three months of pre-work; one month in country; and one month of post- processing. Your task is to make a convincing case for adopting a CSC that is customized to the particular culture of your client company, using the themes, authorities, data, and language likely to work best there. During class you will have 2 minutes to make an elevator pitch to skeptical decision makers, and your colleagues.

#### Data

For the purpose of this exercise, you have to compile a corpus of texts produced by the organization or person and use the quantitative content analysis method described in "Management Logics: Framing the Case for Social Innovations" (on Canvas). You may obtain these data from a variety of sources: statements and press releases on company websites, annual reports, letters to shareholders, and internal memos or reports are good sources for organizations. Personal blogs, transcripts of speeches and interviews or letters to shareholders/stakeholders are good sources for individuals. To make the analysis robust, you should select sources that are likely to reveal general orientations (e.g., general statements, not highly specific or brief pieces), and you must use several documents (a minimum of 3-5, depending on length).

#### Resources

Links to the most important resources for this exercise are posted in Canvas (Files>Tools for framing and content analysis). This includes a Zip file with the Yoshikoder software and the "logics.txt" file, which you will also want to download. It also includes a description of how to use Yoshikoder to analyze and make sense of corporate documents, posted as "Management logics and framing.pdf." (This is the Weber assigned reading)

A short and informative description of CSCs at different companies and their benefits is in Thompson, "Global Service," posted in Canvas (Files>Additional readings>03. Thompson,

"Global Service"). Kevin Thompson's story is in the HBS case "IBM: The Corporate Service Corps" (see coursepack).

#### Questions to consider

1. What is the profile of logics of this company or person?

2. What likely explains the pattern of logics you observe? How do they map onto what else you know about the organization?

3. What are the implications for pitching social innovations in this company?

4. What types of social innovations are easier/harder to sell in this company?

5. What are limitations of the data sources, and how would you overcome them in an ideal situation?

#### Deliverables

1. A two-minute **<u>pitch</u>** (i.e.make the case to our guest, don't just answer the questions above) by a member of your group delivered elevator style: no PPT, no notes (during class)

2. A 2-page memo answering the questions above, uploaded to Canvas before class.

# Mapping power structures using social network analysis

Social network analysis (SNA) is a method of graphing and analyzing the connections among people—who knows whom, who has worked together, who goes to whom for advice, who hates whom, and so on. Using this information allows us to pinpoint who are the mavens, salespeople, irreplaceable people, potential bottlenecks, and allies for change efforts. Understanding the networks inside and beyond the company can be an extremely powerful tool for advocating change.

Your group's task for this session is to use NodeXL to analyze the social networks at Capital Partners and answer a few questions based on your analysis. The data are already collected and ready to analyze.

#### Client

Capital Partners (CP) is a commercial real estate company in the Washington DC area. CP has three offices, in Fairfax County VA (headquarters), Montgomery County MD, and Prince Georges County MD. It has three market groups (divisions): industrial, retail, office. It also has three relevant formal positions in the hierarchy: partner, leasing agent, staff.

CP is described in reasonable detail in the case posted on Canvas in Files>Network data and cases>Capital Partners case>Capital Partners case.

#### Data

Data on networks were collected from surveys of partners and leasing agents at Capital Partners. Go to Canvas>Files>Network data and cases>Capital Partners case for everything you need.

"Capital Partners network survey..." is the paper-and-pencil survey used to gather data in the actual company. (If we re-did this today, we would almost certainly use a Qualtrics survey.)

"Capital\_Partners\_network\_data.zip" contains four network datasets that can be opened and analyzed with NodeXL:

- cp\_weekly.xlsx : Based on the survey question "About how often do you have discussions with this person in order to get your job done?" [1=at least weekly]
- cp\_advice.xlsx : "Have you gone to this person for advice on handling a difficult business decision?" "Has this person come to you for advice on handling a difficult business decision?"

• cp\_promote.xlsx : "Have you talked with this person about decisions to promote a leasing agent to partner?"

• cp\_social.xlsx : "During the past few weeks, did you socialize with this person after work or on a weekend?"

#### Resources

Links to the most important resources for this exercise are posted in Canvas (Files>Tools for network analysis). This includes a link to the download site for NodeXL, a brief how-to guide for downloading and opening NodeXL, a very useful tutorial, and an astoundingly useful "Guide to assessing networks in organizations" (the Davis reading).

#### Questions to consider

Please answer the following questions and explain how you arrived at your conclusions—that is, what measures did you use, and why are these the right ones?

1. Who is central by different measures? Why? What happens if the most "between" person departs?

- 2. Who is a maven? Who is clueless?
- 3. Up to whom should leasing agents be sucking for a promotion?

4. Who is a playa? (in the network analysis sense... this is a "for fun" question: just give your working definition of "playa", and offer your analysis and conclusions)

#### Deliverable

A 2-page memo answering these questions and providing supporting analysis, uploaded to Canvas before class.

## Live Cases

The Live Cases are designed as working sessions. Our guests, visiting intrapreneurs, will provide relevant background materials about their initiative and a particular challenge they are facing prior to their visit. You will provide input to an intrapreneur in the form of a group presentation and a short individual memo.

#### Group presentation.

Each group will be assigned to one of the guest intrapreneurs to present their recommendations in class. Recommendations should draw on the frameworks and tools of the course to provide useful, actionable advice to the intrapreneur, who will have a chance to respond and probe your ideas in class.

#### Individual memo.

Each individual will write a memo (no more than 1000 words or 2 pages, whichever is less) to their intrapreneur, submitted prior to the class session via email. These memos will be graded according to a system of "check", "check minus" and "check plus". Most memos will receive a grade of "check", indicating that the memo satisfied the criteria above and should lead to a good discussion. In some cases, a "check plus" grade will be awarded when the write-up is exceptionally good. A "check minus" will be given when the write up is substantially less than the norm that is expected for this assignment.

In grading the presentations and memos, we are not looking for the one "right answer". Rather, the goal is to make sure you have thought about the scenario in depth, have used the appropriate tools and frameworks to address the issues at hand, and have developed a consistent and logical argument. The focus is on applying tools and concepts in the course to a complex intrapreneurial challenge.

#### Deliverable

Group slides (emailed to the instructor (<u>ChrisWhi@umich.edu</u>) and individual papers (uploaded to Canvas) are due by 9.30am on the day of the relevant class.

## Final Project: Advice to a social intrapreneur

To put the framework and learnings of the class to work, your group will be working with Cascade Engineering to advance a potential social innovation. It might be a new product or service, an improved process, changes in people management practices, or an effort to enhance the organization's broader impact on the public. We will provide you with a written scenario and internal materials from Cascade to apply your learning from this class, and other skills and knowledge.

#### Understanding and addressing the challenge

Your team should use the tools of the class to diagnose the situation and opportunity and provide concrete, actionable recommendations. Consider the four components and their questions: Why now—that is, how has the opportunity structure changed? Why—what is the innovation, what's a compelling frame, and what's the business case? With whom—what is the social network like, and who are likely allies (and opponents)? How— how can allies be mobilized to action, and with what tools and motivations?

#### Deliverables

Each group will upload to Canvas a paper (no more than 10 pages double-spaced, in MS Word; appendices optional beyond 10 pages) no later than 6pm on February 17. The group's grade will be based on understanding of concepts, application of concepts, and effectiveness of communication, both in the presentation and in writing. (Grades can also be adjusted for individuals based on the feedback of the group.)

#### **GUEST BIOS**

### **Kevin Thompson**



Kevin Thompson's varied experiences span from managing a farm and agro enterprise in rural West African as a Peace Corps volunteer to leading a global marketing organization for IBM. Kevin currently works for IBM Commerce, Mobile and Social. With over 12 exciting years at IBM, Kevin has had jobs in strategy, corporate citizenship, brand management, market insights and research, account focused marketing, innovation programs and field enablement and in locations ranging from his home office in Ann Arbor, Michigan to five continents.

Along the way Kevin has been named a First Mover Fellow with the

Aspen Institute, recognized in the NY Times and other publications and books, featured in a Harvard Business School case study and won a FrED Forum innovation award. Kevin has also published on topics ranging from cloud computing to next generation leadership.

A high water mark in Kevin's career was the creation, design, and scaling of the Corporate Service Corps (CSC), often called a "business version of the Peace Corps." The CSC has deployed thousands of IBM employees on pro bono assignments all over the world working with nonprofits, government agencies, universities and entrepreneurs.

Outside of work, Kevin is a Trustee with the Ann Arbor Area Community Foundation, a philanthropic organization serving Washtenaw County, Michigan. He is also a dad and an aspiring chef and musician.

Kevin holds MBA and MS degrees from Cornell University and a BA from the University of Massachusetts in Natural Systems.

## **Paloma Lopez**



Paloma Lopez is Global Sustainability Director for Kellogg, based in Michigan, USA. During the 12 years that Paloma has worked for the company in various European countries, the USA, and Mexico, she has held roles in Sustainability as well as in New Business Development, Innovation and Brand Strategy. In her current role as Global Sustainability Director, Paloma helps embed Sustainability into Kellogg's growth strategies and commercial plans while delivering on the company's 2020 Sustainability Commitments.

Among her most recent projects, Paloma helped lead the

launch and global rollout of the Kellogg's Origins<sup>™</sup> Program in Sustainable Agriculture, with a special focus on smallholder farmers. She has also been a key enabler and contributor to the US MorningStar Farms campaign 'Just What the World Ordered' and Kellogg's transparency online platform 'Open for Breakfast'. In her previous role in Europe, Paloma also helped lead the partnership between Special K and Chime for Change, raising funds and awareness for girls and women globally, engaging 1 million people in the movement and directly benefiting 25,000 women.

## Larry Austin

## **David Clark**



David leads Amcor's safety, environmental compliance, and sustainability programs including the EnviroAction program to improve the environmental and social profile of their operations and products. He is closely involved with integrating sustainable design and social responsibility into Amcor's product development and innovation processes, including issues related to the collection, processing, and use of recycled containers.

David is also chairman of the Plastic Recycling Corporation of California and serves on the External Advisory Board of the Erb Institute for Global Sustainable Enterprise at the University of Michigan.

David holds a B.S., Physics, from the University of

Michigan and an MBA from Pepperdine University.

### **Leonore Adams**



For her role as Safety, Environment, and Sustainability manager at Amcor Limited, a global plastic packaging company, Leonore Adams manages sustainability reporting and corporate partnerships. Amcor has launched partnerships with three key organizations in the last two years: The Ellen MacArthur Foundation New Plastics Economy, the Ocean Conservancy's Trash Free Seas Alliance, and the World Food Programme. Through these partnerships, Amcor leadership will demonstrate the value packaging adds to society while also minimizing the negative environmental impacts of mismanaged packaging waste. Leonore received her MBA/MS in 2010 as an Erb student at the University of Michigan and her B.S. Foreign Service from Georgetown University in 2004. She enjoys hiking and exploring

Michigan with her two young children, future Wolverines!

## Alexander (Alex) Keros

#### General Motors: Manager, Vehicle and Advanced Technology Policy



Alex Keros works on advanced technology policy for General Motors. He is responsible for policy considerations and technical support for the commercialization of GM's advanced vehicle portfolio ranging from transportation electrification to urban mobility and autonomous vehicles. Through collaborative work across a variety of stakeholders, including automakers, utilities, regulators, local officials, and nongovernmental organizations, Alex works to implement cutting-edge programs and create complementary policies that enable sustainable

markets for advanced technologies.

Alex has a unique balance of backgrounds which include project management, energy policy, environmental engineering, and business strategy. He has spent his career at General Motors engaging a diverse set of internal and external stakeholders to enable broader perspectives across business functions. Whether participating as a Commissioner in Massachusetts' Zero Emission Vehicle Commission, working with public utility commissions to explore electric vehicles' role in smart grid implementation, or supporting the launch of Maven, GM's carsharing platform, Alex remains focused on customer-enabling solutions.

Alex began his career in environmental consulting where he managed the assessment and remediation of hazardous waste sites. He has extensive experience in environmental policy design and implementation. Alex also grew up learning the ropes in his family-owned restaurant, the American Coney Island. Founded in 1917, the restaurant is widely recognized as the creating the tradition of Detroit's chilidog. Alex earned a B.S. in Natural Resource Management and a Masters in Business Administration from the University of Michigan in Ann Arbor.

### Kelly Helfrich



Kelly Helfrich is Strategy Manager for Maven. In her role she is responsible for defining and executing the EV infrastructure strategy to support deployment of shared EV fleets within Maven's platform; co-developing new EV business models, and collaborating with Maven leadership to inform launch plans for future markets. Prior to joining Maven, Kelly was with Evercar for 3 years - a startup company focused on EV carsharing and innovative leasing models derived from the solar and energy efficiency industries: power-purchase agreements (PPAs) and energy service companies (ESCOs).

### **Rachel Bhattacharya**



Director, Commercial Mobility Programs at Maven

rachel.bhattacharya@gm.com

LinkedIn profile:

https://www.linkedin.com/in/rachelbhattacharya?authType=NAME\_SEARCH&authToken=H b4V&locale=en\_US&trk=tyah&trkInfo=clickedVertical%3Amynetwork%2CclickedEntityId%3A 7668681%2CauthType%3ANAME\_SEARCH%2Cidx%3A1-1-1%2CtarId%3A1482511043086%2Ctas%3Arachel%20bhatt

### **Fred Keller**

Fred Keller is the Founder and Chair of Cascade Engineering which he started in Grand Rapids, Michigan in 1973. With a belief that you can have a successful business and still treat employees with dignity and respect, Fred began molding plastic parts with six employees in a 10,000 square foot building. Today, Cascade Engineering employs 1600 people across 15 facilities in six US locations and additional European operations in Budapest, Hungary.

Cascade has 10 Business Units aligned across a wide diversity of markets including transportation, recycling/waste management, office furniture, agricultural/industrial containers, polymer compounding, RFID and renewable energy project management. Cascade Engineering is widely recognized for its business achievements and community involvement and is one of the largest Certified B Corporations in the world.



Fred believes that business has the unique opportunity to complement its focus on financial performance with important work in the social and environmental arenas. He has emphasized the key role business can play in building financial, social and ecological capital, often through partnerships with government and community agencies. His innovative management approach and work in advancing sustainability are featured regularly in business and industry publications.

Fred has been a visiting lecturer at the Samuel Curtis Johnson Graduate School of Management at Cornell University since 2002 and is also an Executive-in-Residence at the Center for Positive Organizations at the Stephen M. Ross School of Business at the University of Michigan. He was formerly the board chair of the U.S. Department of Commerce Manufacturing Council and is a past chair and current member of the Board of Trustees for the W.K. Kellogg Foundation. Fred is also a trustee for the Gerald R. Ford Presidential Foundation.

Fred has served on the boards of the Meijer Corporation and Fifth Third Bank, West Michigan. He has been part of many community organizations and change initiatives and currently is founder and chair of Talent 2025, a catalyst for the development of an integrated talent system to meet employer needs throughout 13 West Michigan counties and co-chair of K-Connect, a Kent County collective impact systems change collaborative. A Grand Rapids, Michigan native, Keller earned a B.S. in materials science and engineering from Cornell University and an M.S. in business management from Rensselaer Polytechnic Institute.

### **Mark Miller**

Mark Miller is President and Chief Executive Officer (CEO) for the Cascade Engineering Family of Companies, comprised of 10 business units supporting a wide diversity of markets including transportation, environmental services, agriculture, commercial products, material handling, polymer compounding and water filtration.

Mark joined Cascade Engineering in 2006 as Vice President of sales and marketing for CK Technologies (CKT). He was named President and Chief Operating Officer for CKT in 2007. In 2009, Mark was named Senior Vice President of the Transportation Group, comprised of CK Technologies and all automotive operations in the United States and Europe. He was named President of the Cascade Engineering Family of Companies in 2013 and CEO in 2014.



Mark is responsible for leading 1,600 employees located in 15 facilities throughout the United States with European operations in Budapest, Hungary. Mark guides the organization's strategy for continued growth and strong financial performance across all business platforms.

Prior to joining Cascade, Mark spent over 20 years in the transportation industry. His extensive industry experience has included working with virtually all major OEMs in both the commercial truck and automotive sectors.

Born and raised in Detroit, Mark began his career with Ford Motor Co. in finance. Mark holds a bachelor's degree in finance from Wayne State University. He and his wife, Diana, have three children and live in Grand Rapids, Michigan.

### Kenyatta Brame



Kenyatta Lumumba London Brame is Executive Vice President and Chief Administrative Officer for the Cascade Engineering - Family of Companies. Kenyatta is responsible for directing Cascade's cross-organizational services, which include legal/risk management, human resources, benefits, marketing, talent management, IT, corporate quality, ESS (environmental, safety and sustainability) and Lean/CES (Cascade Enterprise System). Brame also has oversight for the following business units; IWS (Invisible Waste Services), and Decade Products. He is on the internal board of directors for the Automotive Americas, Cascade Cart Solutions, Commercial Products, Xtreme RFID, Triple Quest (Hydraid water filter) business units, and is the Secretary of

the Cascade Engineering Board of Directors.

Prior to joining Cascade, Kenyatta served as Senior Vice President of Operations and Merchandising, Employee Relations & Legal Services at Sysco Food Services the largest distributor of food service products in North America. He also served as legal counsel for the Company.

Earlier in his career, Brame was an attorney with Miller, Johnson, Snell & Cummiskey, PLC, a leading Grand Rapids, Mich. employment and labor law firm. He has also served as an adjunct professor at Western Michigan University and Thomas M. Cooley law school where he taught employment law.

Kenyatta's extensive community affiliations include co-founding the Tipping Point Initiative, a non-profit focusing on reducing barriers for education and employment for inner-city youth and other disenfranchised people.

He also serves as a Committee Member with Fredrik Meijer Sculpture Gardens and Sculpture Park and is on the Board for Alternative Directions a probation residence service that offers an alternative direction to non-violent felony offenders. He is also past chair of the City of Grand Rapids Civil Rights Commission. Kenyatta holds a J.D. degree from the University of Michigan Law School, an MBA from Michigan State University and a bachelor's degree from Wabash College.

Kenyatta resides in Grand Rapids, Michigan with his wife Tracey – Assistant Dean at the Western Michigan, Thomas M. Cooley Law School and their two children Kamau (9) and Kimani (6).

# **Christina Keller**

Christina Keller is the President of CK Technologies a Cascade Engineering Company. CK manufactures large plastic injection molded components used in commercial truck and bus applications. CK is the market leader for injection molded bumpers, grilles, roof fairings and chassis skirts. Process expertise includes paint, assembly and sequencing from four locations; Montpelier, Ohio, Mt Airy, North Carolina, Brownsville and Fort Worth, Texas. Customers include Navistar, PACCAR and Daimler Trucks North America.

Previously Christina was the Business Unit Leader of Triple Quest, a joint venture between Cascade Engineering and The Windquest Group, a West Michigan-based private investment fund. The venture's premier product is the Hydraid<sup>®</sup> BioSand Water Filter, a simple, lightweight device that is successfully combating the leading causes of death and disease in developing nations by



reducing parasites, bacteria and viruses found in contaminated water. Current partners include the US Navy's Project Handclasp, USAID, Rotary International and others.

Prior to joining Cascade Engineering in 2009, Christina served as a project leader at Polaris Management Partners, a New York-based management consulting firm. Earlier in her career, she provided consulting services in risk management and financial analysis at Accenture and served as project manager at the Environmental Resources Trust in Washington, D.C., where her focus included renewable energy and greenhouse gas reduction projects.

Christina's current board memberships include the Grand Rapids Community Foundation, the Keller Futures Center, CK Technologies and the Community Sustainability Partnership. A graduate of Leadership Grand Rapids, Keller's community involvement also includes the Grand Angels investment group and the city's Transformation Advisor Committee.

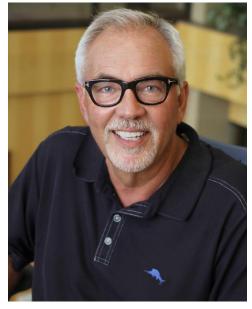
Christina holds an MBA in Sustainable Global Enterprise from the Johnson School of Management at Cornell University and a bachelor's degree in International Development and Environmental Studies from Boston College. She also obtained a certificate in International Economics from American University and has studied International Business at Pontificia Universidad Catolica in Santiago, Chile.

Christina and her husband Andy have two children; Jackson (4) and Aspen (1).

### Keith Allan Maki

Keith Maki is Director of Marketing and Public Relations for the Cascade Engineering Family of Companies (FOC), comprised of 10 strategic business units supporting a wide diversity of markets including transportation, environmental services, agriculture, commercial products, material handling, polymer compounding, water filtration and renewable energy project management. He is responsible for brand architecture, marketing and digital communication strategy, advertising and public relations. Keith is also a member of the Cascade Management Team (CMT) and an internal board member for two CE business units IWS and Decade Products.

Keith has 25 + years of experience building strong marketing teams by combining people with strong (right-brain) creative talents in graphic design, communications, photography/video and exhibition design with people who have strong (left-brain)



analytical skills used for market, product and consumer research. These teams have ranged in size from 4 – 12 people in companies with annual sales revenue from \$30M to \$770M.

Keith is a strong advocate in support of Cascade Engineering's Triple Bottom Line in advancing sustainable business practices that build financial, social and environmental capital.

Prior to joining Cascade Engineering, Keith held executive marketing positions with Universal Laser Systems in Scottsdale, AZ., ITW Drawform and Prince Corporation in Holland, Mi. Keith's responsibilities have included all visual and digital communications, brand management, advertising, market/product research and public relations.

Keith is also an accomplished fine art photographer who has taught photography at Western Michigan University and the Holland Area Arts Council. He holds a Bachelor of Fine Arts (BFA) in Photography from Western Michigan University and a Masters in Management (MM) from Aquinas College.

Keith lives in Holland, Michigan with his wife Christi and their three children, Joe (26), Jenna (23) and Jessica (20) and their golden retriever Maggie.

In addition to the coursepack (available for purchase) and readings on the course website, there are three required books. Both are available from online booksellers and at bookstores.

- Changing Your Company From the Inside Out: A Guidebook for Social Intrapreneurs, by Gerald F. Davis and Christopher J. White. Boston: Harvard Business Review Press (2015).
- The *Tipping Point: How Little Things Can Make a Big Difference,* by Malcolm Gladwell. Boston: Back Bay Books (2001).
- *Here Comes Everybody: The Power of Organizing without Organizations,* by Clay Shirky. New York: Penguin (2009).

You may also find these books useful:

- Made to Stick: Why Some Ideas Survive and Others Die, by Chip Heath and Dan Heath. New York: Random House (2007).
- A Primer on Social Movements, by David A. Snow and Sarah A. Soule. New York: W.W. Norton (2009).
- *Tempered Radicals: How Everyday Leaders Inspire Change at Work,* by Debra Meyerson. Boston: Harvard Business School Press (2003).
- *The High-Purpose Company: The Truly Responsible (and Highly Profitable) Firms That Are Changing Business Now,* by Christine Arena. New York: HarperBusiness (2006).
- Market Rebels: How Activists Make or Break Radical Innovations, by Hayagreeva Rao. Princeton: Princeton University Press (2008).
- The Power of Unreasonable People: How Social Entrepreneurs Create Markets That Change the World, by John Elkington and Pamela Hartigan. Boston: Harvard Business School Press (2008).

Gifford Pinchot III, Intrapreneurship

Social Entrepreneurship: What Everyone Needs to Know, by David Bornstein and Susan Davis. New York: Oxford University Press (2010).

Capitalism at the Crossroads, by Stuart Hart. Wharton Publishing (2005).

Net Impact, "Making your impact at work: A practical guide to changing the world from inside any company."

SustainAbility, "The Social Entrepreneur: A Field Guide for Corporate Changemakers".

- Tim Brown and Joceyln Wyatt, "Design thinking for social innovation." *Stanford Social Innovation Review*, Winter 2010: 31-35.
- Doug McAdam, John McCarthy, and Mayer Zald, "Introduction: opportunities, mobilizing structures..." from McAdam et al. (eds.), *Comparative Perspectives on Social Movements* (Cambridge University Press, 1996).
- Christine Bader, Evolution of a Corporate Idealist: When Girl Meets Oil, (Bibliomotion, 2014)
- Joseph Grenny and Kerry Patterson, Influencer: The New Science of Leading Change, (McGraw-Hill, 2013)
- "Moves that matter: issue selling and organizational change", Academy of Management Journal, 2001, volume 44, Jane Dutton, Susan Ashford, Regina O'Neill, Katherine Lawrence.
- W. Richard Scott and Gerald F. Davis, "Networks in and around organizations," from Scott and Davis, Organizations and Organizing (Pearson Prentice-Hall, 2007)
- Briscoe and Safford, "The Nixon-in-China Effect: Activism, Imitation, and the Institutionalization of Contentious Practices", Administrative Science Quarterly, 2008
- Rob Cross, Stephen Borgatti, and Andrew Parker, "Making invisible work visible: using social network analysis to support strategic collaboration." California Management Review, Winter 2002: 25-46.

"Relational Energy at Work: Implications for Job Engagement and Job Performance", Owens, Sumpter, Baker, Cameron, *Journal of Applied Psychology* 

#### 15.768 Management of Services: Concepts, Design, and Delivery

#### Instructor: Zeynep Ton E62-590, zton@mit.edu

#### Instructor Assistant: Tyler Morse E62-571, tamorse@mit.edu

TAs: Alex Unger, <u>ungerale@mit.edu</u> Ian Worgaftik, <u>iworg@mit.edu</u>

Class Details: E62-262 Monday, Wednesday 10:00 am - 11:30 am

#### Office Hours: Email Instructor Assistant for available times

#### **COURSE DESCRIPTION & OUTLINE**

The course takes an operations point of view to look at companies and industries in the service sector. It builds on conceptual frameworks and draws upon examples from a wide range of service operations: health care, hospitality, transportation, retailing, food service, financial services, among others. The objective of the course is to design and manage operations to create value for customers, employees, and investors simultaneously. Introduction to Operations Management course (15.761) is a pre-requisite or co-requisite for this course.

The course will be primarily case based, with retail settings representing about a third of the material; there is also a course project (see below).

The course will be divided into four modules. In Module 1, we will create a framework to evaluate how well a company creates value for customers, employees, and investors. What does it mean to create a good customer experience? What does it mean to create a good employee experience? What does good operational performance look like? Is it possible to create value to all three stakeholders everywhere? In the next two modules, we will talk about the operating system that can produce excellence to all three stakeholders. In Module 2, we do a deep dive into customers. How do we use customers as co-operators? How do we design and manage our operating system to deal with variability that customers bring to service operations? In Module 3, we will focus on work design and employee management. How do we ensure that we have a motivated and capable workforce? How do we design processes and work to set up our employees for success? The fourth module will be all about change management. If an organization is not designed to create value for all stakeholders, how do we create change? In this module, we will briefly examine the investor's perspective and wrap-up the course.

INTENDED AUDIENCE: While the course is for anyone interested in operations and/or the service sector, the focus is on second- year MBA students, particularly those aspiring to careers in (1) operations, (2) service sector, (3) entrepreneurship, (4) strategy, and/or (5) management consulting. A working knowledge of operations, which, for many firms, employs the greatest number of employees and requires the largest investment in assets, is often indispensable for general managers and entrepreneurs.

#### **GRADING AND EXPECTATIONS**

<u>GRADING</u>: The grade you receive for the course is intended to certify your demonstrated proficiency in the course material. Proficiency will be estimated by measuring your performance in:

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- 1 Class participation (Individual): 40%
- 2 Course project (Group): 30%
- 3 Pre-class homework questions (Individual): 30%

<u>CLASS PARTICIPATION</u>: For verbal participation, after a threshold, grading will be based purely on the *quality and impact* of your contributions. We will grade your participation after each class based on how your comment moved discussion forward and helped the rest of us learn something valuable. In general, good comments:

2. Are clear, concise, well-articulated, and relevant to the discussion to which they are addressed, using both qualitative and quantitative evidence to make points;

3. Reflect careful listening to others' insights and contribute to the flow of discussion;

4. Aim to tie together concepts across multiple sessions and explore assumptions lying beneath opinions and perceptions.

Your participation grade will also include "nonverbal participation:" on-time arrival, engagement, and enthusiasm! Please note that there is to be no food/eating in class (unless there are medical reasons involved); and all laptops, phones, iPads, etc. are to be turned off and put away during class.

We will track tardiness and absences and incorporate them into class participation grading.

Please also note that we will reinforce the "no food" and "no electronics" strictly. Both are distracting, especially in case learning, and lead to a less productive environment (see: <a href="https://medium.com/@cshirky/why-i-just-asked-my-students-to-put-their-laptops-away-715f7c50f368">https://medium.com/@cshirky/why-i-just-asked-my-students-to-put-their-laptops-away-715f7c50f368</a>).

<u>COURSE PROJECT</u>: Throughout the course, we will learn about how to design and manage a service organization to create value for customers, employees, and investors (CEI). The team-based project (groups of 3-4 people) allows you to apply classroom learning to investigate how to improve performance at a specific company.

1. At the end of the first module, create a scorecard for evaluating company performance along the CEI dimensions. When you look at any service organization, how will you evaluate whether it is successful in creating value to CEI?

2. Pick a company that you think is mediocre in terms of driving value for CEI and give them a score on the scorecard you created in step 1. You might want to combine your observations and interviews with company employees and customers with other data sources such as: Yelp and ASCI for customers, Glassdoor and Indeed for employees, and annual reports and analyst coverings for operational and financial performance.

3. Using the learnings in modules 2 and 3, assess the sources of mediocrity and diagnose what the company does well and what it does not do well. What needs to change? Guiding questions include: Is there a focus on creating value for the customer? Is the company managing customers and customer variability well? Does the service offering drive value for

customers, employees, investors? Is the company designing work and process to create excellence? Is the company making the right choices to create a capable and motivated workforce? Does the company ensure that its employees are productive and can contribute to company success? Are the unit managers spending most of their time developing people and taking care of customers or are they mainly fighting fires? Is there a strong continuous improvement system that involves frontline employees?

1. Provide recommendations for improvement. Based on your assessment above, what do you recommend? What are the things that the company should change? Why? How would you prioritize the changes? Why How would you implement those changes? How will you measure success? Given the list of changes, what is your recommendation for who should drive the change process?

Your final project paper should be no longer than 20 pages. Each section will be due at stages throughout the semester.

- 1- Scorecard: February 23<sup>rd</sup>
- 2- Scoring the company: March 16<sup>th</sup>
- 3- Diagnostic: April 27<sup>th</sup>
- 4- Implementation and full paper: May 16<sup>th</sup>

#### HONOR CODE FOR FINAL PROJECT. Please cite all significant external sources used for

**your report.** This applies in particular to papers you may have written for other classes, to documents you may have received from the company you are analyzing, interviews with industry experts, etc. Building on external sources is by no means a "bad thing"–solid work is typically aware of and builds on what others have done. Ideally though, you should take this external information and add the filter of your own critical thinking and the concepts studied in this class to synthesize/critique it.

<u>PRE-CLASS HOMEWORK QUESTIONS</u>: For every class, there will be assignment questions that will help you prepare for the class discussion. In addition, we will ask you to answer a subset of those questions and submit your written responses before 7am of the day of class. Your pre -class homework grade will be based on both the quantity of responses (did you prepare for each class?) and quality of responses. The quality will be determined by grading 10 of the responses.

HONOR CODE FOR PRE -CLASS HOMEWORK QUESTIONS: The questions must be answered individually. Please do not discuss with others and please do not seek outside (i.e., Internet) sources related to the details or analysis of the case.

#### WORKLOAD FORECAST

My expectation is that you will spend approximately nine hours per week in total for this course. Your weekly schedule should plan for roughly

- 4. 3 hours in class;
- 5. 4 hours doing individual reading and case preparation *before* class;

6. 2 hours for group discussions to prepare the weekly case assignments and/or the ongoing final project.

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#### TEXT AND COURSE MATERIALS

There is no text for the course. Required materials are (1) 15.768 Course-pack (cases) from Study.net; and (2) additional readings on Stellar.

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#### DETAILED CLASS SESSION ASSIGNMENTS

In addition to the cases below, we will have five sessions where we will have guests.

- □ Starbucks: Katie Bach, Director of Strategy
- □ QuikTrip: Chet Cadieux, CEO
- Quest Diagnostic: Scott Jeffers, Mary Ann Camacho, Michelle Ricardo, and Jim Davis,
- □ Managed by Q: Dan Teran (CEO), Chris Davis (CFO)
- Costco: Jim Sinegal, Co-founder

### MODULE 1: Introduction to Service Operations and CEI Framework

#### 2/7: Benihana of Tokyo

#### Questions:

• Is the Benihana concept successful in creating value for customers, employees, and investors? How successful?

• How profitable are the restaurants and why are they so profitable? (you may want to look at the data in the case for the Chicago store)

• Examine Benihana's process design. What design choices are critical for the company's success?

• How do you reconcile low labor costs with low chef turnover?

#### 2/12: Borders Group

#### Questions:

3. Can Borders integrate the capabilities of the Internet and the retail store? What is the role of phantom stockouts in achieving this integration?

4. How significant of a problem is phantom stockouts for Borders? What is its effect on customer service, merchandise planning systems, and store operations?5. What is the root cause of the phantom stockouts problem? How would you fix this problem?

#### 2/14: Orient-Express Hotels;

Four Seasons Goes to Paris: "53 Properties, 24 Countries, 1 Philosophy"

#### Reading: The Age of customer capitalism (Four Seasons)

**Questions:** 

• Examine the customer experience at both companies. What are the most important drivers of that experience?

• Examine design and management of the two companies' operating systems in terms of their service offering, facility strategy, work design, and management of people. What are the strengths and weaknesses of each? What most surprised you about the differences in choices the companies have made?

• Which model delivers more value for employees, customers, and investors? Where would you want to be a customer, an employee, an investor?

• Should the Orient-Express Hotels (OEH) institute a loyalty program for its hotel properties? If so, which existing loyalty programs should it most closely resemble?

Note: In class, we are not going to spend time discussing Four Seasons' expansion into Paris. So, feel free to skim pages 4-14 of the case, with the exception of the section "Running the F.S. George V" that starts on page 11. That section will be useful for our class discussion because it has general information about the company's HR practices.

#### 2/20: The Home Depot, Inc.

#### Reading: Customer Satisfaction and Stock Prices: High Returns, Low Risk

#### Questions:

1. What is your assessment of Nardelli's changes at Home Depot? Which of these had the greatest impact?

2. How do Nardelli's changes affect profitability, labor productivity, customer service, and the stock price? What metrics would you use to assess the impact of the changes?

#### 2/21: Jieliang Phone Home! (A); Jieliang Phone Home! (B)

Reading: "One More Time: How Do You Motivate Employees?" Frederick Herzberg

#### 2/26: Trouble at Tessei

### **MODULE 2: Managing Customers & Customer Variability**

#### 2/28: IBM Retail Business Assessment at Dillard's

#### Reading: Match Supply and Demand in Service Industries, HBR Earl Sasser

#### Questions:

- 1. What strategies are available to manage variability in customer arrivals?
- 2. What's your recommendation for capacity strategy and staffing at IBM Dillard's?

#### 3/5: Starbucks

#### **Readings: "Putting the Service Profit-Chain to Work"**

#### Guest: Katie Bach, Director of Strategy, Starbucks

#### **Questions:**

- 6. Why have Starbucks's customer satisfaction scores declined?
- 7. What's the impact of higher product variety on employees, customers, and investors?
- 8. What is the relationship between customer satisfaction and loyalty?
- 9. Describe the ideal Starbucks customer from a profitability standpoint. How valuable is he/she to Starbucks? What would it take to keep such customers highly satisfied?
- 10. Should Starbucks make the \$40 million investment in labor in the stores? Why/Why not?

#### 3/7: Shouldice Hospital; Innovation at Progressive (A): Pay as You Go

# **Readings:** "The Process Enterprise: An Executive Perspective," Michael Hammer "Who has the next big idea?" Daniel Pink, Fast Company, 2001.

#### Questions:

9. How well does Immediate Response work for customers, employees, and investors?
10. Why was Lewis able to implement Immediate Response despite all the internal resistance?
11. What general process design lessons can we learn by looking at Immediate

response (The two optional readings will be helpful to answer this question)

12. How does Progressive use the Comparison Quote feature for its advantage?

13. Would providing a comparison quote work as well for other insurance companies?

#### Questions:

1. Is Shouldice successful in creating value for customers, employees, and investors? How successful?

2. Reflect on "process design" lessons from the Progressive case and readings. Do they apply to Shouldice?

3. Why does this hospital run so smoothly? What are its key processes?

### MODULE 3: Employee Management, Work Design,

#### and Improvement

#### 3/12: Rapid Rewards at Southwest Airlines

#### Questions:

14. What are the key elements of Southwest's service concept?

15. What operating decisions allow Southwest to deliver on its value proposition?

16. Evaluate Southwest's employee selection process.

17. Southwest is highly unionized yet unions don't seem to interfere with job design or improvement. Why is that?

18. Southwest has a faster turnaround time than other airlines. How great a financial impact does this have on Southwest? Specifically, estimate the portion of airline's profit that you would attribute to this fast turnaround.

19. Southwest recently moved to give boarding priority to business and frequent travelers. Do you agree with Southwest's change in policy since the time of the case?

What is the key motivation for your opinion?

20. Should Southwest allow its most frequent fliers that have missed their flight to take the next available flight with an empty seat or should these customers have to wait for the next available flight with an empty seat *within the same fare class*? What drives your decision?

#### 3/14: Bugs Burger

#### Questions:

1. Evaluate BBBK's business model. Where would you put BBBK in the framework we talked about in class when we discussed OEH and Four Seasons (perceived customization of customer experience on the y-axis and customization of processes on the x-axis)? Is this model scalable?

- 2. What are the costs and benefits of providing a service guarantee for BBBK?
- 3. Why aren't unconditional guarantees more prevalent in services?

#### 4/2: Oberoi Hotels: Train Whistle in the Tiger Reserve

#### 4/4: Affinity Plus (A)

#### Questions:

There is a significant amount of financial information in the case that allows you to estimate the income statement and balance sheet effects of exiting the indirect lending business. Please do not focus on such an analysis for purposes of this class. Instead, we will devote our time in class to understanding the company's service model and unique employee management system. Without going through a detailed financial statement analysis, you can assume that, at the time of the case, the indirect auto lending business was a strong contributor to new customer growth, new loan growth, and to overall profitability. With this in mind, please read the case and consider the following questions:

4. What is your reaction to Kyle Markland pronouncement about turning off the controls in November 2002?

5. Evaluate Affinity's "MOE" framework. In your view, is MOE likely to be effective in creating value for Affinity Plus? If so, what are the specific ways in which you expect MOE to lead to value creation in the organization? If not, what are the specific ways in which you expect MOE to lead to poor organizational performance?

6. What are some control mechanisms that encourage employees to make the right decision for customers and Affinity plus?

7. What would you recommend to Kyle Markland regarding the indirect auto lending business at Affinity?

#### 4/9: Nordstrom: Dissention in the Ranks?

#### **Questions:**

1. Why might performance-based incentives work better at Nordstrom than at Affinity Plus?

2. Evaluate sales per hour as a metric. Is it an effective performance measure?

3. What is the cause of the problems described in the case? How serious are these problems?

4. How effective is the memo reproduced as Exhibit 3 in clarifying the distinction between "sell" and "non-sell" time?

5. With whom do you side: disgruntled employees or Nordstrom management?

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6. How would you change management systems at Nordstrom?

#### 4/11: Mercadona

#### Questions:

1. How is Mercadona able to provide the lowest price to customers and at the same time invest heavily in its store employees? What are some of the strategy, supply chain, and operations choices they made that allows for this to happen?

2. What is your recommendation for employee bonuses for 2008?

3. What is your assessment of Mercadona's ordering of the five components? Do they have the right order?

#### 4/18: QuikTrip

#### Optional Video: RSA Animate - Drive: The surprising truth about what

motivates us https://www.youtube.com/watch?v=u6XAPnuFjJc

#### Guest: Chet Cadieux

#### Questions:

1. Should Chet Cadieux break with successful precedent and accelerate his entry into North Carolina? Is it possible to get a quicker payback on market entry than has been the case in past entries (e.g. Dallas)? What are the potential costs and benefits of this acceleration?

2. How successful is QuikTrip in delivering value to its customers, employees, and investors? What are the most important elements of QuikTrip's success?

3. How did QuikTrip implement standardization without hurting employee dignity? How does QuikTrip empower employees without losing control? What mechanisms does QuikTrip use to ensure that employees create value for customers and investors?

4. What are the costs and benefits of having relief employees?

5. How does QuikTrip ensure that its employees are motivated to put in their best effort?

### **MODULE 4: Change Management & Wrap-up**

#### 4/23: The Container Store

#### 4/25: TD Canada Trust (Abridged)

Reading: Why Transformation Efforts Fail

Questions:

1. Why has Chris Armstrong initiated the linkage analysis? What problems is he trying to address with this analysis? Is the linkage analysis an effective way to address these problems?

What is your assessment of the credibility of the linkage analysis and its results? What features of the analysis enhance or detract from its credibility?
 Evaluate the Branch Incentive Plan proposed by Armstrong and his team. What changes, if any, would you recommend to this incentive plan? How, if at all, are your recommendations informed by the results of the linkage analysis?

#### 4/30: Cincinnati Children's Hospital

Reading: "The Discipline of Business Experimentation" Stefan Thomke and Jim Manzi HBR 2014, "Fixing Health care from the Inside, Today" Steven Spear

#### 5/2: Quest Diagnostics

Guests: Scott Jeffers, Mary Ann Camacho, Michelle Ricardo, and Jim Davis

#### 5/7: David Berman

#### Reading: Does the Stock Market Fully Value Intangibles? Employee

#### Satisfaction and Equity Prices. Alex Edmans Journal of Financial Economics

#### Questions:

1. What is David Berman's business model? What are its strengths and weaknesses?

2. What is the relationship between retailers' inventory and their firm valuation?

3. Examine the impact of a \$20 Million inventory write-off in the spreadsheet "David Berman Simplified Model.xls" on John B. River's market capitalization (You can change the amount of inventory write-off in the worksheet "Key Assumptions"). Similarly, examine the impact of a \$30 Million write-off on John B. River's market capitalization.

4. How much inventory should Berman expect to write off at John B. River? What data or analysis could he use to refine his estimate?

5. In general: what could account for discrepancy between the intrinsic and market value of a firm (the optional readings would be useful to answer this question)?

Note: In preparing for the David Berman case, I do not recommend that you spend time on obtaining a precise valuation of John B. River. We will focus class discussion on the effects of inventory and inventory write-offs.

#### 5/9: Managed by Q

#### **Guests: Dan Teran and Chris Davis**

#### 5/14: Jim Sinegal, Costco – Strategic Benefits of Operational Excellence

#### **Guest: Jim Sinegal**

#### 5/16: Fall Before the Rising: The Story of Jai Jaikumar

#### Questions:

- 1. Why did the shepherd woman help Jai the way she did?
- 2. What should Jai learn from this experience?

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## GEORGETOWN UNIVERSITY McDonough

SCHOOL of BUSINESS

Course	Peer-to-Peer Economies	Number/Section	STRT 585-40
Semester/Year	Module 4, Spring 2017	Schedule	M/W: 9:30 – 10:50 am Hariri 250
Instructor	Melissa L. Bradley		
Phone	917-549-6092	E-mail	mlb84@georgetown.edu
Office		Office Hours	By Appointment

#### **Course Description:**

Americans have witnessed a dramatic increase of interest, investment and participation in the "shared economy." From transportation, to housing, to financial services, the rise of businesses and online platforms to facilitate peer-to-peer exchange is significant. In terms of supply, the market is no longer comprised of just marginalized startups; the shared economy includes major players like BMW and AVIS. In terms of demand, collaborative consumption has moved beyond early adopters to millions of participants per day.

The significance of this economy is not purely driven by consumption patterns. Rather the movement is being fueled by the interest in the commons, an emerging type of civilization and economic system. The new economy relies upon the three major sectors of society – the state, market and civil society – but with different roles and in a revitalized equilibrium. It allows for the disintermediation of big business and empowers marginalized groups to be important constituents and stakeholders in the new economy. As this emerging concept transforms financial transactions, community trust and government regulation, the class will explore the key aspects of peer-to-peer economies.

The course will engage students in understanding the core principles of the shared economy including, but not limited to, business models, regulations, investment, and sustainability along with customer acquisition and retention. The P2P models will include US and international based organizations and review the financial and social impact the entities are having in their respective communities.

The course format will include class discussion, case studies and guest speakers. Each class will include discussing the current market environment and real-life decisions that social entrepreneurs must make in this environment. *Students are expected to actively participate in each class and be prepared for robust dialogue and discourse*.

#### **Learning Goals:**

- Understand the core concepts and emerging trends of shared economies (P2P activities)
- Gain insight on incumbent strategies to manage the rising P2P trends
- Ability to develop a P2P project or entity
- Retain skills to be an active participant in emerging shared economies

#### Required/Recommended materials (books, course packs, readings, other materials)

Students will use a Reading List (embedded in the syllabus) comprised of articles, research reports, etc. Class notes and discussion will also provide sufficient information on all topics to be covered in this course. Students may be assigned supplemental readings for select classes. *Readings should be completed in advance of the class where they are listed, as they will be discussed during the class noted on the syllabus.* 

#### In Class Presentation: Examine Existing P2P Enterprise (Due April 5<sup>th</sup>)

Students will be required to review an existing P2P enterprise. Students must work individually to write a *three to five-page case study on an existing social enterprise*. A random sample of students will be asked to present to the class for 10-15 minutes – with or without a PPT. The case study and presentation should *contain an overview of the enterprise, business model, competitive advantages, labor needs, critical success factors, performance to date, regulatory concerns, technology, incumbents, etc.* 

#### Final Project: P2P Presentations (Due May 5th from 10 am to 12 pm)

Students must create a new P2P project or entity for their final project. The final deliverable will include a class presentation that must contain a viable business model, assessment of the regulatory environment, clarity of competitive advantages and understanding of key stakeholders. A sample presentation should include:

- 1. Background/Overview of the P2P enterprise
- 2. Vision, Mission, Goals & Competitive Advantages
- 3. Operations & Implementation Strategy
- 4. Business Model & Regulatory Environment
- 5. Target Markets/Stakeholder Segmentation (incl. labor)
- 6. Marketing & Distribution Strategy
- 7. Financial Model & Projections

#### **Current Events**

Students will be expected to read and share relevant blogs, magazine articles and the like for class.

#### **Blackboard:**

The PowerPoint slides used in class, information regarding case materials and other items of interest will be posted to the class Blackboard page, as they are needed.

#### Name Placards:

Students should use name placards in class. This will ensure that students get credit for class participation.

#### **Special Needs:**

Any student with special needs should bring this to my attention as soon as possible, so that we can make appropriate arrangements.

#### **Academic Integrity:**

All students are responsible for adhering to the guidelines outlined in the MSB MBA Academic Integrity System (https://intranet.msb.edu/mba/docs/Academic%20Integrity%208.09.pdf). Violations of the system will be reported to the Academic Integrity board for review.

#### **Grading Framework:**

Class Participation	20%
P2P Case Study	25%
Final Project: Group Presentation	20%
Final Project: Individual Paper	25%
Peer Review for Final Project	10%

In the event an assignment is delayed; the assignment will be reviewed with the possible loss of credit for late submission.

#### **Course Schedule:**

Class	Date	<b>Topics Covered</b>	<b>Required Reading/Assignments Due</b>
			Reading List
			The WE-Economy: Value Creation in the Age of Networks <u>http://www.shareable.net/blog/the-we-economy-value-</u> <u>creation-in-the-age-of-networks</u>
		Introduction to Course	Everything That Can Become a Platform Will Become a Platform
		Definition of P2P	https://medium.com/the-wtf-economy/everything-that-can- become-a-platform-will-become-a-platform-
		Economies (aka Sharing	216bcfb89855#.9dnx3appj
		Economy, Collaborative	
1	3/20-22	Consumption)	5 Major Ways Freelancers Will Change the Economy By
			2040
		Review of evolution of	http://www.fastcompany.com/3049857/the-future-of-work/5-
		shared economies and the	major-ways-freelancers-will-change-the-economy-by-2040
		underlying values and	
		structures	Network and the Nature of the Firm
			https://medium.com/the-wtf-economy/networks-and-the-
			nature-of-the-firm-28790b6afdcc#.6b80idbba
			Optional: The Sharing Economy: A Shift Away from
			Ownership (Five Audio Stories), NPR Series
			http://www.npr.org/series/244583579/the-sharing-economy-
			a-shift-away-from-ownership#
			Optional: therideshareguy.com Blog and Podcast

			Guest Speaker on 3/29: John Branding, BMW
2	3/27-29	Landscape of P2P Sectors: Shelter, Financial Services, Mobility	Reading List P2P Lending is Profitable, Even in A Recession http://techcrunch.com/2015/11/09/p2p-lending-is-profitable- even-in-a-recession/ Why Income Investors Should Consider P2P Lending http://www.marketwatch.com/story/why-income-investors- should-consider-peer-to-peer-lending-2015-12-29
			P2P Case Studies Due
		Oversight & Regulation in the Shared Economy	Reading List
3	4/3-5	The Role of Human Capital	Embracing the Peer-Production Economy <u>http://www.nationalaffairs.com/publications/detail/embracing-</u> <u>the-peer-production-economy</u>
			The Independent Workforce in America (see Files)
4	4/10-12	Understanding Unicorns and Investments in the P2P Sector	GUEST SPEAKER: John Branding, BMW (2/3) Reading List How Unicorns Grow (see Files)
5	4/19-24	Solving Social Problems through Shared Economies: US and International	Reading ListWill Low Income Residents Benefit Most from P2P Carsharing? http://www.shareable.net/blog/will-low-income-residents- benefit-most-from-p2p-carsharingHow the Rise of Digital Banking Might Set Back a US Civil Rights Law http://qz.com/393429/mobile-banking-underbanked/Discrimination by Airbnb Hosts is Widespread http://www.nytimes.com/2015/12/12/business/discrimination- by-airbnb-hosts-is-widespread-report-says.html? r=0
6	4/26-5/1	Growing opportunities in P2P: Blockchain	The Impact of the Blockchain Goes Beyond Financial Services (see Files)

5/5	Final Project Presentations –NEW TIME: 10:00 am to 12 pm Hariri 340	Oral and PPT presentations

#### **Additional Information**:

• Attendance policy

Class attendance is required. Attendance will help you to understand the course material and do well in terms of class participation and the completion of your final project. If you cannot attend class, please send me an e-mail with an explanation in advance of the class. In the event a class is missed, it will be the student's responsibility to schedule a meeting to understand the materials covered. In the event an assignment is delayed; the assignment will be reviewed with the possible loss of credit for late submission.

• Laptop policy

Students will be able to access their laptops during class with the expectation that they are only being used for note-taking and related activities. The professor reserves the right to review student laptops during class and will prohibit their access during quizzes and the like. *Laptops will not be allowed during guest speaker presentations out of respect for their time and content.* 



# Prospering in the Long Term

# Overview

This course is embedded within the main functional core courses, so there is no course syllabus. The course grade is assigned by each of the instructors of the core courses.

In this slide deck, I provide an overview of the framework and case studies. This is followed by a very brief description of the key story in each case study.

Because the course is co-taught, approximately 30% of the content changes each year. I am providing the content for 2016/17.



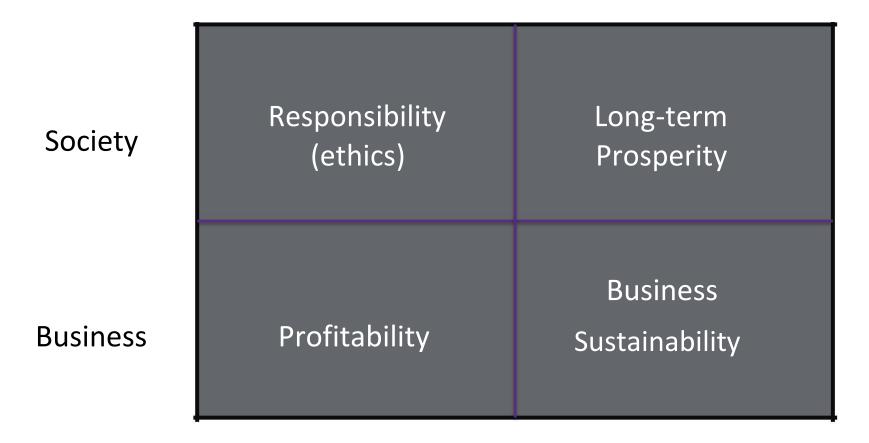
# Objectives

- To explore a systems perspective of business decisions, which requires long-term, societal considerations
- To recognize the different decision outcomes related to this systems perspective



# **Overarching Framework**

Short Term





Building Sustainable Value Research Centre Long Term

# **Overview of Classes/Cases**

- Introductory session
- Accounting: London Water
- Finance: Diamond Energy
- Information Systems: Alibaba
- Leadership: Maple Leaf Foods
- Management Science: Big data
- Marketing: Tesla
- Operations: Monsanto
- Strategy: YU Ranch
- GLOBE: Trade and Environment (August 2017)
- Concluding session in core



# Accounting: London Water

- Case study: London Water (A) (Ivey)
- Key story: How can variable and fixed cost pricing be used to extend the life of the water infrastructure in the City of London (Ontario)?



# Finance: Diamond Energy

- Case: Diamond Energy Resources (Thunderbird)
- Key story: How long-term, societal analysis of Net Present Value (NPV) can shift a positive NPV for a mine into a negative NPV.



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# Information Systems: Alibaba

- Case study: Alibaba Group: Technology, Strategy, and Sustainability (Ivey)
- Key story: Alibaba has built a platform technology. How can the CEO, Jack Ma, use his platform technology to leverage his commitment to social responsibility, while building his business?



# Leadership: Maple Leaf Foods

- Maple Leaf Foods, Inc. (A): The Listeriosis Crisis (Ivey)
- Key Story: Maple Leaf Foods has just experienced an outbreak of a deadly disease that has resulted in numerous deaths. What should the CEO, Michael McCain, do to handle the crisis so that he does right by the people who have suffered and maintains the credibility of his firm?



# Management Science: Big Data

- Speaker from Ernst & Young
- Key Story: E&Y has been asked to determine how much it should invest in building climate resilience for a new mine. What type of data are needed to forecast these risks, and what type of analysis should be done?



# Marketing: Tesla

- Case Study: Tesla Motors: Burning up the Road to Domination or Doom (Ivey)
- Key story: Tesla is disrupting the auto industry, not because it saw itself as a car company, but because it looked far into the future and recognized the importance of a renewable energy source -- solar. It sees itself as a vertically integrated energy company.



# **Operations: Monsanto**

- Case: Monsanto Company Doing Business in India
- Key Story: The Indian government is considering blocking the sale of Monsanto's GMO cotton seeds because of numerous farmer suicides related to these seeds. Is Monsanto culpable and what should it do to assure its long-term prosperity?



# Strategy: YU Ranch

- Case study: YU Ranch: Growing a Sustainable Business (Ivey)
- Key Story: YU Ranch grows Texas Long Horn sustainably, meaning that the farm does not bring in any additional food, water, and material resources. Given the physical limits to production, how can YU Ranch grow?



# GLOBE: Trade and Environment

- Reading materials on trade and the environment
- Key Story: Recent trade agreements (TPP, CETA, NAFTA) push for free trade. What are the implications to the natural environment? How can such trade agreements be designed to protect the environment and maintain the economy over the long term?





# HARVARD | BUSINESS | SCHOOL

# **REIMAGINING CAPITALISM**

**COURSE SYLLABUS** 

SPRING 2018

PROFESSOR GEORGE SERAFEIM X Schedule, Section I: 10:05 to 11:25: 100 STUDENTS Section II: 11:40 to 13:00: 100 STUDENTS Aldrich 208

#### **Reimagining Capitalism Spring 2018**

Professor George Serafeim Office hours: by appointment Assistant: Sarah Gazzaniga gserafeim@hbs.edu Morgan 381 sgazzaniga@hbs.edu

#### Description

Free market capitalism is one of the great achievements of mankind, bringing prosperity and economic freedom to billions of people and contributing to a flowering of individual freedom and possibility that would have been unimaginable to our ancestors. Today, however, it faces critical challenges on a wide variety of fronts.

Growing income inequality, poor or declining educational systems, unequal access to affordable health care and the fear of continuing economic distress are putting stress on political systems worldwide and challenging the credibility of business. At the same time there is increasing pressure on the supply of basic commodities, particularly on food, water, energy, and land. Rates of environmental degradation are increasing, sea levels are rising and unchecked emissions of greenhouse gases threaten to destabilize the climate. Moreover we are in the midst of widespread ecosystem degradation and a corresponding mass extinction of bird, plant and animal life. Robust political responses based on strong social support are crucial to meeting these challenges, but action by the private sector will also be critically important.

This course is designed for students who want to explore the idea that at least some of these "big" problems can be effectively addressed by high performing private firms. Historically these kinds of problems have often been considered to be the responsibility of the state. We'll look at why private firms might be able to play a major role in solving them in today's world, and we will explore the ways in which accomplishing this may require both changes in how firms and leaders consider their obligations and engage with the issues, as well as changes in the "rules of the game" by which capitalism is structured.

The course differs from a number of excellent offerings that explore related issues in at least three respects. First, we explicitly challenge the boundaries of the current system, asking whether there is a different way to run firms and/or a different way to think about and/or shape the system/institutions in which they are embedded (e.g., the notion that shareholder value comes at the expense of stakeholder satisfaction). Second, we explore the degree to which "purpose driven" leaders that root their actions in their most deeply held values can act as change agents within the larger system, and we examine how and why your own career might help to accelerate change. Finally, we will rely both on readings and on cases drawing from literatures in management, law, psychology, sociology, and economics.

#### **Course Content and Organization**

The course has several parts. We begin by looking at two of the "big problems" in some depth environmental degradation and inequality - as a first step towards understanding whether and how it may make sense for private sector firms to engage in solving them. We pay particular attention to the moral roots of capitalism and its emergence over the course of the last three hundred years as a solution to the problems of hunger, violence and centralized power, and we contrast the ways in which the relationship between the public and private sectors has taken different forms over the course of history and across geographies.

Linked directly to this is the idea of shareholder value. We explore its different meanings, and what they imply for managerial action. We consider whether delivering value to shareholders is necessarily at odds with satisfying the needs of a broader group of shareholders, or whether attention to these needs can lead to robust value creation. We also look at circumstances where there is a trade-off for private firms between shareholder value and addressing "public goods" problems to understand whether the costs can be reasonable or appropriate and we explore some of the institutional solutions - including industry self-regulation, alternate governance and direct engagement in the political process -- that have emerged to address them.

We then turn to examining various examples of leaders and firms that have reimagined their roles and goals, and the approaches they have taken to engaging with these challenges. Mindful that successful leaders have strong values that inspire and guide their decisions, we explore the moral imperatives or social contract that can motivate business leaders to engage with public goods problems and the degree to which it is appropriate to act on these values. We will look at what has worked well, what has come up short, and consider what lessons can be drawn. We will also look at the implications of these approaches for the broader economic system.

Finally, we explore what these ideas might mean for you and your career. The world is a large place, and the kinds of problems that we face can seem overwhelming. You will have the opportunity to bring together the ideas, issues and models discussed throughout the term to develop and articulate your own view of how the system can work better, the role and responsibilities that firms and their leaders may have in addressing these challenges, and how your own approach to leadership could be affected by these issues.

#### **Course Format and Requirements**

Roughly a half of the sessions will use cases while the other half will rely on readings, and the course is explicitly designed for those who would like a change of pace from traditional case based courses. We will read widely, drawing on work in political science, in moral and political philosophy, and in psychology and economics. Our goal is to make the readings eminently practical and actionable. We will not do fine textual analysis - instead we will ask what these ideas mean for you, as a manager, and we will have a number of visitors to class who are attempting to put them into practice in their own firms.

#### Assignments

There will be an in class, a two pager paper on the limitations of action at the company level, a two page paper exploring "the theory of change" due the last week of class, and a final exam.

#### Grading

Grading will be a function of course participation and of the strength of the written assignment and the exams, calculated as follows:

Course participation - 40%

Sound preparation, consistent attendance and active participation in classroom discussions are expected, and are at the heart of having a rewarding experience in the course. Excused absences are only for those reasons allowed by HBS norms and rules. If you must miss a class, for whatever reason, please notify your instructor in advance by e-mail.

Short paper: limitations of action -10%

Short paper: theory of change – 10%

Final exam - 40%

# **COURSE OVERVIEW**

# Scoping the Problem

1.	Introduction	January 22
•	Articles	T 04
2.	Environment	January 24
2	Simulation: Fishbanks	Lonnomy 20
з.	Economic Inequality Case: <i>San Francisco</i> , 2015	January 29
1	<i>Note: Economic Inequality</i> Crony Capitalism	January 30
7.	Case: Wealth Management Crisis at UBS	January 50
	Article: How to save capitalism from capitalists	
	There. How to save capitalism from capitalists	
The B	ox is Bigger than You Think	
5.	Action is Possible Now	February 5
	Case: Sustainable Tea at Unilever	-
6.	Exploring the Role of Business Historically and Today	February 6
	Readings	
7.	Fiduciary Duties and Shareholder Incentives	February 12
	Readings	
8.	Capitalism Around the World	February 13
	Note: Comparative Capitalism & Inclusive Institutions	
0	Note: 21 <sup>st</sup> Century Populism	
9.		February 14
	Readings	
Action	n at the Firm Level	
10	. Tackling Inequality: Education	February 20
	Case: Southwire*	
	Note: Relational Contracts	
11	. Tacking Inequality: Health	February 21
	Case: Aetna*	
12	. Tacking Inequality: Capital	February 26
	Case: Mondragon*	
13	. A first look at changing the rules of the game	February 27
1.4	Case: Turnaround at Norsk Gjenvinning*	1.5
14	. Focusing on the Environment: Incremental Change	March 5
	Case: CLP	
15	Note: Climate Change: An Unfolding Story	Morch 6
15	. Focusing on the Environment: Transformational Change	March 6
	Case: ExxonMobil: Business as Usual?	
14	<i>Note: The Future of Mobility</i> . Pause for Reflection/What can we do now?	March 7
10	. I ause for Reflection/ w hat call we do how?	iviaicii /

# Changing the System (Part 1): Action at the Individual Level – Motivation, Purpose, and Profitability

17. Purpose and its Effects	March 19
Case: Royal DSM: Fighting Hidden Hunger*	
18. Motivation	March 20
Readings	
19. Values & Business	March 21
Case: Omar Selim*	

# Changing the System (Part 2): Action at the Industry and Regional Level

20. Self-Regulation: Governance	March 26
Case: Statoil and the EITI*	
Note: Self-Regulation	
21. Self-Regulation: Environment	March 27
Case: Sustainable Palm Oil	
22. Acting Locally: Inequality	April 2
Case: MELF and the Business Culture in the Twin Cities	-

# Changing the System (Part 3): Action at the Institutional Level - Changing the Rules

23. Metrics and Decision Making	April 3
Case: Shanghai: GDP Apostacy	
24. Developing Disclosure Standards	April 4
Case: JetBlue: Relevant Sustainability Leadership*	
Note: ESG Metrics: Reshaping Capitalism	
25. Developing Global Institutions	April 9
Case: Barrick Gold*	
26. Financing the UN Sustainable Development Goals	April 10
Case: Summa Equity: Building Future-Proof Businesses*	

#### Changing the System (Part 4): Building a Theory of Change

27. Changing Ideas (and Politics)	April 17
Discussion: Reimagining Capitalism - Theories of change	
28. Conclusion & Wrap	April 18

\* Suggests that the case protagonist will be in class

#### Class # 1 / January 22 – Introduction

#### Materials

- Irwin, Neil. "How did Walmart get cleaner stores and higher sales? It paid its people more." *The New York Times*. October 15, 2016.
- Hiscott, Rebecca. "CEO pay has increased by 937 percent since 1978." *Huffington Post.* June 12, 2014.
- Cardwell, Diane. "Exxon Mobil shareholders demand accounting of climate change policy risks." *The New York Times*. May 31, 2017.
- Chasan, Emily. "Occidental holders override Board in approving climate proposal." *Bloomberg*. May 12, 2017.
- Ngaire Woods. "The case against free-market capitalism." *Project Syndicate*.

# **Study Questions**

- 1. Why did some companies choose to raise wages? Why did investors react negatively in the case of Walmart and AA even though companies claim that it is best for business?
- 2. What explains the 1000% increase in senior executive compensation and the 10% increase in lower level employee compensation over the past 40 years?
- 3. Would business raising wages deal effectively with the inequality issue?
- 4. Why did investors put pressure on boards around climate? What made them change their mind so fast over the past five years?
- 5. How would you respond, as a board member of an energy company, to these proposals?
- 6. What measures are needed to "get right" free market capitalism?

# Class # 2 / January 24 - Fishbanks

#### Materials

- Fishbanks Simulation: Student Instructional Video
- "Introduction to Fishbanks," John Sterman, Andrew King, MIT Sloan 2011

# **Study Questions**

1. Come to class prepared to fish! Please think hard about what strategy you plan to follow in approaching the game.

# Class # 3 / January 29 - Economic Inequality

# Materials

- San Francisco, 2015 #tech #inequality, Clayton Rose, Allison Ciechanover, and Kunal Modi, HBS Case N9-315-076
- Note on Economic Inequality, Clayton S. Rose and Aldo Sesia, HBS Case 315-050

- 1. Why are people in San Francisco so angry with the "techies"?
- 2. What are the inequality problems facing San Francisco? Why are they problems? Consider the data that suggest there is better "opportunity" (social mobility) in the area than in any other part of the country.

- 3. Who is most responsible for creating/exacerbating the problems government, technology companies/leaders, "techies", others?
- 4. What can technology companies/leaders and "techies" do to help solve the problems? Why should they care?

#### Part II. The Box is Bigger than You Think

#### Class #4 / January 30 - The Risk of Crony Capitalism

#### Materials

- <u>Wealth Management Crisis at UBS, George Serafeim, Paul Healy, and David Lane, HBS</u> <u>Case 111-082.</u>
- How to save capitalism from capitalist. Philip Stephens, September 15, 2016. The Financial Times.

#### **Study Questions**

- 1. As Marcel Rohmer, UBS 's CEO, the board is looking to you for direction on how to think about the dispute with the U.S. government. What factors do you think need to be discussed and considered by the directors at the upcoming board meeting to decide on how to respond to the U.S. demand to disclose the names of U.S. clients?
- 2. Given currently available options, what do you recommend the company do?
- 3. Develop a plan for implementing your preferred decision. How will you deal with the firm's customers, managers and employees, U.S. and Swiss regulators, shareholders, and the Swiss and U.S. public?

#### Class # 5 / February 5 – Action is Possible Now

#### Materials

• <u>Sustainable Tea at Unilever, Rebecca Henderson and Frederik Nellemann, HBS Case</u> <u>712-438</u>

#### **Study Questions**

- 1. Does Unilever have a business model in mind with respect to sustainable tea? If so, what is it? Is it plausible?
- 2. Why has Paul Polman announced such aggressive sustainability goals? Does he have a business model in mind? If so, what is it?
- 3. What should Unilever do with respect to sustainable tea in the Indian market?

#### Class # 6 / February 6 – Exploring the Role of Business Historically

#### Materials

- "The Social Responsibility of Business is to increase its Profits", Milton Friedman, *Corporate Ethics and Corporate Governance*, 2007, Part IV
- "The American Corporation" Ralph Gomory & Richard Sylla, Daedalus, Spring 2013

#### **Study Questions**

1. Why does Friedman assert so passionately that "the social responsibility of business is to increase its profits?" Why does he believe that appeals to "social responsibility" are so dangerous? What are the normative commitments (deeply held values) that underlie his

argument? On what assumption does his argument rely? Would he approve of Unilever's actions?

- 2. Why do corporations described by Gomory and Sylla seem to have such a very different view of their goals and ends than modern US corporations?
- 3. What is the business of business? On what normative commitments and assumptions do you draw in answering this question? Can Gomory/Sylla and Friedman be reconciled?

# Class # 7 / February 12 – Fiduciary Duties and Shareholder Incentives

#### Materials

- "The social responsibility of boards of directors and stockholders in charge of control transactions". Leo Strine, Southern California Law Review.
- "The problem of corporate purpose" Lynn Stout, Issues in Governance Studies, June 2012.
- "Making it easier for directors to do the right thing". Leo Strine, Harvard Law Review. (Half of the paper is footnotes. You can skip the footnotes as you read.)
- "The Agency Problems of Institutional Investors." Lucian Bebchuck, Alma Cohen, Scott Hirst. Read pages 3-29.

# **Study Questions**

- 1. What is the fiduciary duty of the board of a public company? Can Stout and Strine be reconciled?
- 2. Several states including Delaware have adopted legislation allowing firms to incorporate as "Benefit" corporations. Do you believe that the widespread adoption of the B form would have a material impact on firm behavior? Why or why not?
- 3. Do investors have the incentives to properly govern corporations?

# Class # 8 / February 13 - Capitalism Around the World

# Materials

- <u>21<sup>st</sup> Century Populism, George Serafeim and David Freiberg, HBS Case 118-029</u>
- <u>Note on Comparative Capitalism, Clayton S. Rose and Rebecca Henderson, HBS Note</u> <u>315-077</u>

# **Study Questions**

- 1. What are the most meaningful differences across the different versions of capitalism? What is the "role of business" in each version?
- 2. Which version of capitalism is best equipped to deal with "big problems" like environmental degradation, inequality, and crony capitalism?
- 3. What explains the rise of populism and what has been the role of business?
- 4. How could one reconcile the idea of free markets with the rise of populism?

# Class # 9 / February 14 - Short-termism

# Materials

- Dominic Barton, Jonathan Bailey and Joshua Zoffer. Rising to the challenge of short-termism. FCLT.
- Steve Kaplan. Are U.S. companies too short-term oriented? Some thoughts. NBER Working Paper.

• <u>Sakis Kotsantonis, Shalini Rao, Daniela Saltzman and George Serafeim. If CEOs care about the long-term, why don't they talk about it? Harvard Business Review.</u>

#### **Study Questions**

- 1. How would you define short-termism? What is short and what is long-term?
- 2. What are the drivers of short-termism in organizations and markets?
- 3. What can management do to avoid short-termism?
- 4. Is short-termism a real problem?

#### Part III. Action at the Firm Level

#### Class # 10 / February 20 – Tackling Inequality: Education

#### Materials

- Southwire and 12 for Life: Scaling Up? Jan Rivkin and Ryan Lee, HBS Case, 714-434
- <u>"Relational Contracts and the Roots of Sustained Competitive Advantage." Rebecca</u> <u>Henderson, HBS Note 313-105.</u>
- Southwire Video Assignment

#### **Study Questions**

- 1. How does 12 for Life benefit the kids that enroll in it?
- 2. How has Southwire been able to generate these benefits? Which elements of the program are central, and which are peripheral?
- 3. What has made the program successful to date?

# Class # 11 / February 21 - Tackling Inequality: Health

#### Materials

• <u>Aetna and the Transformation of Health Care, Rebecca Henderson, Russell Eisenstat and</u> <u>Matthew Preble, HBS Case, N9-318-048</u>

# **Study Questions**

- 1. What is Mark Bertolini's new strategy, precisely? What are its potential benefits for Aetna? For the US in general? Will it help to address the problem of inequality?
- 2. Will it work? Should Aetna partner with a big retail organization like Walmart or Rite Aid? With local health care providers?
- 3. Is Mark a purpose driven executive? Would it matter if he was?

#### Class # 12 / February 26 – Tackling Inequality: Capital

#### Materials

• <u>1worker1vote: MONDRAGON in the US, Rebecca Henderson and Michael Norris, HBS</u> <u>Case 315-013</u>

# **Study Questions**

1. An intriguing body of research demonstrates that employee ownership can significantly increase employee loyalty, productivity, and innovation. What does the Mondragon experience suggest are the additional benefits of moving beyond partial employee ownership to total employee control, if any?

2. What, in your view, are the major barriers to the widespread adoption of the Mondragon model in the US? What should be Michael Peck's top priorities as he seeks to roll out 1worker1vote?

#### Class # 13 / February 27 – A First Look at Changing the Rules of the Game

#### Materials

• <u>Turnaround at Norsk Gjenvinning, George Serafeim, David Freiberg and Shannon</u> <u>Gombos, HBS Case 116-012</u>

#### **Study Questions**

- 1. Why was Erik so surprised about the true state of affairs inside the company?
- 2. What is the main competitive challenge that Erik is facing and what can he do about it?
- 3. Do you think that NG is on the right track towards defeating corruption in the Norwegian waste processing industry?

#### Class # 14 / March 5 – Focusing on the Environment: Incremental Change

#### Materials

- <u>CLP: Powering Asia, George Serafeim, Rebecca Henderson and Dawn Lau, HBS Case</u>
   <u>115-038</u>
- <u>Climate Change: An Unfolding Story, Joseph B. Lassiter III, Sid Misra, and Stephanie</u> <u>Puzio, HBS Case 815-079</u>
- Crane, David. "Inside the rise and fall of NRG's green strategy." Green Biz

# **Study Questions**

- 1. How successful has CLP been in limiting its carbon footprint?
- 2. In doing so, has CLP increased or impaired its competitiveness?
- 3. How aggressive should CLP be in reducing further its carbon footprint in the future?

# Class #15 / March 6- Focusing on the Environment: Transformational Change

#### Materials

- ExxonMobil: Business as Usual? George Serafeim, Shiva Rajgopal and David Freiberg, HBS Case, 117-046
- <u>The Future of Mobility: Economic, Environmental, and Social Implications, George</u> <u>Serafeim and David Freiberg, HBS Technical Note 118-008</u>

- 1. Why has ExxonMobil not recognized impairments on the value of their assets while many companies have?
- 2. How could climate change impact ExxonMobil's business? Over what time horizon?
- 3. What are the competitive advantages that ExxonMobil has to turn climate change from a risk to an opportunity? What capabilities would need to be developed?
- 4. As the new CEO, how would you change the company to succeed in a low carbon economy?

#### Class # 16 / March 7 – Pause for Reflection

#### Assignment

Two page paper on "limits to action at the firm level" (10% of grade) - *to be uploaded the night before class by 11:59pm*.

#### **SPRING BREAK**

# Part IV. Changing the System (Part 1): Action at the Individual Level – Motivation, Purpose, and Profitability

#### Class # 17 / March 19 – Purpose and its Effects

#### Materials

• <u>Royal DSM: Fighting Hidden Hunger, Rebecca Henderson, Noah Fisher, and Mary</u> <u>Shelman, HBS Case 9-313-085</u>

#### **Study Questions**

- 1. DSM inherited "Sight and Life" a fully philanthropic enterprise that essentially gave away vitamin A from the Roche acquisition. Why, then, did they set the Nutrition Improvement Unit (the NIP) up as a for profit enterprise? What is the business case for NIP?
- 2. Should Rick invest resources in scaling up NIP?
- 3. Why has DSM embraced a companywide "purpose"? Why might it be important?

#### Class # 18 / March 20 - Motivation

#### Materials

- "Drive: The Surprising Truth About What Motivates Us", Chapters 4, 5, 6. Daniel Pink, Riverhead Press, 2011
- "The Righteous Mind: Why Good People are Divided by Politics and Religion", Chapters 2, 9. Jonathan Haidt, Random House, 2012
- "Howard Roark's closing argument," Ayn Rand, The Fountainhead"
- "The False Allure of Group Selection" Steven Pinker

- 1. Are people born caring more about status, wealth, and power than autonomy, mastery, and purpose, or is this something that is shaped by an individual's life history and context?
- 2. Under what circumstances should firms attempt to manage people using status, wealth and power, and when should they rely on autonomy, mastery and purpose?
- 3. How important is groupish behavior in the general scheme of things? Is it a big deal or a little deal?
- 4. What could firms do to encourage more groupish behavior? Under what circumstances would it be a good idea to do so?
- 5. Ann Rand/Howard Roark suggest that "all that which proceed from man's independent ego is good. All that which proceeds from man's dependence on man is evil." Under what conditions is this true?

#### Class # 19 / March 21 - Values & Business

#### Materials

• Omar Selim: Building a Values-Based Asset Management Firm (A), George Serafeim, Rebecca Henderson, Shannon Gombos, HBS Case N9-115-021

#### **Study Questions**

- 1. Would you recommend to Omar that he leave Barclays to set up Arabesque as a separate company? Why or why not?
- 2. What should Omar do to make Arabesque a success?
- 3. How open should Omar be about his beliefs and about the ways in which they shape his business decisions in the workplace?

# Changing the System (Part 2): Action at the Industry and Regional Level

#### Class # 20 / March 26 – Self-Regulation: Governance

#### Materials

- <u>Statoil and Transparency on Payments to Governments, George Serafeim, Paul</u> <u>Healy, and Jerome Lenhardt, HBS Case 115-049</u>
- Industry Self-Regulation: Sustaining the Commons in the 21st Century, Rebecca Henderson, Amram Migdal, and Tony He, HBS Note 315-074

#### **Study Questions**

- 1. What are the benefits and costs of disclosing host country government payments?
- 2. Why did Statoil choose a different disclosure strategy from its competitors?
- 3. How effective is EITI?

# Class # 21 / March 27 - Self-Regulation: Environment

#### Materials

- <u>Gotong Royong: Toward Sustainable Palm Oil, Rebecca Henderson, Hann-Shuin Yew,</u> and Monica Baraldi, HBS Case 316-124
- How big brands can save biodiversity (video)

- 1. Unilever committed to purchasing 100% sustainable palm oil in 2008. At that time it was the only major company to have such a commitment. But by 2014 nearly all of the major buyers, traders, and producers -- 60% of globally traded palm oil -- had made such commitments. What happened and why?
- 2. How important do you think these commitments have been in shaping the realities on the ground in Indonesia? What more remains to be done? What are the one or two areas where you think Unilever's focused effort might make the most difference?
- 3. Similar efforts are underway in soy, beef, paper and sugar. Is Jason Clay right? Is this model a plausible way forward for other sectors and other problems?

#### Class # 22 / April 2 – Acting Locally: Inequality

#### Materials

• <u>MELF and Business Culture in the Twin Cities (A), Clayton S. Rose and David Lane,</u> <u>HBS Case 315-078</u>

#### **Study Questions**

- 1. How can a few CEOs help contribute to the challenge of early childhood education (ECE) in Minnesota?
- 2. What's the best way to get a group of CEOs running best in class global businesses, to engage in collective action to solve ECE and other local problems?
- 3. Why did this get off the ground in Minnesota, whereas San Francisco has yet to see a similar effort?

#### V. Changing the System (Part 3): Action at the Institutional Level - Changing the Rules

#### Class # 23 / April 3 – Metrics & Decision Making

#### Materials

• <u>Shanghai: GDP Apostasy, George Serafeim, Rebecca Henderson, and David Freiberg</u> <u>HBS Case 115-042</u>

#### **Study Questions**

- 1. Please take a moment to explore the OECD Better Life index
- 2. Play around with it for a moment, and then:
  - For your country of nationality, decide which you think are the three most important issues for your country and then max them out. Observe the resulting ranking and which countries score most highly. What are the surprises?
  - Then think about whether GDP is a good proxy for these three issues and, if not, what might be better proxies for measuring progress.
- 3. Is abandoning GDP as a metric to guide public policy a good idea?
- 4. Would you advise other cities or countries to follow Shanghai's example?
- 5. What alternative metrics could Shanghai use to guide decision making? (You may find it useful to look at either of both of the "Inequality" or "Comparative capitalism" notes for some ideas.)

#### Class #24 / April 4– Developing Disclosure Standards

#### Materials

- JetBlue: Relevant Sustainability Leadership, George Serafeim and David Freiberg, HBS Case 118-030
- ESG Metrics: Reshaping Capitalism?, George Serafeim and Jody Grewal, HBS Case <u>116-037</u>

- 1. Why did JetBlue adopt SASB standards?
- 2. Are the issues identified by SASB indeed 'material'? If no, why not? If yes, why not other airlines disclose that information?
- 3. Is standardization of ESG reporting a good idea?
- 4. How could ESG reporting reshape capitalism?

#### Class #25 / April 9 – Building Global Institutions

#### Materials

• Putting the Guiding Principles into Action: Human Rights at Barrick Gold, Rebecca Henderson and Nein-he Hsieh, HBS Case N9-315-108

#### **Study Questions**

- 1. What do you think the principles are designed to do? What is the problem they are designed to solve? Why do they focus on human rights, and not on other pressing global issues?
- 2. Why did Barrick miss what was going on at Porgera? Why did they react so strongly when they did find out?
- 3. In what ways were the guidelines useful in framing a response? Why is Barrick investing so heavily in compliance? What is the business case for doing so, if there is one?
- 4. How much responsibility should Barrick take on for supporting and/or shaping state institutions such as the police force?

#### Class # 26 / April 10 – Financing the UN Sustainable Development Goals

#### Materials

• <u>Summa Equity: Building Future-Proof Organizations, George Serafeim and David</u> <u>Freiberg, HBS Case 118-028</u>

#### **Study Questions**

- 1. Why Summa chose the UN Sustainable Development Goals as a useful framework for private equity investing?
- 2. As a partner of Summa would you vote against or in favor of Indahl's proposals? Which specifically you would support and why?
- 3. Can the Summa model for private equity be replicated? If yes would it make a difference?

#### VI. Changing the System (Part 4): Building a Theory of Change

#### Class # 27 / April 17 – Changing Ideas (and Politics)

#### Assignment

Prepare a short presentation with your theory of change and how you fit individually within that theory of change.

#### Class # 28 / April 18 – Conclusion & Wrap





McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see <a href="http://www.mcgill.ca/integrity">http://www.mcgill.ca/integrity for more information</a>)

In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

# ACCT 401 - SUSTAINABILITY & ENVIRONMENTAL ACCOUNTING Fall 2017

Class hours: Wednesdays 11:35 AM – 2:25 PM Instructors: Dror Etzion, Ph.D., <u>dror.etzion@mcgill.ca</u> (office 486) Rozhin Y. Mansouri, <u>Rozhin.yousefvand-mansouri@mcgill.ca</u> (office 557) Office hours: By Appointment

#### **COURSE DESCRIPTION**

Sustainability accounting is an emerging field of accounting that provides a framework for developing measures of corporate environmental and social performance, assessing their reliability, reporting to external stakeholders, and assisting managers in strategic and operational decisions that affect environmental costs and risks. A growing number of organizations see the need to develop and implement management systems for social responsibility due to increased regulatory requirements and demand from various stakeholders. This course provides a comprehensive overview of existing multidisciplinary knowledge in corporate sustainability accounting.

This course combines lecturing and hands-on teaching methods. It has an applied nature: students will attain the learning objectives by completing class assignments and participating in case discussions based on real life examples of corporate sustainability practices.

#### **LEARNING OUTCOMES**

By the end of the course, students will:

- 1. Appreciate the complexities, trade-offs, benefits and costs of accounting for sustainability
- 2. Know how to evaluate measures of corporate environmental and social performance and use these measures to make key strategic and operational decisions.
- 3. Understand how sustainability performance management affects corporate costs, revenues, and risks.

#### GRADING

Homework assignments	24%
Final exam	64%
Participation and professionalism	12%

#### Homework assignments

There will be a total of four assignments due (see the schedule below). Each deliverable accounts for 6% of the final grade. Generally, assignments are related to the cases that will be discussed in class.

#### Final exam

The exam will be based on all the teaching material covered in the course (readings, cases, lectures, etc.).

#### Participation and professionalism

Learning in this class will not be passive; thinking, creativity and mutual engagement with the ideas of others are expected. Therefore, participation is a key component of the learning experience. We evaluate participation using any and all information we can glean about how much spirit and energy you have invested in the course. Specifically, the degree to which your comments in class reflects the real thinking about the issues and the readings we are exploring is crucial; this is more important than how often you speak or how much you say. Brevity, tact and staying on topic are also hallmarks of quality participation. If you are having difficulty fully participating in the course, for any reason, you should see us as soon as possible to discuss your situation. Participation grades will be finalized at the end of the course.

Students are expected to attend all classes. However, it is reasonable that students will miss one class during the term. Absences beyond that will affect your participation grade. Punctuality, adherence to timetables, and mutual respect are also important facets of professional behavior.

#### Course materials

You will need to obtain a coursepack for the course, which contains the cases we will be using in some of our sessions. All the rest of the course materials are available on MyCourses.

#### Books:

Fundamental of sustainability accounting I Fundamental of sustainability accounting II

Pdf files for these books are posted on MyCourses. Students <u>are not</u> allowed to share the material with colleagues, friends or anybody beyond this course's participants.

#### SCHEDULE

Week	Date	Theme	Note
1	Jan 4	Introduction	None
2	Jan 11	Measuring sustainability and measuring organizations	Reading:         Specter,       Michael. (2008). Big foot: In measuring carbon emissions, it's easy to confuse morality and science. The New Yorker.
		organizations	Case study: Triodos Bank: Measuring sustainability performance
			<ul> <li><u>Case preparation questions:</u></li> <li>1. What are the challenges and limitations of common frameworks for measuring and communicating sustainability?</li> <li>2. What is the relationship between measuring and communicating sustainability?</li> <li>3. What frameworks should Triodos adopt in order to measure and communicate sustainability performance?</li> </ul>
3	Jan 18	Principles of sustainability accounting	<u>Reading:</u> Fundamentals of sustainability accounting I (p:67-71 and p:93-136).         Fundamentals of sustainability accounting II (p:4-88).         Case study:
			AXA case (on line case: http://nexus.som.yale.edu/axa/)
4	Jan 25	Greenhouse gas accounting	<u>Reading</u> Corporate greenhouse gas accounting: Carbon footprint analysis <u>Case study:</u> Frito-Lay       North America: The making of a net zero snack chip
			<ul> <li><u>Assignment #1:</u></li> <li>1. If you are Al Halvorsen, what considerations are in the forefront of your mind as you consider the net zero facility decision? If you propose the idea, what arguments would you proffer? Prepare to argue your case in from of Frito-Lay's executive committee</li> <li>2. For the CASA Grande facility, calculate the metric tons of emissions of greenhouse gases from electricity and natural gas usage for each year from 2002 to 2007. (pay close attention to units)</li> </ul>

Week	Date	Theme	Note
			<ol> <li>Project estimated reduction in greenhouse gas emissions and operating cost savings that will result from the proposed net zero project in year 2008-2010. (assume that all equipment upgrades are made immediately at the start of 2008)</li> <li>Who is Indra Nooyi? Research FLNA's CEO Indra Nooyi and come to class having thought about the relevance of leadership to sustainability innovation</li> </ol>
5	Feb 1	Sustainability management systems	Reading:         Chatterji, Aaron, and David Levine. (2006) Breaking down the wall of codes: Evaluating non-financial performance measurement." <i>California Management Review</i> 48(2): 29-51. <u>Case study:</u> Genzyme Centre (A) <u>Case preparation questions:</u> 1. What do you think of Genzyme's motives for investing in green building practices?         2. Would you recommend that Genzyme make the Additional investments required to enable Genzyme Centre to achieve LEED Platinum? Why or why not?         3. If Genzyme were to invest in additional features to achieve Platinum, which ones should they choose? How should they decide?
6	Feb 8	Environmental, social and corporate governance (ESG)	Reading:         Smith, R. (2016) Investors sharpen focus on social and environmental risks to stocks. <i>The New York Times</i> . <u>Case study:</u> Driving sustainability at Bloomberg LP. <u>Case preparation questions:</u> 1. Assess the evolution of the ESG project at Bloomberg and what the best next steps are. Should Bloomberg begin deriving data and /or providing rating? Or should they stick to their traditional business of just providing information?         2. What is Bloomberg's competitive position in the ESG data space? Do they have any particular competitive advantage or liabilities?         3. How should the ESG product be organized internally going forward? Should Curtis Ravenel be in charge of the project? why? why not?

Week	Date	Theme	Note
			4. Assume you are Cutris Ravenel and prepare your agenda for the meeting with the president and the CEO of Bloomberg. What should Cutris ask for?
7	Feb 15	Financing development initiatives	<u>Reading:</u> Banerjee, A., & Duflo, E. (2012). Poor economics: A radical rethinking of the way to fight global poverty. Public Affairs. Chapter 6. <u>Case study:</u> Using Satellite Data to Insure Livestock
			<ul> <li><u>Case preparation questions:</u></li> <li>1. What are the main successes and challenges of the IBLI program?</li> <li>2. What is the main dilemma facing Andrew Mude? What are his options?</li> <li>3. What would you recommend that Andrew do? What activities should he undertake in order to succeed?</li> </ul>
			<ul> <li><u>Assignment #2</u></li> <li>1. Consider that a pastoralist from the Marsabit district in Northern Kenya insures a cow worth \$200. The annual premiums in Marsabit are 5% for a 15% deductible of the IBLI contract. What amount of premium will she have to pay to insure her cow?</li> <li>2. What is the trigger % for the IBLI contract?</li> <li>3. If the predicted livestock mortality of that division is 12% at the end of the first season, how much payout will the pastoralist receive?</li> <li>4. If the predicted mortality of that division is 25% at the end of the next season, how much payout will the pastoralist receive?</li> <li>5. If the trigger remains the same (at 15%) but the deductible becomes 10%, what would be the pastoralist's compensation in the previous question?</li> </ul>
8	Feb 22	Financing social initiatives	Reading:       Poister, Theodore H. (2008). Measuring performance in public and nonprofit organizations. John Wiley & Sons, 2008. (Chapter 3)         Case study:       The Robin Hood Foundation

Week	Date	Theme	Note
			<ul> <li><u>Case preparation questions:</u> <ol> <li>The Head of Sunshine Homes, Mary Montreaux, was honored as a Robin Hood "Hero" for the wonderful work she has done. Now the foundation says that she has just received her last grant. This BC methodology must be incredibly smart or just plain dumb. Which is it?</li> <li>How valuable is the methodology for comparing "apples to oranges", that is, investments in different portfolios?</li> <li>How should the Robin Hood Foundation asses its own performance?</li> </ol> </li> </ul>
	Mar 1	Reading week	
9	Mar 8	Financing environmental initiatives	<u>Reading:</u> Kerste,       M., Rosenboom, N., Sikken, B. J., & Weda, J. (2011). Financing the transition to sustainable energy in M. Kerste, N. Rosenboom, BJ Sikken, J. Weda, <i>Financing sustainability-insights for investors, corporate executives, and policymakers</i> , (Chapter 1) VU University Press. <u>Case study:</u> Legrand: Lightening their (electricity) load <u>Assignment #3</u> 1. What are the appropriate incentives for Legrand?         2. What is the payback period/IRR/ and NPV for Legrand?
			<ul><li>3. What was the price per ton of carbon avoided assuming energy savings?</li><li>4. What reasons could be offered for not pursuing this project?</li></ul>
10	Mar 15	Social accounting; Compensation	Reading:         Rikhardsson, P. (2006). Accounting for health and safety costs. Review and comparison of selected methods (pp. 129-151). Springer Netherlands.         An Investment or A Cost: Shareholders valuation of CSR Expenditures and CEO compensation (Working paper)
			Case study:         The National Football League and brain injuries         Case preparation questions:         1. Do you think that the NFL and franchise owners are meeting their obligations to employee

Week	Date	Theme	Note
			<ol> <li>Do you think that the NFL's and Owners' responsibilities in terms of player safety and health have changes now that the potential long-term health risks of playing football are more widely understood?</li> <li>There are analogies made in the case between football and smoking. Do you believe that in 25 years the state of professional football will be similar to that of cigarette companies today?</li> <li>If you were the owner of an NFL franchise team, would you look to sell your team or do you think the NFL will continue as a viable and profitable business?</li> </ol>
11	Mar	Sustainability	Reading:
	22	reporting	Illia, L., et al. (2013). Communicating corporate social responsibility to a cynical public. <i>MIT Sloan Management Review</i> , 54(3).
			Assignment #4:
			Download Bell Canada's most recent sustainability report at http://www.bce.ca/responsibility/corporate-responsibility/2015-cr-report/2015-csr-report.pdf
			<ol> <li>Assess the extent to which the report satisfies the GRI reporting principles (p. 16-18 of the G4 sustainability reporting guidelines; https://www.globalreporting.org/resourcelibrary/GRIG4-Part1-Reporting-Principles-and- Standard-Disclosures.pdf).</li> </ol>
			<ul><li>2. Where did the report excel and which parts did you feel to be unsatisfactory?</li><li>3. What would you recommend Bell focus on in their next report?</li></ul>
12	Mar 29	Other topics in sustainability	<u>Reading:</u> Fundamentals of sustainability accounting II(p:89-128)
		accounting	Ercin, A. Ertug, Maite Martinez Aldaya, and Arjen Y. Hoekstra. (2011). Corporate water footprint accounting and impact assessment: The case of the water footprint of a sugar-containing
			carbonated beverage. Water Resources Management 25(2): 721-741.
13	Apr 5	Summary and review	



#### SMBA 731 Sustainability Tools and Processes for New Initiatives

Professor: Robert Sroufe phone: (412) 396-1909 email: <u>sroufer@duq.edu</u> Office: Rockwell Hall 820 Office Hours: Wednesdays Classroom: Rockwell Hall 308 Time: Tuesdays 1:40 – 4:20

There are over 120,000 BMA degrees awarded each year in the U.S. Only a small proportion of these newly minted MBAs will do more than read about a sustainable development issue during their graduate studies. This lack of exposure to innovation can be attributed to a dearth of schools attempting to proactively integrate sustainability focused experts and real-world projects into business curricula. The tide has changed, and more recently, the surge of interest in measurement, planning, energy conservation, carbon trading, green buildings and sustainability has brought many companies to the doors of business schools looking for the next generation of managers with the ability to quantify and develop a business case and management plan for sustainable opportunities. In this class we will hear from business leaders, integrate sessions with faculty across disciplines, analyze and evaluate different case studies. In teams, understand and develop a LCA sustainability plan, and complete an Energy Management System design competition in order to better understand the attributes of sustainable business case for sustainability focused initiatives.

**Course Mission:** To build upon the fall semester Strategic Sustainability & Models course by reviewing sustainable business tools and processes. Through a combination of LCA, case analysis, group projects, guest speakers, videos, web based information, live cases, and analysis of current readings you will develop:

4. The ability to identify sustainable business opportunities, analyze and make recommendations as to how to implement new product initiatives.

5.Familiarity with the drivers and measures companies may use to implement sustainable initiatives, develop a sustainability plan, and the costs/benefits of these activities.

6. An understanding of the financial models and business case for new initiatives including energy management systems, building retrofits, clean energy, and estimates of uncertainties associated with these initiatives.

Alignment with Graduate Program Goals: This course is designed to foster greater in-depth discussion and equip you with the critical thinking and tools to develop a better understanding of sustainability in practice. Weekly objectives include the development of value propositions and tools that contribute to a management toolkit enabling better decision making within and outside of this course. A number of business leaders have accepted invitations to come to this class and share their experiences, or host us on-site. The speakers have also been invited to be part of student case discussions. You will utilize a Social Cost of Carbon (SCC) to analyze new initiatives. Through the insight provided by guest speakers, the application of your own skills and previous coursework, you will further develop the capacity to lead any organization towards an Integrated Bottom Line of economic, ecological, and social sustainability.

Linkages Across Curriculum: Previous courses in Strategic Sustainability & Models, Financial and Managerial Accounting, Applied Ethics, Statistics, Financial Management, Value Chains and Operations, Sustainable Consulting Project I, Systems Thinking, and Environmental Science provide a solid foundation from which to understand the general sustainable contexts in which businesses operate. This course builds on these functional areas and concepts to consider the sustainable challenges that businesses today face while hearing from successful area business leaders that are part of the next industrial revolution shaping a new direction for sustainable businesses. A common theme during the spring semester will be "Energy & Innovation" and we will focus on modeling the business case that includes environmental and social performance.

#### **Course Materials**

Hitchcock, D., & Willard, M. (2008). <u>The Step-by-Step Guide to Sustainability Planning</u>. Routledge Earthscan. ISBN: 978-1-84407-616-1. Decision Tools 7.5 <u>http://www.palisade.com/academic/students.asp</u> (\$50) LCA Software <u>www.Sustainableminds.com</u> Other materials are available via the class Blackboard site and Harvard Course Pack

#### Case Studies

Coursepack purchased on-line from Harvard Business School Press http://cb.hbsp.harvard.edu/cbmp/access/57297762 SMBA case studies available within Blackboard

**Pedagogy:** The specific material we cover in any class will be largely determined by your input and questions when developing the business case for sustainability. One component of your class participation grade will be the quality of your input to the discussion process with case analysis and guest speakers. Keep in mind your participation is dependent solely upon your ability to engage in discussion. If you do not say anything during the semester, you can expect your performance evaluation to reflect your lack of substantive contribution. The goal is to develop your ability to consider managerial decisions and situations related to sustainable development, to find, analyze and solve problems, to communicate ideas, and to appreciate a general management point of view.

A second component of individual learning and assessment is directly linked to further developing your own ability to evaluate a business situation, determine the primary and secondary drivers of a given situation and to then research and develop feasible alternatives. These alternatives need to be tested and further developed before recommending a course of action, implementation plan and suggestions for monitoring and controlling outcomes. To this end, individual case studies are <u>due</u> in Blackboard before noon on the given date in this syllabus.

Group learning and assessment is facilitated through the use of projects with both presentation and written deliverables. The class will be divided into teams for the purpose of the course project deliverables. Each team will be required to electronically submit their LCA project report and presentations to the groups section of Blackboard. The first group project will be the development of new product development plan utilizing Sustainable Minds LCA software. Deliverables are due by noon on February 28<sup>th</sup>. Sustainability Plan assignment details and evaluation forms are available within Blackboard.

The second component of group learning and assessment will be deliverables of an Energy Management System (EMS) design competition. With the help of the USGBC regional Green Building Alliance, a commercial construction firm, invited speakers, and field trips, you will have the opportunity to develop an understanding of what it takes to design and value office and educational space paying particular attention to energy, ecological impacts, costs, and value created. The parameters of the competition are available in Blackboard with the task for teams to design an EMS for the Business School's Rockwell Hall, using data analytics, and value of the system for a building. All teams will have details on square footage, orientation, number of employees in the space, availability of technology and HVAC systems, infrastructure, and a budget. The goal is to maximize the ROI and address the feasibility of a high performance work environment that include social and environmental performance. Project evaluation will be based on the review of an expert panel. In addition, audience members will also evaluate project presentations on preparation, thoroughness of the proposed business case for the renovations, innovation, and communication skills. Evaluation forms will be available within the Assignments

folder in Blackboard. Reports will be <u>due within Blackboard by 5PM on May 4<sup>th</sup></u>; presentations due by 9AM on May 9<sup>th</sup>.

**Performance Assessment:** Your final performance evaluation will be a composite of the instructor's assessment of your contributions to discussions with invited speakers, case discussion, case report and project deliverables.

The overall performance evaluation will be assigned based on the following weightings: *Individual* 

Participation 5 Case write ups

# 20% randomly, in class 30% assigned

#### Groups

LCA Project Presentation/Report	20% evaluated by instructor
EMS Design Presentation/Report	30% evaluated by panel, audience, instructor

**Deliverables:** All written documents should be size 12 font, New Times Roman, single spaced, 1" margins, using <u>MLA citation guidelines</u> (as a single Word document with embedded tables and appendices). All evaluation forms are available within the Blackboard Assignments folder.

#### Participation (Individual = 20%)

Substantive contributions to class discussion includes any comments, or analysis which advances the general class understanding of key management issues for the topic or issue, the major problems, key alternatives to consider, and appropriate decisions or plans of action that could be undertaken. I reward contributions that advance our discussion, help us change direction when needed, bring in outside sources, provoke useful debate, and build off of the comments of others. Both quantity and more importantly, *quality* is important. An assessment will be made six times using the following scale: 5 (excellent), 4 (very good), 3 (good), 2 (satisfactory), 1 (poor), 0 (absent). The best five times will constitute your participation. This system is set up to encourage risk-taking needed for excellent contributions and discourage counterproductive behaviors, such as talking just to talk. At the end of the course I sum the points and rank the class by these totals.

I use these scores to evaluate individual participation, where to make breaks between the extremes, and trends. Further details regarding participation evaluation can be found within the class Blackboard site.

#### <u>Case Analysis Deliverables (Individual = 30%)</u>

Individual case analysis reporting requires the submission of a written report (as a single Word file, maximum length 2 pages, excluding title page and appendices).

All written deliverables for this assignment must be submitted with a title page containing the following statement and the authors' signature. "In accordance with the Business School's Code of Ethical Behavior, I attest that I have not engaged in any acts of plagiarism in completing this assignment."

Answer all case questions and follow the case report guidelines with the following structure: Problem Statement, Situation Analysis, Alternatives with Advantages and Disadvantages, Recommendations for Implementation of Chosen Alternative, Suggestions to Monitor and Control.

\*Four cases will be in-class, one case (TBD) will be a live case reviewed on-site.

#### LCA Project - Presentation/Report (Group = 20%)

Each team will present their plans for assessing and managing a new product development plan utilizing LCA data.

All written deliverables for this assignment must be submitted with a title page containing the following statement and all authors' signatures. "In accordance with the Business School's Code of Ethical Behavior, I attest that I have not engaged in any acts of plagiarism in completing this assignment."

Outline and instructions for deliverable can be found within Blackboard.

<u>EMS Design& Sustainability Plan Competition Presentation/Report (Group = 30%)</u> Each team will be required to present their ideas for an innovative and high performance building system in addition to a written report (maximum length 5 pages, excluding title page and appendices).

Cover sheets are required, with group member names. All written deliverables for project reports must be submitted with a title page containing the following statement and all authors' signatures. "In accordance with the Business School's Code of Ethical Behavior, I attest that I have not engaged in any acts of plagiarism in completing this assignment."

Reports and presentations should follow the guidelines posted within Blackboard. Evaluation based on <u>audience feedback</u>, judging panel, and instructor's evaluation.

After the submission of project deliverables an electronic <u>group member evaluation</u> will be sent. Each member of a group will be asked to evaluate their own contributions to group work and the performance of the other members of the same group. This evaluation will be taken into consideration for overall performance evaluation for the course.

If you have any questions or concerns, stop by my office or contact me via email.

Course Goals	Learning Objectives	Assessment
Develop better communication	Students will communicate their reasoning	Class Discussion
skills through the evaluation of	when resolving sustainability dilemmas;	Case Analysis
managerial decisions and	listen to other individuals' opinions,	Product LCA Plan
situations related to sustainable	reasoning processes and decision	
development and ethics.	alternatives when resolving dilemmas and	
	enable this listening to affect the student's	
	reasoning processes and decision	
	alternatives.	
Ability to apply graduate course	Students will be able to identify and analyze	Class Discussion
learning while contributing to	sustainable development dilemmas while	Case Analysis
business case analysis and	applying previous coursework knowledge	Product LCA Plan
discussion.	and tools working with a Social Cost of	
	Carbon (SCC).	
Ability to <b>recognize the drivers</b>	Through hearing from experts and from	Class Discussion
and measures companies use	utilizing current readings and case studies	Case Analysis
to implement sustainable	students will identify sustainability issues,	Product LCA Plan
initiatives.	opportunities and the stakeholders	EMS Design Project
	involved.	
Orientation to a cost/benefit	Using a structured approach, students will	Class discussion
decision-making framework	apply the frameworks, e.g., GRI, GHG	Case Analysis
applicable to contemporary	Protocol, and LEED along with simulation	Product LCA Plan
management issues.	tools to find the business case for	EMS Design Project
	sustainability and SCC.	
Awareness, understanding, and	Students will identify organizational	Class discussion
evaluation of sustainable	influences on individual decision making	Case Analysis
business opportunities and	processes and action while applying these	Product LCA Plan
implementation obstacles.	influences to business situations.	EMS Design Project
Apply decision-making and	Students will be able to develop, analyze,	Class Discussion
evaluation skills necessary to	and evaluate options or alternatives for	Case Analysis
balance competing resource	resolution of environmental, financial, and	Product LCA Plan
needs with long term and short	social challenges while utilizing relevant	EMS Design Project
term IBL performance.	simulation and spreadsheet software.	
To foster effective small group	Students will be able to identify, analyze,	Case Analysis
problem solving and <b>cross-</b>	discuss and debate business opportunities	Product LCA Plan
functional teamwork.	surrounding emerging business innovations.	EMS Design Project

# Course Goals, Learning Objectives and Assessment

Week/Date/Topics	Speakers/Case Studies/Readings	
1. Tuesday, January 17	Sustainable Minds LCA Software and Resources	
Sustainable Minds Groups = Project II Course	Model Sustainability Policy, and SOBA Code of Ethical Behavior, accessible within Blackboard	
dioups – rioject il course	HBS: Learning by the Case Method	
2. Tuesday, January 24	Analytical Hierarchy Process LCA Planning	
Multi Criterion Decision Analysis	Social Cost of Carbon	
3. Tuesday, January 31	CH 1: Preparing for Change CH 2: Refining the Business Case	
Sustainability – Making the	@Risk Monte Carlo simulation software installed before class	
Business Case	Case Study: USAF (this case posted within Blackboard)	
	Preliminary LCA Product modifications Review	
4. Tuesday, February 7	CH 3: Creating the Vision	
	CH 4: Identifying Impacts & Priorities	
Impacts and Priorities for	, , , ,	
Successful Sustainability	*Case Study: Ergonomics - Analytical Hierarchy Process	
Planning	(this case is posted within Blackboard)	
Individual Assignment		
5. Thursday, February 16	Site Visit: PITTOHIO Cross Dock facility site visit	
How to Create and Implement	Live case study	
Sustainability Plans		
Sustainability Flans	CH5: Developing Sustainability Reports	
C. Turandari, Sahmuami 21	CH6: Developing an Implementation Strategy	
6. Tuesday, February 21	CH7: Developing Effective Management Systems CH8: Determining the Structures Needed to Manage the Effort	
Developing Systems and	Cho. Determining the structures needed to Manage the Enort	
Structures	HBS Case study: Amanco - Developing the Sustainability Scorecard "Transforming the Balanced Scorecard from Performance	
	Measurement to Strategic Management"	
7. Tuesday, February 28	LCA Wrap Up LCA Presentations and Reports	
, racsudy, rebradry 20		
LCA Project		
Group Assignment	*all teams submit reports and slides by noon on February 28	
March 7 <sup>th</sup>	Spring Break	

<sup>&</sup>lt;sup>1</sup>Schedule subject to change

Thursday, Marsh 0	Norprosso Sustainability MDA Challenge Case Delegand	
Thursday, March 9	Nespresso Sustainability MBA Challenge Case Released	
	Nespresso Team Submission Due Monday, March 27th	
8. Tuesday, March 14	Speaker: Leslie Montgomery USGBC & Green Building Alliance	
USGBC-Green Building Alliance	CH9: Informing and Involving Employees	
LEED Certification Sustainable Sites	USGBC; & USGBC LEED Green Associate Credentials	
Sustainable Sites	How to Capture the ROI of LEED	
	"LEED Building Requirements"	
	*Bring a monthly utility bill from your apartment or home	
9. Tuesday, March 21	Speaker: Jason Wirick, LEED <sup>®</sup> AP, Phipps Living Building site visit	
9. Tuesuay, March 21		
<b>Operations and Maintenance</b>	e Live case study Living Building Challenge	
	USGBC: LEED Integrated Process	
Living Building Challenge		
	Pittsburgh 2030 Challenge	
	"Blue-Collar Green-Building Boom"	
10. Tuesday, March 28	Speaker: Jack Mason, Director Entrepreneurship Program	
	"Building the Green Way"	
Energy Systems	"Finding and Implementing Energy Efficiency Projects"	
	"New Energy Economy"	
Individual Assignment	DOE Annual Energy Outlook	
	*HBS Case study: Financial and Environmental Impact of Sustainable	
	Retrofitting	
ASPEN CASE COMPETITION	March 31 – April 7	
11. Tuesday, April 4	Speaker: Laura Quinn, Burns & Scalo Solar/Green Roof site visit	
	live case study	
Renewables	USGBC: Energy and Atmosphere	
	"Green Buildings and Productivity"	
	"Energy Savings and Performance Gains in GSA Buildings"	
12. Tuesday, April 11	Speaker: Craig Stevenson, EVP James Construction	
Value Proposition for	USGBC: Materials and Resources	
High Performance Buildings	"What Does Green Really Cost"	
	"The Cost of Green Revisited"	
Individual Assignment		
*Integrated Case with	*HBS Case study : Interface's Evergreen Services Agreement	
Organizational Behavior		
Tuesday, April 18	No Class this week - Classes Meet According to a Monday Schedule	
13. Tuesday, April 25	Speaker: Craig Stevenson, EVP James Construction	
Innovation in Design		
	Passive House Institute US	
	Preliminary EMS Plan Review	



14. Tuesday, May 2 Project Feasibility	*HBS Case study: Wells Fargo: Solar Energy for LA Branches
Individual Assignment	Wrap up *Teams submit report by 5PM on Thursday May 4 <sup>th</sup>
15. Friday, May 5th <mark>Group Assignment</mark> 11:00 – 1:00	SMBA Energy Management System Design Competition (presentations to panel) Groups randomly drawn for order – Location TBD *Teams submit slides by noon on May 4 <sup>th</sup>





BA425: Global Practicum Sustainable Business in Iceland Winter 2017

**Syllabus** 

Class Meets: Tuesday and Thursday, 9:00-11:00 am Room R0420 3 Credits Professor Andrew Hoffman Room R4390, Ross School Email: <u>ajhoff@umich.edu</u> Phone: 734-763-9455

Program Lead: Emily Keeler Email: <u>sharlane@umich.edu</u> Phone: 734-647-9709



# **Course Overview**

Sustainability has become a major element of business practice and business education today. Few, if any, companies can ignore the environmental issues of our day, whether they be climate change, water scarcity, ecosystem destruction, toxic pollution or one of the many others. For those companies that can think strategically about these issues, they can transform them from external threats or "externalities" to strategic opportunities. Wind farms and solar arrays, hybrid and electric vehicles, LED light bulbs, LEED certified buildings (like the Ross School), energy and water efficient appliances; these are but a short list of the kinds of innovations that are expanding market share for the companies that develop them (and strategic losses for those whose markets are cannibalized by them).

This course will offer an overview of the topic of business sustainability and then narrow its focus to the topic of climate change and the country of Iceland; a country that offers an unusual context for considering the issues of sustainability. Specifically, this course will address:

- 1. An overview of the issue of climate change, including the science that explains it and the policy responses to address it.
- 2. Examples of business models for tapping the strategic potential created by climate change, and how companies can create opportunities from the issue.

. . .

- 3. A specific focus on the challenges and opportunities that climate change presents, particularly around energy (i.e. renewable energy) and mobility (i.e. alternative fuel vehicles and self-driving cars).
- 4. The unique context of Iceland for exploring these issues.

Given its location at the fault line between the European and North American tectonic plates, Iceland enjoys unparalleled access to geothermal energy, literally drawing energy from beneath the surface of the Earth. But the question remains how Iceland can harness this energy in a way that feeds its economy and helps it reduce its carbon footprint.

This action-based global course will include on-campus course sessions through the winter semester with travel to Iceland, which includes visits with company, academic and government representatives, interactions with locals, and excursions to glaciers and hot springs in the greater Reykjavik area.

# **Course Assessment and Grading**

You will be assessed on:

# 1. Individual Participation, both in class and in-country (25%)

Participation means more than attending course sessions, more than simply

"speaking in class," and more than just "coming along for the ride." Instead, it assesses your substantive contribution to the course through your insightful comments, and your level of engagement with ideas introduced by the course instructors and other students. It is assessed in terms of both your informal and formal participation in the course.

# 2. Individual Journal (25%)

You will keep a journal covering personal reflections on two topics. First, what are your reflections on business sustainability? How do you feel about the issue of climate change and the role of business in developing solutions that will be necessary to address it? Second, what are your reflections and observations about Iceland? This is a unique and fascinating culture and context for addressing climate change? What have you learned about the culture, economy and politics and how is different or the same as those with which you are familiar?

a. As part of your journal, you will be required to prepare a one page dossier on interesting cultural, economic and political facts about Iceland, which you will share in class on February 16 to help us get ready for our trip.

# 3. Final Group Project (50%)

In the 2015 Paris Climate Conference (or COP21), 195 countries agreed to reduce greenhouse gas emissions "as soon as possible" and to do their best to keep global warming "to well below 2 degrees C". The focus of the efforts to meet these targets is energy, and every country will be required to analyze its own energy portfolio to consider how it will meet their allotted targets. To do its part, Iceland aims to contribute to European countries' collective target of reducing greenhouse gas (GHG) emissions 40% by 2030 compared to 1990 levels, by focusing on the mobility, agriculture, fisheries, industrial processes, waste, and land use, land-use change and forestry (LULUCF) sectors. One interesting feature of Iceland's economy is that its heating and electricity production already comes from nearly 100% renewable

geothermal energy (75% coming from hydropower and 25% from geothermal power), however cars require imported fossil fuels. In this project, you will analyze the Icelandic economy, both as it is now, and how it might evolve to become a leader in carbon reductions. Pick a specific sector and offer guidance that the Icelandic people might use to meet – or even exceed – their carbon reduction objectives. The final project will have three parts:

- a. Submit report on March 14: Your paper should not be more than 15 pages (not including footnotes and up to two attachments), double spaced, 12 point, times roman font with one-inch margins.
- b. Presentation on March 14: Your presentation should use Powerpoint and summarize your work in 15 minutes.
- c. Poster Presentation on April 12.

#### **Course Structure**

The course is divided into three interrelated phases: pre-departure, in-country experience, post-trip.

#### Phase 1: Pre-departure

The pre-departure phase consists of traditional classroom sessions, which will combine lectures, discussions, videos, guest speakers, and other activities. They are designed to prepare you for the four themes of the course – climate change, business sustainability, energy and mobility, and the culture, politics and economy of Iceland.

There will also be a full day of Global Practicum Training on Saturday, January 21 (7:30am to 5:00pm) which is **required** for participation in the program. This session will cover topics such as General Health and Safety (CDC and State Department Information locations, emergency card, etc), Program-specific Logistical Class (Location-specific dress code, food, crime rate, water potability, etc), and the Challenge Course.

There is also a required Cultural Intelligence Assessment that you must complete. You will receive an email inviting you to fill out the questionnaire. Once you do, please print your personalized report and be prepared to discuss it on February 9.

#### Phase 2: In-Country Experience

The in-country experience is an intensive week of academic, cultural, and social activities, including lectures, company visits, and professional meetings; cultural and social events; group research time; and limited personal time. It is not a vacation. During the trip, you will also continue to document your personal experiences, and corresponding thoughts, feelings, and actions for your journal.

# Phase 3. Post-Trip

The post-trip phase begins with a debriefing session, the goal of which is to help "repatriate" following the intensive week in Iceland. More importantly, however, it is meant to guide you as you begin to reflect on your journal.

The remainder of the post-fieldtrip trip phase is dedicated to the completion and presentation of your final project, presentation and poster. Coaching sessions with the course instructor, and sessions for feedback from other students, are designed to improve the quality of both its content and presentation.

	Pre-Departure Sessions	Activity
1	Tuesday, January 17, 9-11	Introduction.
2	Thursday, January 19, 9-11	Guest lecture: Dr. William Miller, School of Law,
		author of Bloodtaking and Peacemaking: Feud,
		Law, and Society in Saga Iceland (1990).
		Discussion of Icelandic history. Read "Thorstein
		the Staff-Struck" on canvas.
3	Saturday, January 21, 7:30-5:00	Global Practicum Training.
4	Tuesday, January 24, 9-11	
5	Thursday, January 26, 9-11	Discussion: Cultural, politics and economy of
		Iceland.
6	Tuesday, January 31, 9-11	Video: <u>Blueberry Soup</u> about the pots and pans
		revolution and crowdsourcing a new Icelandic
		Constitution.
7	Thursday, February 2, 9-11	Discussion: Innovations in energy and mobility.
8	Tuesday, February 7, 9-11	Guest lecture: <u>Dr. Henry Pollack</u> , Department of
		Geophysics, Climate change.
9	Thursday, February 9, 9-11	Guest lecture: Melissa Vert, Cultural Intelligence
		(CQ) Assessment
10	Tuesday, February 14, 9-11	
11	Thursday, February 16, 9-11	Guest lecture: <u>Dannan Lodge</u> , Erb Institute
		student studying Iceland. Discuss your one page
10		journal dossier.
12	Tuesday, February 21, 9-11	Guest lecture: Dr. Johann Gudjonsson, School of
		Dermatology, Icelandic native, Discussion of
		Icelandic economy, industry, politics and
	In Constant Francisco oc	people/culture.
	In-Country Experience Friday, February 24/	Doparturo
	Saturday, February 25	Departure
	Saturday, March 4/	Return
	Sunday, March 5	
	Post-Experience	
1	Tuesday, March 7, 9-11	Debrief
2	Thursday, March 9, 9-11	Final Project, presentation & poster
		preparation
3	Tuesday, March 14, 9-11	Presentation to class
4	Wednesday, April 12	Poster Session
	· · ·	

#### **Ross Community Values**

Personal integrity and professionalism are fundamental values of the Ross community. A course of this nature— unlike other traditional courses— will put your integrity and professionalism to the test. Consequently, this course (especially the fieldtrip) will be conducted in strict conformity with the Academic Honor Code. The Code and related procedures can be found <u>here.</u> Any violation subjects the student to possible return home before the trip is complete.

#### **Students with Disabilities**

The Ross School of Business is committed to providing equal opportunity for participation in all programs, services, and activities. Request for accommodations by students with disabilities may be made by contacting the Services for Students with Disabilities (SSD) Office located at G664 Haven Hall, telephone number is 734.763.3000. Once your eligibility for an accommodation has been determined you will be issued a verified individual services accommodation (VISA) form. Please present this form to me at the beginning of the semester, or at least two weeks prior to the need for the accommodation (test, project, etc.).



#### Itinerary

Thursday, February 23	USA / Reykjavik (Meals: -/-/-)
7:00AM	Group Leaders arrive in Reykjavik and transfer to hotel (own arrangements)
	Overnight at hotel for 2 group leaders (1 room at Midgardur Hotel, 1 room at Guldsmeden Hotel)
Friday, February 24	Reykjavik (Meals: B/-/-)
9:00AM	Local Operations Contact to meet with group leaders
	Overnight at hotel for 2 group leaders (1 room at Midgardur Hotel, 1 room at Guldsmeden Hotel)
Saturday, February 25	Reykjavík (Meals: B / - / D)
6:40AM	Estimated group arrival in Iceland on Icelandair 630
7:00AM-7:30AM	Meet guide in arrivals hall and transfer to hotel on coach – Guide: Gudny Margret Emilsdottir
	011 354 899 4957
8:00AM	Breakfast at hotel on arrival – store luggage at front desk until afternoon check-in
9:00AM-10:00AM	Time on own to refresh
10:00AM-12:30PM	Reykjavik City Walking Tour, Half Day
12:30PM-1:30PM	Lunch at Iceland Famous Hot Dog Stand (OWN ARRANGEMENTS)
2:00PM	Hotel Check-In
TBA – 2/7/17	Lecture from Alexander Richter: https://www.linkedin.com/in/lxrichter
	Note: General introduction to Iceland, financial industry and geothermal role in economy
7:00PM-8:30PM	Welcome Dinner at hotel, incl. 1 non-alcoholic drink per person
	Overnight at hotel Midgardur Hotel
Sunday, February 26	Reykjavík (Meals: B / -/ -)
7:00AM-10:00AM	Breakfast at hotel
8:00AM-6:00PM	Guide and transport at disposal, Full Day (240 kms) – Guide: Gudny Margret Emilsdottir   011 354
	899 4957
8:00AM-8:45AM	Depart for Thingvellier National Park - 45 minute drive / 46 km
9:00AM-10:45AM	Thingvellier National Park Visit
10:45AM-11:40AM	Transfer to Geysir Hot Spring - 55 minute drive / 61 km
11:40AM-12:15PM	Geysir Hot Spring Visit
12:15PM-1:30PM	Lunch at Geysir Center - 02 options for students to choose from (OWN ARRANGEMENTS)
1:30PM-1:40PM	Transfer to Gulfoss Waterfall - 10 minute drive / 10 km
1:45PM-2:30PM	Gulfoss Waterfall Visit
2:30PM-2:55PM	Transfer to Fridheimar Horse Farm - 25 minute drive / 29 km
3:00PM-4:00PM	Fridheimar horse farm and Greenhouse visit
4:00PM-4:25PM	Transfer to Kerio Volcanic Crater - 25 minute drive / 28 km
4:30PM-5:00PM	Keriŏ Volacnic Crater Visit
5:00PM-5:55PM	Transfer back to hotel - 55 minute drive / 68 km

6:00PM	Arrival at hotel
	Dinner (OWN ARRANGEMENTS)
	Overnight at hotel Midgardur Hotel
Monday, February 27	Reykjavík (Meals: B / - / -)
7:00AM-10:00AM	Breakfast at hotel
8:00AM-5:30PM	Guide and transport at disposal, Full Day (160 km) – Guide: Gudny Margret Emilsdottir   011 354
	899 4957
8:00AM- 9:00AM	Depart for Reykjanes Peninsula
9:00AM	Reykjanes Peninsula – Volcanic Peninsula Visit
9:00AM-9:50AM	Transfer to Bridge Between Continents - 50 minute drive / 53 km
9:50AM-10:20AM	Visit Bridge Between Continents
10:20AM-10:30AM	Continue to Power Plant - 12 minute drive / 13 km
10:30AM-11:30AM	Power Plant Earth Exhibition at Reykjanesvirkjun Geothermal Power Plant, entrance included
	Note: Specialized speaker at Power Plant Earth.
11:30AM-11:40AM	Transfer to Gunnuhver Mud Pools - 7 minute drive / 3 km
11:45AM-12:15PM	Gunnuhver mud pools and steam vents visit
12:15PM-12:35PM	Transfer to lunch - 20 minute drive
12:45PM-2:00PM	Stop for lunch at Salthúsið Restaurant in Grindavik (OWN ARRANGEMENTS)
2:00PM-3:00PM	Fish Factory visit with lecture from Iceland responsible fisheries
3:00PM-3:10PM	Transfer to Blue Lagoon - 8 minute drive / 7 km
3:15PM-4:45PM	Blue Lagoon, incl. entrance and towel
4:45PM-5:30PM	45 minute drive / 48 km
5:30PM	Arrival at hotel
	Dinner (OWN ARRANGEMENTS)
	Overnight at hotel Midgardur Hotel
Tuesday, February 28	Reykjavík (Meals: B / - / -)
7:00AM-10:00AM	Breakfast at hotel
9:00AM-5:00PM	Guide and transport at disposal, Full Day – Guide: Gudny Margret Emilsdottir   011 354 899 4957
9:00AM-9:45AM	Depart for Hveragerdi Agricultural School - 45 minute drive
9:50AM-10:50AM	Hveragerdi Agricultural School of Iceland, incl Greenhouse Visit
10:15AM-11:05AM	Transfer To Hellisheidi Power Plant - 15 minute drive
11:05AM-12:05PM	Hellisheidi Power Plant Visit
	Note: Specialized speaker at Hellisheidi Power Plant
12:05PM-12:35PM	Transfer to lunch - 30 minute drive
12:35PM-1:35PM	Lunch in Reykjavik (OWN ARRANGEMENTS)
2:00PM-5:00PM	Additional Company Visits in Reykjavik
2:00PM-3:15PM	SI - Samtök iðnaðarins visit - http://www.si.is/english



3:30PM-5:00PM	KPMG visit (OWN ARRANGEMENTS) – visit tentative/pending
	Dinner (OWN ARRANGEMENTS)
	Overnight at hotel Midgardur Hotel
Wednesday, March 1	Reykjavík (Meals: B / - / -)
7:00AM-10:00AM	Breakfast at hotel
8:00AM	Group Transfers, for company visits - Limited driving within Reykjavik city limits for meetings
8:00AM-5:00PM	Guide at disposal, Full Day – Guide: Gudny Margret Emilsdottir   011 354 899 4957
9:15AM-11:15AM	Ŏssur Company Visit
11:15AM-11:30AM	Transfer to Meniga
11:30AM-12:30PM	Meniga Company Visit
12:30PM-1:30PM	Lunch (OWN ARRANGEMENTS)
2:00PM-5:00PM	University of Reykjavík and the Iceland School of Energy , incl. local student interaction
	Note: Lectures and/or student engagement project.
	Dinner (OWN ARRANGEMENTS)
	Overnight at hotel Midgardur Hotel
Thursday, March 2	Reykjavík / Borgarnes (Meals: B / - / -)
7:00AM-10:00AM	Breakfast at hotel
9:00AM-5:00PM	Guide and transport at disposal, Full Day – Guide: Gudny Margret Emilsdottir   011 354 899 4957
9:00AM-9:45AM	Depart hotel for Nordural Aluminum Smelter – 45 minute drive / 100 km
9:45AM-11:00AM	Nordural Aluminum Smelter Visit
	Note: Specialized speaker to be identified
11:10AM-12:00PM	Transfer to lunch - 50 minute drive
12:00PM-1:30PM	Lunch at Bifröst Hotel cafeteria (OWN ARRANGEMENTS)
1:30PM	Glanni Waterfall - <a href="http://hiticeland.com/places_and_photos_from_iceland/glanni">http://hiticeland.com/places_and_photos_from_iceland/glanni</a>
7:00PM-8:00PM	Dinner at Bifröst Hotel cafeteria (OWN ARRANGEMENTS)
	Overnight at Bifröst Hotel
Friday, March 3	Borgarnes (Meals: B / L / -)
	Breakfast at hotel
8:45AM-4:30PM	Guide and transport at disposal, Full Day – Guide: Gudny Margret Emilsdottir   011 354 899 4957
8:45AM-9:35AM	Transfer to Glacier - 50 minute drive to Husafell / transfer to Monster truck
10:00AM-1:00PM	Into the Glacier with Monster truck (34 pax per truck)
	Note: 1 hr. Monster truck drive from Husafell to ice tunnels / 1 hr. inside ice tunnel / 1 hr. return drive in Monster truck to Husafell
1:00PM-2:30PM	Lunch buffet at Husafell Bistro
2:30PM-2:40PM	Transfer to Hraunfossar Waterfalls - 10 minute drive
2:45PM-3:15PM	Hraunfossar Waterfalls Visit
3:15PM-3:35PM	Transfer to Deildartunguhver - 20 minute drive



n	
3:35PM-4:00PM	Deildartunguhver Visit
4:00PM-4:30PM	Transfer to hotel - 30 minute drive
4:30PM	Arrival at hotel
7:00PM	Dinner at Bifröst Hotel cafeteria (OWN ARRANGEMENTS)
	Overnight at Bifröst Hotel
Saturday, March 4	Borgarnes / Reykjavík / USA (Meals: B / L/-)
	Breakfast at hotel
8:00AM-5:00PM	Guide at disposal, Full Day – Guide: Gudny Margret Emilsdottir   011 354 899 4957
8:00AM-10:00AM	AM Lecture by Auður H Ingólfsdóttir: Iceland: sustainability role model vs. free rider in sustainability
	Note: Auður H Ingólfsdóttir is an assistant professor at Bifröst University where she mainly teaches in the PPE program (Politics, philosophy and economics).
10:00AM-11:00AM	Lunch at Bifröst Hotel cafeteria (own arrangements)
11:00AM-1:00PM	Group transfer with guide to Reykjavik airport – 2 hr. drive to Reykjavik airport – Guide: Gudny
	Margret Emilsdottir   011 354 899 4957
5:00PM	Estimated departure on Icelandair 631
	(End of Services)

\*NOTE: Times are referential and subject to change. Guides will update tour leader daily with any timing adjustments.

#### **Program Descriptions**

#### DAY1-25February

#### Welcome to Iceland – Reykjavík City Walk / Alexander Richter – speaker /Overnight Reykjavík

#### ARRIVAL IN ICELAND

Upon arrival to Keflavik International airport your guide will meet the group and escort them to their private coach. The group will then be transferred from Keflavík Airport to Reykjavík. Once in Reykjavík, the coach drives by some of Reykjavik's main attractions and landmarks while the guide introduces the group to the city.

Arrivals of flights from North America in March are usually early morning, at approx 06 :30. This means the rooms are not ready. You can either pay the night before and have group check in directly (early check-in not currently included) or we can take the group for breakfast and a city tour while they wait for their room to be ready.

#### AM REYKJAVIK Walking city tour

Exploring the city on foot is a delightful experience with much to see, including everything from old style wood-framed houses, clad in colorful corrugated-iron, mixed with a creative collection of postmodern architecture. The lively atmosphere generated by the activity in Reykjavík's old harbor area is a new major attraction and the area makes for a pleasant stroll, as do any of the city's many historic trails.



#### **PM Speaker – Alexander Richter**

Experienced executive, industry consultant, evangelist and industry speaker on topics related to finance, strategy, marketing, sales and policy. Substantial global geothermal network and access. Background in business development and strategy, market research, communication, marketing in corporate and investment banking in the renewable power sector.

Specialties: Business development, business strategy, market research, communication, marketing, global industry network, speaking, presentations

#### DAY2-26February

#### Golden Circle – Friðheimar / Kerið / Overnight Reykjavík

After meeting the guide and the bus driver we begin our day by driving to Þingvellir, a remarkable geological site and the most historic site on the island.

The world's oldest democratic parliament was founded here in 930. Þingvellir, located by Lake Þingvallavatn, the largest lake on the island; is now a national park and has been a UNESCO World Heritage Site since 2004.. The beautiful canyon running through the park is actually the meeting point of two of the earth's tectonic plates. The area's combination of natural phenomena and historical significance make it inseparable from the fabric of Icelandic national life.



Our visit continues on to the infamous Geysir area where we will discover the famous Geysir which has given its name to hot springs all over the world. You will see one of the most active geysers in the area, Strokkur, spouting up to 30 meters in the air, every 5 to 7 minutes!



#### Lunch will be on own (not incl.) at the Restaurant GEYSIR. There 02 options: a buffet lunch or a takeaway/bistro option



Only a few minutes drive away is Gullfoss (Golden Waterfall), one of the most impressive waterfalls in Europe. Here you will see thousands of tons of icy water thunder majestically down into a deep gorge.



#### Friðheimar – Horsefarm and Greenhouse



At Friðheimar, they grow tomatoes all year round, despite Iceland's long, dark winters, under artificial lighting in greenhouses. They will welcome the group to see their greenhouses, and then enjoy a taste of the crop.

They also breed the famous Icelandic horses. The group will be able to see the famous five gaits and learn about this specialized local breed. A pride of Iceland!

#### Kerið – Volcano Crater

The crater Kerið was formed about 6,500 years ago and lies at the northern end of a row of craters known as Tjarnarhólar. It is oval, about 270 m long, 170 m wide and 55 m deep: the depth of the water at the bottom varies between 7 and 14 m. According to an old tradition, a rise in the water level here is accompanied by a corresponding fall in the pond on Búrfell in Grímsnes and vice versa. Kerið lies in the Iceland's Western Volcanic Zone, which runs through the Reykjanes peninsula and the glacier Langjökull. Traces of volcanism are not very obvious, since most of the eruption sites are low-lying and many of the craters are hidden by vegetation, but three craters in the Grímsnes area are clearly discernable and well-known features: Kerið, Seyðishólar and Kerhóll



#### D A Y 3 – 2 7 F e b r u a r y M o n d a y

#### Reykjanes Peninsula and Blue Lagoon - Study Visit to Fish Processing Factory/ Overnight Reykjavík

We head for the rough tracks of Reykjanes, one of the most active volcanic areas in Iceland.

The day starts with a visit to the Power Plant Earth, it is an exhibition located in Reykjanesvirkjun - geothermal power plant in the GRP.

From the "big bang theory" of how the universe evolved from the size of a grapefruit to the harnessing of geothermal energy in the Reykjanes peninsula, the exhibition shows how man utilizes different energy sources and how we benefit from it in our everyday lives.

#### http://www.grp.is/#energy-is-life

We will make a short stop by Reykjanesviti to walk out to the bird cliffs. Here one experiences the power of the Atlantic Ocean better than in most places. It reminds us of who is in charge in the world; Mother Nature.

We make a stop at Gunnuhver. Gunnuhver is a highly active geothermal area of mud pools and steam vents on the southwest part of the Reykjanes Peninsula. Named after an angry female ghost, Gudrun, whose spirit was trapped in the hot springs by a priest 400 years ago, the steamy area has an eerie atmosphere and an incredible Sulphur vapor.

Grindavík is small fishing village, there we visit a Fish Processing Factory. We will learn about Icelandic Fish Industry and about responsible Fisheries. <u>https://vimeo.com/36354154</u>

Sustainable harvesting of the ocean's resources is a natural demand which Icelanders fulfill with responsible fisheries management and protection of the ecosystem to guarantee future growth and sustainable use of marine resources.



After all this we drive through rugged lava fields to the Blue Lagoon, a unique natural pool of mineral rich geothermal water located in the middle of a lava field in the pure and beautiful Icelandic wilderness. The Blue Lagoon is known for its special properties and its beneficial effect on the skin and attracts visitors from all over the world in search of health, relaxation and an exotic experience. We stop for a refreshing bath or swim in the pleasantly warm mineral-rich water, reputed for its healing properties.



#### DAY<mark>4-28February</mark> AgricultureSchool+HellisheiðiGeothermalPowerPlant

#### **Agriculture School**

The geothermal surroundings in Hveragerði provide the university with endless supply of heat and energy



for the greenhouses – where you can find anything from the Icelandic Birch to tropical banana trees.

In summer Hveragerði is truly a green community, abounding in trees. A green revolution is taking place as areas of woodland in and around expand.

#### Geothermal Energy Exhibition at Hellisheiði Power Plant

The Hellisheiði Power Plant started operating in October 2006. It is the biggest geothermal power owned by Reykjavík Energy, which is owned by the Government of Iceland and the City of Reykjavik.

ON Power's Geothermal Energy Exhibition at Hellisheiði Power Plant is an exploration into the utilization of geothermal energy in Iceland.

The Hellisheiði Power Plant is a great example of geothermal energy can be utilized in a sustainable



manner and is a showcase for geothermal's global role in a renewable and sustainable future.

http://www.onpower.is/news/visit-geothermal-energy-exhibition

#### **Company Visits in Reykjavik**

This afternoon will be spent in Reykjavik meeting with local companies and organizations. Availability of preferred companies to be confirmed.

#### DAY5-1March CompanyVisits

### Össur - Lecture and company tour – lecture and sightseeing. Highly recommended company visit. <u>http://www.ossur.com/about-ossur</u>

Össur was founded in 1971 in Iceland as a prosthetic clinic. Through innovation and acquisitions, the company is now a leader within fields of prosthetics and Osteoarthritis and Injury Solutions. Össur is a global leader in non-invasive orthopedics, and have nurtured an innovative mind-set, continuously pushing the boundaries create the best products and services.



True advocates of "Life Without Limitations", Össur works with individuals, clinicians and diverse communities around the world to support a better quality of life for millions of people.

Headquartered in Iceland and employing a staff of around 2.200 across 18 locations, Össur has extensive operation in the Americas, Europe and Asia with numerous distributors in other markets. Operations in Iceland encompass manufacturing, research and development, medical office, corporate finance and sales and marketing for the domestic market.

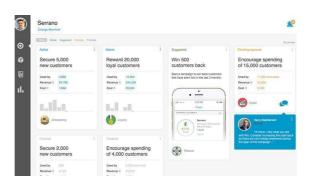
Manufacturing and research and development is a big part of the company's operation in Iceland. Highly skilled engineers lead the design and development of the Össur products and manufacturing engineers design some of the machines used in the production. Most parts for the prosthetic legs and knees are manufactured and assembled in Iceland and Iceland is the only Össur location manufacturing the prosthetic solutions. The company 's mission is to improve people's mobility.



#### Meniga Company Visit - transforming the way banks and advertisers use transaction data

Meniga a team of coders, designers, salespeople and data scientists who get excited about shaping the future of financial technology. We work with complicated solutions that operate across channels, are modular and customizable for every client. If you love big data, predictive models, analytics, operational benchmarking and getting the job done

#### http://www.meniga.com/about



#### University of Reykjavík and the Iceland School of Energy

This is a business school that offers MSc Sustainable Energy. This includes: geothermal energy, hydroelectric power, wind power and energy efficiency. Taking advantage of the position in Iceland, a global leader in renewable energy development, their students are offered the unique opportunity to experience the whole sustainable energy process from the power plant to the development of sustainable energy law at government level. Upon completing the program students will be able to apply their skills and knowledge to developing solutions to energy related problems. http://en.ru.is/ise/

#### DAY6-2March

#### Borgarfjörður region. Visit Aluminum Smelter / Overnight Bifröst Hotel

We depart Reykjavík to spend 2 nights in West Iceland. We visit NordurAL – aluminum plant.

The Grundartangi primary aluminum plant of Nordural was energized in June 1998 with an original capacity of 60,000 metric tons per year and 160 employees. In 2015 we produced approximately 312,000 metric tons and the number of employees has grown to approximately 600.

Nordural is one of Iceland's largest industrial facilities and the largest employer in the western part of Iceland. The company has created stable employment and has played an important role in securing residence in the local municipalities. Power is supplied from geothermal and hydro sources.



We continue to Our Hotel – Bifröst in the Borgarfjörður Region. We stop there for light lunch and check in.

In the afternoon, we have the option to hike upt the Grábrók Volcano, visit a local Icelandic farm, or arrange local company visits or a lecture at the university.

The hike up to the Grábrók Volcano and will allow us to see more of wonderful nature this part of the country has to offer. The Grábrók Crater is a 3000 year old volcano, and is the biggest crater of three along a short volcanic crack. There are very good walking paths up to the crater. On the top you have a magnificent scenery over Borgarfjordur to the south. The Climb is fairly easy.



Hotel Bifröst is located on a university campus and guests of the hotel have access to a small sports facility at a gym called Jakaból. There you will find a **sauna, hot tub and a paddling pool**. The gym is a part of the university campus and is open every day from 06:00 am to 23:00 pm.



Hopefully we will be lucky to see some Northern lights, this region is renowned for great Northern Lights.

#### D A Y 7 – 2 M a r c h

### Into the Glacier, trip to Iceland 2<sup>nd</sup> largest Glacier/ lecture on glacier and global warming inside the IceCave

The ice tunnel and the caves are located high on Europe's second largest glacier, Langjökull. You will get an amazing

opportunity to explore the glacier and **see it from the inside**. This is once in a lifetime experience where you will be taken to the hidden beautiful ice.

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At a number of places within the glacier, you will see interesting information about the glacier, glacial exploration and research, and of course **global warming.** 



**Waterfalls**, a series of waterfalls formed by rivulets lava field.

When you reach **Langjokull glacier**, it's time to board a monster 8-wheel glacier truck to reach the entrance of the ice cave.

During the excursion within the glacier itself you'll see colors of blue you never knew existed, and learn how glaciers hide the secrets of history.

On the way from the Glacier we will stop and witness natural phenomena such as **Deildartunguhver**, the largest hot spring area in Europe, and **Hraunfossar** streaming over a distance of about 900 metres out of a



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# TECHNOLOGICAL CHANGE AT WORK (T $\Delta$ @W)

ILRLR 4066 – 001 (T/Th 11:40– 12:55) (4 credits) Professor Adam Seth Litwin

### **Course Syllabus**

#### Instructor

Professor Adam Seth Litwin

#### **Contact Information**

 office:
 363 Ives Hall

 phone:
 (607) 255–7326 (office)

 email:
 aslitwin@cornell.edu (though in-person and Blackboard are preferred; See below.)

 Twitter:
 @ProfASLitwin / #ILR4066

 admin:
 Rhonda L. Clouse ~ 374 Ives Hall ~ (607) 255-6693 ~ rlc29@cornell.edu

#### **Office Hours & Communication**

<u>in-person</u>: Thursdays, 3.30-5.30pm in 363 lves—and by appointment <u>via video w/ shared screen & whiteboard</u>: in my Zoom room using <u>this link</u>—by appointment only

#### When you have questions, *please come to office hours*!

If you cannot do that, please direct *substantive* questions (i.e., questions about the material, e.g., "What aspects of professional work make it less amenable to automation?") to the Substantive Questions forum on Blackboard. By posting substantive questions on Blackboard, you give other students first crack at answering. Explaining course concepts to each other requires strong understanding and the ability to explain clearly and concisely. It thus benefits both the person providing and the person receiving the answer. I will intervene to provide any necessary clarification or elaboration. Likewise, please direct all *administrative* questions (i.e., non-substantive, e.g., "Can you tell me again where to find the readings?") to the Administrative Questions forum on Blackboard. This gives your classmates the opportunity to help you. Where confidentiality is required, the concern is unique to you, or the forum is otherwise inappropriate, please email me directly.

But as I said at the outset, *please come to office hours*! It's the best way we can get to know each other.

#### Learning Outcomes

As a result of participating in this course, you will be able to:

- 1. Assess the extent to which the present wave of emerging workplace technologies differs from previous ones.
- 2. Describe theorized patterns of how new technologies shape the workplace for specific social groups, and apply these theories to emerging workplace technologies.
- 3. Identify potential points of conflict and change in workplace hierarchy given information about how a new technology is being used in a contemporary workplace.
- 4. Prescribe policy responses aimed at mitigating the potentially deleterious impact of workplace technological change, and articulate the potential unintended consequences of these policies.

You will engage in individual and small-group analyses of discrete technologies as well as of specific jobs, occupations, and professions, relying on primary and secondary sources. You will

either present your findings in conventional, written form, i.e., papers, or you will have the option to use unconventional media agreed-upon with the instructor including but not limited to audio or video mashups, whiteboard animations, or the creation of interactive data dashboards.

#### **Purpose and Objectives**

Computers and digital technologies including robotics, machine learning, artificial intelligence (AI), internet-enabled platforms, and other "high-tech" drivers of automation have revolutionized the nature and organization of work in the U.S., with material implications for workers and their families, among others. This upper-level seminar begins with a rhetorical inquiry into whether and when the technological change engendered by digitization and the so-called "Information Technology (IT) Revolution" benefits workers. We then consider the broader impact of recent technological advances on manufacturing and fabrication, low- and semi-skilled service work, i.e., restaurant servers and bus drivers, and even on expert and professional work like that to which most of you presumably aspire. Among the central themes is the notion that technology does not unilaterally act upon workers, their employers, or society-at-large. Rather, workers, managers, customers, institutions, and policymakers shape which advances take hold and which do not, the ways that these technologies are deployed in the workplace, and the ways that society can actively mitigate the costs to technological advancement while harnessing its benefits.

#### Prerequisites

While there are no *formal* prerequisites for this course, it is recommended mainly for those who have completed or nearly completed their ILR core—1000-level and 2000-level coursework for undergrads and 5000-level coursework for masters students.

#### Technology-in-Class Policy

Given the substantive focus of this course, my unilaterally dictating a rigid set of rules regarding how you can and cannot use technology would deprive us all of a learning opportunity. As a result, I would like us to work together over the first two weeks of the course developing a technology-in-class policy. I have established a <u>wiki/sandbox space</u> on Bb in which we can all hash this out. In general, I would suggest you consider ways we can use technology effectively in-class to raise the level of intellectual discourse as well as ways that technology could undermine the quality and effectiveness of discussions and other in-class activities.

We will iterate asynchronously as a group until February 12<sup>th</sup>, landing on a policy that we can all sign onto. I will mount the signed document on Bb.

#### **Readings & Other Assigned Media**

There are two volumes that you will have to obtain on your own and read in their entirety. Each is available in every imaginable form—print, electronic, audio—and should be purchased online. While we do not explicitly discuss either of these volumes until later in the course (see below in modules #5 and #8), I suggest you start working through them right away as they can inform your thinking and your orientation to nearly all we will discuss this term. In any case, you should definitely purchase them in plenty of time for you to "consume" them before they are discussed in class. (Note that while I include links to these books in the syllabus, the links lead *not* to the resources themselves as they do for everything else on the syllabus, but merely to the Catherwood card catalog entry.)

Carr, Nicholas G. 2014. The Glass Cage: Automation and Us. New York: Norton.

Davenport, Thomas H., and Julia Kirby. 2016. Only Humans Need Apply: Winners and Losers in the Age of Smart Machines. New York: Harper.

In addition to these books, I will be asking you to read articles and to engage with other forms of media including podcasts, videos, and interactive web platforms. I will make all of these available to you electronically, and in most cases, through Bb. You will see that readings and other assigned media are organized by course module in Bb. If you have trouble with a file or a link on the syllabus or in Bb, please post that to the administrative questions discussion forum as soon as you discover it. I'll try to fix it ASAP.

#### **Course Requirements**

- I expect you to have done the required reading and consumed the required media *prior* to our treatment of the material in class. *Your* informed and meaningful contributions to and engagement in class discussions will be the lifeblood of this course.
- Your course grade will be based on the following four items, the first three of which will be detailed separately during the first week of class:
  - i. 10-12 page individual paper—In Hindsight—due February 16th for 20% of your grade
  - ii. 12-15 page group paper *or* an "alternative media" deliverable—*Sectoral Spotlight* due March 29th for **25%** of your grade
  - iii. 20 page group paper and 20 minute group presentation— *Jobs/Occupations/Professions*—for 20% and 15% of your grade, respectively; presentations take place in class on April 25th and April 27th and papers are due May 5th
  - iv. Constructive engagement where applicable online and in classroom discussions and activities as well as demonstrated evidence of preparation for these discussions and activities—for **20%** of your grade

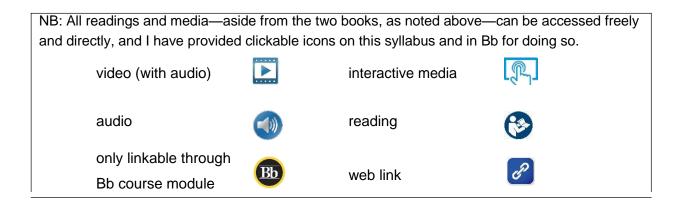
#### Note on Inclusivity, Diversity, and Disabilities

Cornell University and I both strive to maintain an inclusive learning environment where diversity and individual differences are understood, respected, appreciated, and recognized *as a source of strength*. I expect you to respect differences and to demonstrate diligence in understanding how other peoples' perspectives, behaviors, and worldviews may differ from yours. You should demand the same of me.

If you have a disability-related need for reasonable academic adjustments in this course, I ask that you provide me with an accommodation letter from Student Disability Services. Please give me two weeks' notice of the need for accommodations. If you need immediate accommodation, please arrange to meet with me right away.

#### **Course Plan**

The course plan that appears here on the syllabus is that as it existed on the first day of class. It is subject to change based on what I learn about you and your interests and our discovery of newly-available, relevant materials. Therefore, over the course of the term, for the most up-to-date list of required readings, media, etc., *please refer to the relevant learning module on Bb. I will update the Bb learning modules in real-time*, but I do not intend to make regular revisions to this syllabus.

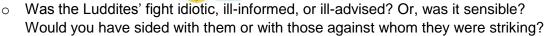


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#### **Course Introduction**

- Module #1: On Which Technologies Are We Focusing, and Why Would Anyone Fear Their Impact?
  - seed questions:
    - Identify one or more jobs that did *not* exist a decade ago. What do they have in common?
    - Is the latest wave of automation and ubiquitous computing going to free workers up to create new kinds of work and to undertake new, better jobs, and thereby expand the middle class? Or, is this technology ultimately going to put people out of work?

#### • TECH VIGNETTE: The Luddites 🚇 上



- assigned reading & media:
  - "March of the Machines" as reported by Steve Kroft on CBS's 60 Minutes. Includes interview with Erik Brynjolfsson and Andrew McAfee. Originally aired

January 13th, 2013. [14:44] 🔛

 "Attention White Collar Workers: The Robots Are Coming for Your Jobs" as reported by Dave Davies on NPR's Fresh Air. Interview with Martin Ford, author of Rise of the Robots: Technology and the Threat of a Jobless Future. Originally

aired May 18th, 2015. [30:33] 💷

 "Where Machines Could Replace Humans—and Where They Can't (Yet)" by Michael Chui, James Manyika, and Mehdi Miremadi from the McKinsey

Quarterly. Released July 2016.

- additional preparation for discussion:
  - Work with these interactive data provided by the McKinsey Global Institute to learn more about the "automation potential" of one or more sectors in which you have a deep interest—perhaps the one in which your mother or father works or

the one in which you would like to work.

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**POST-DISCUSSION MINI-LECTURE:** The Labor Market Impact of Technological Change:

Through the Lens of Substitution & Scale Effects

- Module #2: Haven't We Gone Through All of This Anxiety Numerous Times Already with Earlier Technologies?
  - seed questions:
    - What makes the latest wave of technologies similar to or different from supposedly big technological breakthroughs of earlier eras?
    - What are some patterns of technological change from the past that could suggest how present-day new technologies might affect workers and the workplace?
  - **TECH VIGNETTE**: Cozmo<sup>®</sup> by Anki
    - In what critical ways does Cozmo® differ from a forklift (aside from its diminutive stature) or even from a calculator?
  - assigned reading & media:
    - The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies (2014) as discussed by Erik Brynjolfsson and Andrew McAfee at

Google on January 27th, 2014. [1:02:29]

• "The Two Faces of Technology", part I (i.e., chapters #1, #2, and #3) of Rifkin, Jeremy. 1995. *The End of Work: The Decline of the Global Labor Force and the* 

Dawn of the Post-Market Era. New York: Putnam.

• "Human Touch Makes Robots Smarter: On Learning Context-Driven User Preferences" based on research by Ashesh Jain, Shikhar Sharma, and Ashutosh

Saena. Posted on October 31st, 2013. [1:39]

- "Futurism: Robot Trends and Advances in 2016 and Beyond."
- o "Mind in Motion." Chapter #1 from Moravec, Hans P. 1988. *Mind Children: The*

Future of Robot and Human Intelligence. Cambridge, MA: Harvard. 🗳

• "Computer Tablets Take Over Part of Restaurant Server's Job" as reported by Stacey Vanek Smith of Planet Money on NPR's *Morning Edition*. Originally aired

May 29th, 2015. [4:20] 🕊

- additional preparation for discussion:
  - Get a sense of what transpires at and what emerges from the Cornell Robotic

Personal Assistants Lab (RPAL).

- guest speaker:
  - Ross Knepper, Assistant Professor of Computer Science, and director, Robotic

Personal Assistants Lab (RPAL), Cornell University

- class excursion:
  - Cornell Robotic Personal Assistants Lab (RPAL)

POST-DISCUSSION MINI-LECTURE: Intentionally Inhibiting Technological Change: Some

Welfare Implications

- Module #3: Stepping Back: How Do New Technologies Influence Work and Workers? Some Theories to Explain the Impact of Emerging Workplace Technologies
  - seed questions:
    - Many scholars would take issue with the very premise of this topic question on the grounds of a tacit assumption subsumed within it. What critical, unstated assumption is embedded in this question?
    - What is technological determinism, and are you a technological determinist?

#### **TECH VIGNETTE**: Buying a Car in the Age of the Internet

- How do you believe the internet has reshaped the process of selling a car for the car salesperson?
- In the net, which side—if either—do you believe benefits from the use of the internet as part of the car purchasing experience?
- assigned reading & media:
  - pp. 21-39, i.e., the example of the bicycle—not the whole chapter—of Pinch, Trevor, and Wiebe E. Bijker. 1987 [2012]. The Social Construction of Facts and Artifacts: Or How the Sociology of Science and the Sociology of Technology Might Benefit Each Other. In Wiebe E. Bijker, Thomas P. Hughes, and Trevor Pinch (Eds.), *The Social Construction of Technological Systems: New Directions in the Sociology and History*

of Technology, pp. 11-44. Cambridge, MA: MIT.



. . .

- Cowan, Ruth Schwartz. 1987 [2012]. The Consumption Junction: A Proposal for Research Strategies in the Sociology of Technology. In Wiebe E. Bijker, Thomas P. Hughes, and Trevor Pinch (Eds.), *The Social Construction of Technological Systems: New Directions in the Sociology and History of Technology*, pp. 253-272. Cambridge, MA: MIT.
- Orlikowski, Wanda J. 2007. Sociomaterial Practices: Exploring Technology at Work. Organization Studies 28(9): 1435-1448.
- Rosner, Daniela K., and Morgan Ames. 2014. "Designing for Repair? Infrastructures and Materialities of Breakdown." In Proceedings of the 17th ACM Conference on Computer Supported Cooperative Work, and Social Computing,



- guest lecturer:
  - Rohini Jalan, PhD candidate and High Road Fellow, Department of Organizational Behavior, ILR School, Cornell University.
- Module #4: Are Technology and Skill-Biased Technological Change the Real Drivers of Job Loss and Inequality? How and for Whom Has Technology Changed the Wage Structure?

<sup>+</sup> This doctoral-level reading is intended to challenge you. You are welcome to read it *prior* to the start of the module as you would any other assigned reading or media. However, the guest lecturer plans to discuss and situate it for you in the first Module #3 class meeting, so that you can tackle it more easily in time for our subsequent class meeting.

- seed questions:
  - Is the underperformance of the U.S. economy in creating jobs during the recovery related to the adoption of new technologies in the workplace?
  - Given the complexity of factors driving inequality, what would be some reasonable steps to take in one's/your capacity as a worker, a voter, an employer, etc.?
  - Why is additive manufacturing, i.e., 3-D printing, for example, so potentially destabilizing for the labor market?
- TECH VIGNETTE: Trucking: Driverless, Automated, etc.
  - Why is the automation of this one particular job—that of the truck driver—so momentous?
  - Is the phenomenon of the automation of truck driving an example of skill-biased technological change? Why or why not?
  - In the video, truck driver Scott Spendola comments, "Automation outside the terminal...I don't believe would work. You need a human being to deal with some of the problems...". To what extent do you agree with him?
  - To the extent that some aspects of trucking remain difficult to automate, how has technological change influenced even these aspects of a truck driver's job?
- assigned reading & media:
  - "The Tech Threat, Part I" as reported by Bob Abeshouse on Al Jazeera English's

People & Power. Originally aired May 27th, 2015. [25:00]

• "The Tech Threat, Part II" as reported by Bob Abeshouse on Al Jazeera English's

People & Power. Originally aired June 3rd, 2015. [25:00]

 Autor, David H., Frank Levy, and Richard J. Murnane. 2002. "Upstairs, Downstairs: Computers and Skills on Two Floors of a Large Bank." *Industrial and*

Labor Relations Review 55(3): 432-447.

• Frey, Carl Benedikt, and Michael A. Osborne. 2013. "The Future of Employment: How Susceptable are Jobs to Computerisation?" Oxford Martin School,



- additional preparation for discussion:
  - Work with these interactive data from Tableau to learn more about the predicted impact of automation—on a job-by-job basis—on U.S. employment and wages,

zeroing-in on a job that you yourself may pursue.

- guest speaker:
  - $\circ$  Micah Green, founder and CEO, Maidbot 🗹
- ot 🖉
- **POST-DISCUSSION MINI-LECTURE**: The Emergence and Microeconomic Fundamentals

of the Skill-Biased Technological Change Thesis

- Module #5: How Can We Mitigate the Income-Polarizing Effects of Technological Change?
   seed questions:
  - What are the pros and cons of a guaranteed, universal basic income (UBI)?
  - Say your little sister or brother or the child of your parents' friend is about to be a Cornell freshman in the fall. What advice would you give him or her—things they

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can do now to be relevant in the job market five years from now and 25 years from now? Similarly, is there anything you wish people would have advised you of a few years ago?

- TECH VIGNETTE: FroYo Franchising and Zume Pizza
  - What would be the economic impact of a machine that eliminates the need for a person to dispense your frozen yogurt or to assemble and top your pizza?
  - To what extent do the comments of Julia Collins, Zume co-creator and co-CEO, suggest she is ignorant or more likely, disingenuous? Conversely, which of her comments and observations are well-informed and perhaps even prescient?
- assigned reading & media:
  - o Davenport, Thomas H., and Julia Kirby. 2016. Only Humans Need Apply: Winners

and Losers in the Age of Smart Machines. New York: Harper. 🕻

• "Andy Stern: Raising the Floor" as reported by Diane Rehm on NPR's *Diane Rehm Show*. Interview with Andy Stern, author of *Raising the Floor: How a Universal Income Can Renew Our Economy and Rebuild the American Dream*. Originally

aired July 11th, 2016. [49:02] 🛸

o "What Are the Best Arguments against the Basic Income, How Do We Address

Them, and Why Are They Irrelevant?" Reddit community /r/BasicIncome.

- additional preparation for discussion:
  - Work with the interactive map and related materials developed by NPR Planet Money to learn about the trajectory of the most common jobs in the U.S., over time and state by state.
- POST-DISCUSSION MINI-LECTURE: Wages, Prices, and Productivity
- Module #6: How Have Emerging Technologies Altered the Arrangements under Which People Work (or Haven't They)? Technologically-Facilitated Outsourcing and "Platform Capitalism" (a.k.a. the "Gig Economy")
  - seed questions:
    - To what extent is "platform capitalism"—what others refer to as "crowd-based capitalism," the "sharing economy," or the "gig economy"—the future of work? To the extent that it is, should that concern us?
    - How can we leverage new technologies that enable "platform capitalism" while mitigating the downsides to those working under it?
    - When you graduate, would you prefer to be a conventional employee, a contractor, a "gig" worker, or some other designation? Why?

#### TECH VIGNETTE: TaskRabbit

- Under what circumstances would you choose to become a Tasker?
- To what extent is the TaskRabbit model of Clients (i.e., those offering and assigning tasks) and Taskers (i.e., those accepting and completing tasks) scalable and sustainable?
- Suppose one could develop a great reputation as a Tasker, enough so to reliably earn enough to eat, pay rent, etc. How would their bundle of tasks—performing dozens of different duties each week—differ from a conventional job?

- assigned reading & media:
  - Weil, David. 2014. "Mending the Fissured Workplace." In *What Works for Workers? Public Policies and Innovative Strategies for Low-Wage Workers*, edited by Stephanie Luce, Jennifer Luff, Joseph A. McCartin, and Ruth Milkman,
    - pp. 108-133. New York: Russe 🚱 ge. 😢
  - Schor, Juliet. 2014. "Debating the Sharing Economy." *Great Transition Initiative Essays*, October.
  - Smith, Aaron. 2016. "Gig Work, Online Selling and Home Sharing." Pew

Research Center: Washington, November 17th.

- Mishel, Lawrence. 2015. "Uber Is Not the Future of Work." *The Atlantic*, November 16th.
- Kessler, Sarah. 2014. "Pixel and Dimed: On (Not) Getting by in the Gig Economy." *Fast Company*, March 18th.
- Silverman, Jacob. 2014. "The Crowdsourcing Scam." The Baffler.

Module #7: But, We'll All Be Safe for a While, Right? What Is the Potential Impact of Recent and Imminent Technological Change on Professionals and Other Purveyors of Expert Labor?

- seed questions:
  - How do you *believe* emerging technologies will transform the work of human experts?
  - How would you *wish* for technology to reshape expert labor, and what sorts of institutions could we fashion to encourage that reality?
- TECH VIGNETTE: Wordsmith<sup>®</sup> from Automated Insights
  - Based on what this technology does well, do you expect professional jobs will disappear, or do you expect they will evolve? If you expect them to evolve, consider precisely in what ways they might do so.
- assigned reading & media:
  - The Future of the Professions: How Technology Will Transform the Work of Human Experts (2015) as discussed by Richard Susskind and Daniel Susskind

at Oxford University on November 4th, 2015. [1:28:17]

- Pasquale, Frank. 2016. "Automating the Professions: Utopian Pipe Dream or Dystopian Nightmare?." In Los Angeles Review of Books. Originally posted on March 15th.
- Hunt, Gordon. 2016. "Check Out These 10 Jobs of the Future." In Silicon

Republic. Originally posted August 10th, 2016.

 "Robot Lawyer' Makes the Case against Parking Tickets" as reported by Arezou Rezvani on NPR's *All Things Considered*. Originally aired January 16th, 2017.



- Module #8: In What Ways Does Technology Make Us Worse at What We Do? A Foray into Workers' "Micro" Interactions with New Technologies
  - seed questions:
    - How are today's emerging forms of automation similar to earlier tools that have changed the way we do work, e.g., the wheel, the lever, the calculator, etc.? How do they differ?
    - o In what ways if any would you be a *better* student were the internet *never* invented?
  - TECH VIGNETTE: Fly-by-Wire 🔜 🚱 (
    - How is flight safety *enhanced* by this form of automation? In what ways does flyby-wire *hinder* flight safety?
    - An hour and a half into your trans-Atlantic flight, the flight attendant comes on the loud speaker with bad news. S/he can either announce 1.) "The fly-by-wire system is completely down and will be for the remainder of the flight." *or* 2.) "Both the pilot and the co-pilot are unconscious and will be for the remainder of the flight." As a passenger who enjoys living, which would you prefer? Is there any additional information you would want to know before answering the question?
  - assigned reading & media:
    - Carr, Nicholas G. 2014. The Glass Cage: Automation and Us. New York: Norton.



#### The End of Globalization? A GNAM Small Network Online Course

David Bach Yale School of Management <u>david.bach@yale.edu</u>

Teaching Fellows: Sarah Toomey, Yale SOM '17 <u>sarah.toomey@yale.edu</u> Julia Knight, Yale SOM and LAW '17 <u>julia.knight@yale.edu</u>

PLEASE NOTE: In light of the experimental nature of the course and the velocity of change in the topics covered, this syllabus is subject to change. Please always consult Canvas for the most up-to-date information.

#### **Course overview**

Across leading economies, a mix of economic populism, nativism, and anti-elitism is challenging policies and beliefs favoring greater economic integration, trade, openness, and intercultural exchange. While Brexit and the election of Donald Trump are the most notable data points from 2016, several European countries have for years grappled with rising anti-EU-, anti-immigrant-, and anti-establishment sentiments; nationalism appears on the rise in Russia, China, and India; governments from Turkey to the Philippines and Indonesia are openly defying international norms while riding populist waves; and faith in governing elites has been crushed from Brazil and Mexico to South Africa and South Korea.

Do these geographically dispersed developments constitute a coherent trend that heralds an end to globalization as we know it? Or does the emerging "anti-globalization narrative" gloss over important local and regional variation? And what are the implications for business of a world in which the physical costs of moving goods, people, and information continue to fall while the political costs and uncertainties appear to be on the rise?

This course does not begin with answers. Rather, our focus is on asking questions, gathering data, comparing and contrasting results, and piecing together a picture that can inform further inquiry, debate, and ultimately decision-making. Data gathering will be at the center of our efforts:

- How have attitudes toward foreign trade, foreign direct investment (FDI), foreign aid, or immigration changed over the past ten years and how do trends vary across countries and regions?
- What confidence do citizens have in their leaders in government, business, and civil society, and how much trust do they have in key institutions, including the branches of government, the media, and academia?

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- To what extent are shifting attitudes correlated with changes in real incomes, unemployment, or human development indicators?
- How exposed are leading local companies to anti-globalization- or nativist sentiments abroad?
- What do ordinary citizens think about all of this? Are they worried about potential retrenchment and resurgent economic nationalism or do they welcome it?

We will kick off the course with a review of explanations of key recent moments in the anti-globalization movement, such as Trump's victory in America and Brexit. We will then broaden the conversation to analyze trends elsewhere in the world as they have been identified by leading commentators. This will culminate in an effort to frame, as best as we can, the underlying question or set of questions we want to answer. After that come data gatherings, report outs, and the examination of patterns. Our goal is to share the data with students across GNAM schools at the occasion of the Network's 5th Anniversary on 19-20 April 2017, fueling an overnight student hackathon, and informing a discussion among alumni, faculty, students and deans about the implications of recent trends for business, public policy, and management education.

A word of caution: this course is experimental and, by necessity, open ended. We do not know exactly where our inquiry will take us. It is all but certain that we will hit occasional dead ends and will have to regroup and retool. But the questions we want to ask are critically important and that alone should compensate for ambiguity, messiness, and even a bit of inevitable frustration.

#### Course structure

The course will run from February 14 until the events marking the GNAM 5<sup>th</sup> Anniversary on April 19-20. At Yale School of Management, the course is the equivalent of a half-semester, 2-credit elective.

We will have two weekly video conferences on Tuesdays and Thursdays from 10:00am to 11:30am New Haven time (EST). Early on in the course, these will serve to frame our discovery as we review explanations for some of the recent political developments that are seen as proof -points in the anti-globalization narrative. As we move forward, the video conferences will provide a platform for read-outs and presentations of student-gathered data.

#### **Deliverables and Evaluation**

There are four kinds of written deliverables for the course. The first is contributing questions that will help me and our guest lecturers ensure that each session is valuable and constructive. The second is a series of short memos. The third is a short reflective final essay. And the third is of course data for data

gathering exercises. Finally, I will assess your contributions to live class discussion and discussions on message boards that may take place outside of live class sessions.

Discussion Board Questions	Before each class session, and after completing the assigned readings, you should submit one or several questions that you hope the upcoming lecture and discussion will answer. There will be an opportunity for you to vote on one another's proposed questions,
(15% of you grade)	i.e. voting questions up or down on the list of priorities. You must submit your questions 24hrs before the start of the session, so by
	10:00 in the morning New Haven time the day before class. More information on the mechanics of submitting questions and voting on them will be provided in the first session.
Memos (20%)	On several occasions throughout the term, we will ask you to compose a short essay or memo of between 200 and 500 words. Topics and due dates are listed in the course schedule below.
Final Essay (15%)	At the end of the course, I will ask you to submit a final essay in which you reflect on what you have learned in the course. More information will be provided closer to the due date.
	Data gathering and data analysis are central to this course. We want to separate signal from noise, get away from the headlines and examine fundamentals.
	The team at Yale will create a master spreadsheet and pre-populate it with pertinent panel data, including GDP growth, trade and FDI as percent of GDP, measures of inequality, unemploymentetc. Working in teams, students' <b>first data task will be to supplement</b> <b>this data</b> with harder-to-obtain data such as public opinion, support for populist parties, confidence and trust in institutionsetc.
Data Gathering and Analysis, including Peer Assessment (40%)	The second data task is to capture the voices of people on the street in your current city. What's the first thing that comes to mind when people hear "globalization"? How do they feel about their political leadership? What's the view of business? Do ordinary voices reflect the patterns we see in the data? Students will capture some of these voices by video as we assemble an inventory.
	The <b>third and final data task is assessing risk</b> of leading companies in your home country or region in terms of their exposure to anti- globalization populism in other parts of the world.
	We will evaluate the quality of your team's submitted data as well as rely on peer evaluations to recognize individual contributions within each team to these efforts.
<b>Contributions to Discussions</b>	We will use a variety of tools to foster participation in live classes
during Live Classes and/or	and will provide asynchronous opportunities for contributions
Message Boards (10%)	primarily via message boards.

#### SESSION 0 / February 13

#### Virtual Learning with Mark Fritz

In this workshop, virtual learning- and teamwork expert Mark Fritz will introduce students to some do's and don'ts regarding online learning and in particular how virtual collaboration and discussion differ from more traditional face-to-face settings.

#### SESSION 1 / February 14 Introduction: Is globalization a one-way street?

#### Thought questions

- What is globalization?
- Is our current wave of globalization inevitable?
- What factors brought to an end the previous wave of globalization prior to 1914?

#### Readings

- Steven Weber, "Introduction," in Steven Weber, ed., Globalization and the European Political Economy (1999) read sections 1 ("Why Europe?") and 2 ("Globalization"), skim 3 ("Political Economy and Globalization") and read the rest only if you are really interested
- Alexander Stille, "Globalization Now, A Sequel of Sorts," The New York Times, August 11, 2001
- Martin Wolf, "Is today's globalisation different from what has gone before?", paper presented to the Manchester Statistical Society (2001)
- Niall Ferguson, "Sinking globalization," Foreign Affairs (2005)
- Guillaume Daudin, Matthias Morys and Kevin H. O'Rourke, "Globalization, 1870-1914," University of Oxford, Department of Economic Discussion Paper Series, No. 395 (2008)

#### Assignments

None

#### SESSION 2 / February 16 What is populism?

#### Thought questions

- What is populism and how is it different from authoritarianism?
- What is the link between populism and globalization?
- Is populism a useful lens for our inquiry into the future of globalization?

#### Readings

- Jan-Werner Müller, What Is Populism? (2016), pp. 1-6 are required and the rest of the book is highly recommended
- Owen Jones, "Hungary's chilling plight could foreshadow Europe's future," *The Guardian*, October 13, 2016
- Beverly Gage, "How 'Elites' Became One of the Nastiest Epithets in American Politics," The New York Times, January 3, 2017
- "How to make sense of 2016," The Economist, December 24, 2016
- Andrew Sullivan, "The Republic Repeals Itself," New York Magazine, November 9, 2016

#### Assignments

- (Individual) Discussion board question due February 15, 10AM EST
- (Individual) Memo due February 16, 10AM EST
   What does successful participation in the course look like for you? What do you hope to achieve through the course to consider your participation in it worthwhile?

#### SESSION 3 / February 21 Brexit and the future of the European project Guest: David R. Cameron, Professor of Political Science, Yale University

#### Thought questions

- How can we make sense of Brexit? What role did economic vs political factors play?
- What are the likely implications of Brexit for the British economy?
- Will Brexit make the UK stronger or weaker? Will it make the EU stronger or weaker?
- To what extent is Brexit a symptom of a broader legitimacy crisis of the European project and how did that crisis come about?

#### Readings

- Jonathan Hopkin, "Brexit Backlash: The Populist Rage Fueling the Referendum," Foreign Affairs, June 21, 2016
- Timothy B. Lee, "Brexit: the 7 most important arguments for Britain to leave the EU," Vox, June 25, 2016
- John Judis, Populist Explosion: How the Great Recession Transformed American and European Politics (2016), ch. 4

#### Assignment

• (Individual) Discussion board question due February 20, 10AM EST

Before session 4, familiarize yourself with Branko Milanovic's work on inequality and globalization. I suggest you watch the following two videos.

 Branko Milanovic, "Global inequality: a new approach for the age of globalization," lecture at Oxford University, October 24, 2016, available at <a href="https://www.youtube.com/watch?v=Zxqoxr9gQTk">https://www.youtube.com/watch?v=Zxqoxr9gQTk</a>
 "Globalization and Inequality: Paul Krugman, Janet Gornick, and Branko Milanovic," The Graduate Center, CUNY, May 23, 2016, available at <a href="https://www.youtube.com/watch?v=76FsIlO06Xs">https://www.youtube.com/watch?v=76FsIlO06Xs</a>

#### SESSION 4 / February 23 Global inequality and global Trumpism

Guest: Mark Blyth, Professor of Political Economy, Brown University

#### Thought questions

- What role does rising inequality within countries play in fueling ant-globalization sentiment and populism?
- How similar are the forces behind Brexit and Trump's victory in the US?
- Can we disentangle cultural and economic drivers and craft policy responses accordingly?

#### Readings

- Mark Blyth, "After the Brits Have Gone and the Trumpets Have Sounded: Turning a Drama into a Crisis That Will Not Go to Waste," Intereconomics: Review of European Economic Policy (2016)
- Branko Milanovic, "Global income inequality in numbers: In history and now," Global policy (2013)
- Branko Milanovic, "Winners of Globalization: The Rich and The Chinese Middle Class. Losers: The American Middle Class," Huffington Post, January 21, 2014

#### Assignments

- (Individual) Discussion board question due February 22, 10AM EST
- (Individual) Memo due February 23, 10AM EST
   What additional variables do you think we should collect data on and why? What data sources have this data?

#### SESSION 5 / February 28

#### The rise of Trump and what it means

Guest: Emily Bazelon, staff writer at New York Times Magazine and the Truman Capote Fellow for Creative Writing and Law at Yale Law School

#### Thought questions

- What forces propelled Donald Trump to his surprising victory in the US presidential elections?
- How different were Trump's positions from traditional Republican or Democratic presidential candidates? How does Trump's campaign fit into Müller's populism narrative?

#### Readings

- Arlie Russell Hochschild, "I Spent 5 Years With Some of Trump's Biggest Fans. Here's What They Won't Tell You.," Mother Jones, August 23, 2016
- Ezra Klein, "The hard question isn't why Clinton lost it's why Trump won," vox.com, November 11, 2016
- Sean Illing and Justin Gest, "Why the white working class feels like they've lost it all, according to a political scientist," vox.com, December 21, 2016
- Roger L. Martin, "How the Attacks on Trump Reinforce His Strategy," *Harvard Business Review*, January 10, 2017

#### Assignments

• (Individual) Discussion board question due February 27, 10AM EST

#### SESSION 6 / March 2

#### **Globalization and jobs: a US perspective**

*Guest: Peter K. Schott, Juan Trippe Professor of Economics, Yale School of Management and Research Associate, National Bureau of Economic Research* 

#### Thought questions

- What is real and what is fiction in the story about the loss of jobs due to globalization?
- Who wins and who loses from free trade?
- How have the politics of trade changed in rich countries?

#### Readings

- Peter K. Schott, "Do We Benefit from Trade?," Yale Insights, October 20, 2016
- Jeffrey Dorfman, "4 Reasons Free Trade Has Become A Contentious Political And Economic Issue," Forbes, April 3, 2016
- He Qinglian, "Why China Cannot Lead Globalization in a Post-Trump World," *Epoch Times*, December 6, 2016
- Justin R. Pierce and Peter K. Schott, "The Surprisingly Swift Decline of U.S. Manufacturing Employment," American Economic Review (2016)

#### Assignments

• (Individual) Discussion board question due March 1, 10AM EST

<u>Please note</u>: we are taking a long break here to accommodate students who have a break in their academic schedules and/or students who will participate in Global Network Week and travel to another GNAM campus.

The **first data task** is due during this time on *March 20, 10AM EST* to give us enough time for clean up and consolidation and to share the complete data set back with you in time for the first analysis memo due on *March 30*. We will give each team a specific data gathering assignment well in advance of this deadline.

#### SESSION 7 / March 28

#### The terrorism fear factor

*Guest: Peter R. Neumann, Professor of Security Studies at the Department of War Studies, King's College London* 

#### Thought questions

- What factors drive radicalization?
- What are the politics of fear and how do they shape debates over immigration and globalization in different parts of the world?

#### Readings

TBD

#### Assignments

• (Individual) Discussion board question due March 27, 10AM EDT

#### SESSION 8 / March 30 A first examination of the data

Thought questions

- What patterns and trends do you see in the data?
- What is consistent across regions? Where do you see stark differences and what might account for them?
- What gaps must we fill to obtain a more complete picture?

#### Readings

TBD

#### Assignments

- (Individual) Discussion board question due March 29, 10AM EDT
- (Individual) Memo due March 30, 10AM EDT
  - What patterns and trends in the data catch your attention? What stands out to you?

#### SESSION 9 / April 4

#### Vanishing trust

Guest: Ben Boyd, President, Practices and Sectors, and CEO, Edelman Canada and Latin America

#### Thought questions

- What role does trust in social, political, and economic life?
- Why has trust in institutions deteriorated globally and what are the implications? What accounts for the varation in institutional trust across countries and regions?
- How can companies mitigate distrust and indeed augment trust?

#### Readings

TBD

#### Assignments

• (Individual) Discussion board question due April 3, 10AM EDT

#### SESSION 10 / April 6

#### Examining voices

#### **Discussion questions**

- To what extent do the voices of ordinary people in your city or town reflect the insights we have gleaned from data?
- How salient are the factors we have identified?

#### Readings

TBD

#### Assignments

- (Individual) Discussion board question *due April 5, 10AM EDT*
- (Team) Data gathering due April 6, 10AM EDT

Capture the voices of people on the street in your current city

- > What's the first thing that comes to mind when people hear "globalization"?
- > How do they feel about their political leadership?
- > What's the view of business?
- > Do ordinary voices reflect the patterns we see in the data?

Submit select videos and/or transcripts to compile an inventory of global voices

(Individual) Memo due April 6, 10AM EDT

How has speaking to people, capturing their voices, changed the way you think about the future of globalization?

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#### SESSION 11 / April 11 [tentative] Immigration: realities and myths Guest: Muneer I. Ahmad, Clinical Professor of Law, Yale Law School

#### Thought questions

- What is the reality of migration patterns and flows today? How does this picture compare to historical trends?
- How are the politics of immigration evolving around the world?
- What are the interests of business with respect to immigration? How does the answer vary across countries and sectors?

#### Readings

Brian Resnick, "7 lessons from psychology that explain the irrational fear of outsiders," vox.com, January 29, 2017

#### Assignments

• (Individual) Discussion board question due April 10, 10AM EDT

#### SESSION 12 / April 13 Preparation for GNAM 5th Anniversary and Campus Engagement

#### Assignments

- (Individual) Discussion board question due April 12, 10AM EDT
- (Group) Data and memo due April 13, 10AM EDT
   Compile relevant data and assess the risk of leading companies in your home country or region in terms of their exposure to anti-globalization populism in other parts of the world. Submit excel workbook and a brief summary memo of your findings.

#### SESSION 13 / April 18 Wrap up and Conclusion

#### Readings

 Andrew Sullivan, "Democracies End When They are too Democratic: And Right Now, America is a Breeding Ground for Tyranny," New York Magazine, May 1, 2016

#### Assignments due before this class session

- (Individual) Discussion board question *due April 17, 10AM EDT*
- (Individual) Final Essay due date to be determined

#### Maximizing engagement

This is a fairly large online class on a complex topic. To ensure maximum engagement, we will rely on several tools:

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First, we will set up asynchronous message boards and encourage you to use these to engage with classmates outside of scheduled class sessions on issues related to the course. Message boards are also a great way for you to share articles and other resources with your peers.

Second, as mentioned above, we will structure many of the conversations with our guest speakers around the questions you propose and vote to the top of the pile. There will be additional opportunities for you to shape conversations via real-time chat.

Third, you will do much of the work in this course in teams spanning GNAM member schools. We will form team and assign specific responsibilities, particularly in terms of data collection, to each team. At the end of the course, students will give feedback to their teammates.

Fourth, during some of the synchronous sessions, we will send you into virtual break out rooms to discuss issues with your teams and to subsequently report back to the full class.



#### **RE420: URBAN AND REGIONAL ECONOMICS**

#### (Real Estate/Economics/Urban and Regional Planning)

#### Fall 2016

Group 002, GRAINGER, room 1185, 9:30 A.M. – 10:45 A.M., Mon & Wed Group 001, GRAINGER, room 1195, 11 A.M. – 12:15 P.M., Mon & Wed

Instructor:	Jaime Luque
Office:	Grainger 5259
Office hours:	By appointment
Email:	jluque@wisc.edu

#### **COURSE OBJECTIVES (KNOWING)**

Urban economics is the study of cities, of the economic activities therein, and of the determinants of those activities. To an economist, urban economics is characterized by the introduction of space and location to microeconomics. To a real estate practitioner, urban economics is to real estate as physics is to engineering. Like businessmen and women, urban economists find their boundaries of enquiry and activity expanding. In this course, students will:

- Learn stylized facts about cities, their sizes and types, and their contributions to economic and social development
- Understand how the recent subprime financial crisis shaped the economy
- Understand local, national and international drivers of housing and real estate activity
- Understand the main determinants of cross-border real estate capital flows
- Understand the impact of regulations on urban development and welfare
- Understand why space and location matter and why cities exist in the first place with an emphasis on the role of trade, economies of scale, and agglomeration effects
- Understand the determinants of land prices
- Understand the "limits-to-growth"
- Learn about the role infrastructure plays in the modern city and in real estate markets with an emphasis on transportation
- Understand how to improve walkability in a city
- Learn why homelessness and housing affordability is a big challenge in the US
- Understand the role that municipal bonds play in the economic development of cities



#### MAIN TOPICS AND PROJECTS

### **1**. The macroeconomics of regional and international real estate markets (Decision-making / forecasting at the macro level)

- The Real Estate System
- Relationship between cap rates and bond yields
- Important economic events in history: Implications for international real estate investments
- Impact of monetary policy on international real estate investments, e.g, Brexit
- Real Estate Crises: the Great Recession and the Subprime Mortgage Crisis
- Discussion of "House of Debt" book: theories of international trade, unemployment, frictions, role of debt, the Great Recession
- Business cycle: GDP, leverage and contagion, government debt, mortgage debt, taxes, bonds, yields, inflation, Laffer curve
- Geographical Diversification: Correlation, Excel, MBS & CDO

#### 2. Applied urban economics

- How competitive land prices are determined
- How the market selects different uses for land
- Commuting cost and land prices
- City size and land prices
- Density and land prices
- Impact of transportation technology on land prices
- Non-linear bid rent curves:
  - o US MSA bid rent curve shapes, determinants and implications for forecasting
- Spatial feasibility analysis:
  - o Location decision in a constrained optimization approach to the Front Door model
- Affordable housing: tax credits and city grants
- Zoning
- Neighborhood choice
- Growth controls

#### 3. Walkability, homelessness and affordable housing

- Walkable cities & the "siftr" software
- Homelessness and housing affordability (paper)
- 4. Public finance and banks' portfolio geographical diversification of real estate exposures
- Public finance (TIF, municipal bonds, EB5, corporate citizen)
- Banks' portfolio geographical diversification of real estate exposures



#### **COURSE PREREQUISITE**

Economics 101 and Calculus

#### Техтвоокѕ

- **Required (buy ASAP)** Atif Mian and Amir Sufi, "House of Debt", **University Of Chicago Press 2014**. A concise and powerful account of how the great recession happened and what should be done to avoid another one.
- **Required (use coupon and get it ASAP)** Matthew Desmond, "Evicted", **Crown 2016**. A concise and powerful book about poverty and profit in the American city.
- Recommended (not required!) Arthur O'Sullivan, "Urban Economics", 8th Edition. McGraw-Hill / Irwin, 2012. ISBN 10: 0073511471; ISBN 13: 9780073511474. This is basic text for the course. It contains more material than we can realistically cover in a onesemester course. I plan to cover at least 30% of this book in class. In particular, I expect to discuss Chapters 6-9, 10, 14-15.

For advanced students interested in getting a little more depth on the material seen in class, I recommend (not required!):

- Richard K. Green and Stephen Malpezzi, "A pimer on U.S. Housing Markets and Housing Policy" for those students interested in housing and government intervention)
- Jan Brueckner, Lectures on Urban Economics. MIT Press, 2011. Jan Brueckner has been the long-time (former) editor of the Journal of Urban Economics. His book is a great choice for econ majors who want to get a little more depth on the models we use. It's rigorous without being excessively technical; most of the analysis is graphical.
- Jaime Luque, "Urban Land Economics", Springer 2015. This book covers the main aspects of regional and urban economics and presents state-of-the-art theories in a comprehensive and concise way. The book is composed of chapters written by students of the Wisconsin real estate program during the Fall 2014 semester.

Here are some non-technical books, some a bit older, on U.S. cities generally:

- Glaeser, E. (2011), Triumph of the City: How our greatest invention makes us richer, smarter, greener, healthier, and happier. Penguin.
- Caro, R. A. (1975), The power broker: Rober Moses and the fall of New York, Vintage Books New York.
- Cronon, W. (1992), Nature's metropolis: Chicago and the Great West, WW Norton & Company.
- Garreu, J. (2011), Edge City: Life on the new frontier, Random House Digital, Inc.
- Jackson, K. T. and D. S. Dunbar (2002), Empire City: New York through the centuries, Columbia University Press.



#### Assimilation ("doing")

Good students teach themselves, the instructor merely points the way. Sometimes I highlight important questions related to the material seen in class. The purpose is to help students master the material. I encourage students to answer these questions at home, going over the material seen in class. I encourage students to work on these questions in groups, but at the same time, I always encourage them to try to understand by themselves every issue that appears in the questions. Whenever time allows, I will review the answers to the questions I formulated during class time.

#### **COURSE WEBSITE**

All class material will be put in advance in our course website in Moodle. Students are expected to be familiar on the functioning of this website. Every student must update his/her information and upload a picture as soon as possible.

#### **OFFICE HOURS AND GROUP MEETINGS**

Email me or check with me at class for an appointment. I respond to student emails as I can (give me at least two working days and don't expect me to answer your emails during the weekend). I do encourage you to see me. I'm a big believer in face-to-face contact.

#### GRADING

I will grade students using the scale 0-100. Conversion of final grading to letter grades will follow the School of Business' guidelines: "For all [...] undergraduate courses with class numbers below 600 and 15 or more students enrolled, the mean grade should be no higher than 3.3 and the maximum percentage of A's is 30%." Final grade is computed using the following weights:

- 5% active participation
- 10% homework on "House of Debt" module
- 15% homework on "Applied Urban Economics" module
- 5% homework on "Walkable cities" topic
- 5% homework on "Evicted" book
- 25% essay on homelessness and housing affordability, of which:
  - 10% presentation (classmates' evaluation)
  - 5% group peers' evaluation
  - 10% quality of the essay
- 35% quizzes

**<u>CLASS ATTENDANCE</u>**: Class attendance is mandatory, and more than 5 absences will count against you.

In addition to the lectures, there will be student presentations and discussions. I expect all students to be present in every class and participate with questions during their peer presentations.

The rules for class attendance are the following: Any student can miss up to 5 classes (no justification needed). Usual reasons are trips with the School, doctor appointment, or job interviews. All of them are fine, but I do not want students to miss more than 5 classes. Otherwise, I will penalize absences as



follows: for every additional missed class, the student will lose 2 points (out of 100 points which is the maximum grade in the course). For example, if a student misses 7 classes, he/she will lose 4 points (2\*2) out of his final grade. This rule applies to every student. Think twice if you can commit to enroll on this course. If you expect to have numerous field trips and job interviews, you may want to enroll in this course in the next semester. Don't miscalculate the number of occasions you can miss class. Something can happen unexpectedly that may force you to miss one or more extra classes (in addition to the 5 allowed absences), and this will count against you.

ACTIVE PARTICIPATION IN CLASS: I also expect students to be actively engaged in learning throughout the course and to be proactive in seeking any assistance that may be necessary. This means that students should take full advantage of office hours, class discussions and other activities throughout the course. Also, the student should participate in class, with questions during the lectures, debates, and other students' presentations. To encourage active participation, I will give 10 points (out of 100) to those outstanding students that actively participate in class.

Also, in the last 5 minutes of each class, I will distribute a minute paper that asks you to provide a short answer to the following questions: 1) which part of the lecture did you find most interesting? and 2) what problems/concepts have you struggled with the most? Minute papers are very helpful for me to understand if the material seen in class is all clear. I usually spend some time at the beginning of each class to clarify the doubts that students wrote in the minute papers of the previous class. In addition to the minute paper, we may do short online quizzes that reflect your level of understanding of the material seen during the lecture.

Undesired class behavior during class time and office hours can affect your letter grade.

<u>PRESENTATIONS AND ARTICLE SUMMARIES</u>: In order for students to develop their leadership, communication, and skills, I require students to write an essay on homelessness and housing affordability, and then present in front of their classmates their main findings.

Essay: I will sort students in small groups and expect them to produce an essay of at least 7 pages. The style for the final draft is **New Times Roman**, **12 points font size**, and double space (align text to both left and right margins!). The head of the draft should contain: a) Title of the paper, and b) Name of students in the group. Section titles should be avoided along the article summary. The style of the essay should be similar to the style in "Evicted" book (I will provide more information on this during class time).

Presentation: In the presentation the students have to briefly summarize their main findings, explain what they have learnt and found most interesting, and formulate one question to their classmates. This question will be part of the material that all students must study for the final exam. The person/group that presents a paper is responsible to answer all questions from their classmates not only during their presentation, but also at any time during the semester.

The first and final drafts of the essay and presentation must be posted in our course website before the corresponding deadlines (announced in class). Failure to follow any of these rules will result in a loss of at least 30 points.

The grades of the essay and presentation will be a result of the classmate evaluations and the group peer evaluations. A student who is in class but does not submit his/her *classmate evaluation form* (or submits the evaluation but is incomplete) will suffer a penalty that will affect his/her participation grade. In the case that you present the paper with other students, you must also submit your *group peer evaluation form* no later than the day of your presentation. Otherwise you will suffer a penalty.



**HOMEWORK** : In addition to the presentations, I will assign homework. I expect students to work individually on their homework. If a student misses the homework deadline, still he/she must submit his/her homework, but will suffer a 70% penalty on the grade of that homework.

#### **S**TRUCTURE OF QUIZZES AND EXAMS

In the quizzes and also in the exams there will be questions about the research papers presented in class and also long and short/multiple-choice questions about the material seen in class. For the long questions, a good answer must have the following four elements: 1) Assumptions (and model if it is relevant); 2) Economic intuition; 3) Numerical example or intuitive figures; 4) Supports of theoretical arguments with empirical facts. I believe that this type of exams will help students in their future professional careers, by giving them some experience on how to write reports by summarizing the main economic ideas and facts. Also, this type of exam (and the preparation for the exam) will improve students' writing skills. Many employers tell the faculty that writing skills are an important consideration in their hiring decisions.

#### **R**ULES

- 1. No cell phones.
- 2. Respect the time when class starts.
- 3. Bring your UW picture ID to exams.

4. Prudent use of the laptop in class (an excessive use can be disrupted and will be penalized accordingly in the "class participation" grading part).

5. Cheating is a serious offense, and I take it seriously. All students should be familiar with University policy on academic misconduct at http://www.wisc.edu/students/conduct/uws14.htm.

#### **WEB RESOURCES**

There are a few separate web sites that you'll want to know about if you're taking real estate courses.

- The Library's Electronic Reserves Page. This site is only accessible from your personal account at DOIT: <u>http://my.wisc.edu.</u> Go to your "Academics" page for a connection to library resources for your registered courses. This is where you'll find many of the course readings, downloadable in Adobe Acrobat's PDF format.
- The Real Estate Department's home page, which is accessible to anyone on campus or off: <u>http://www.bus.wisc.edu/realestate</u>. This site contains basic information about the program, links to data sources, etc.
- 3. The UW Writing Center: http://www.wisc.edu/writing. The Writing Center, on the 6th floor of Helen C. White Hall, offers free short courses to help you improve your writing skills. Many employers tell the faculty that writing skills are an important consideration in their hiring decisions and a writing course can help you with your writing. Stop by the Center or check out their web site.



4. The UW-Madison Real Estate Club: <u>http://www.realestateclub.org.</u> I advise all of you to seriously consider joining the club. Or, just go to a meeting and see what it is all about. I think early exposure to your colleagues (junior and senior) and potential business partners is potentially an enormous benefit to your future career and enjoyment of the study and practice of real estate.

#### **PRELIMINARY SCHEDULE**

Sept 7 (Wed)	Introduction
Sept 12 (Mon)	The Macroeconomics of the Subprime Mortgage Crisis
Sept 14(Wed)	The Macroeconomics of the Subprime Mortgage Crisis
Sept 19 (Mon)	The Macroeconomics of the Subprime Mortgage Crisis
Sept 21(Wed)	The Macroeconomics of the Subprime Mortgage Crisis
Sept 26 (Mon)	The Macroeconomics of the Subprime Mortgage Crisis
Sept 28(Wed)	Applied Urban Economics: Urban Land Rent
Oct 3 (Mon)	Applied Urban Economics: Urban Land Rent
Oct 5 (Wed)	Applied Urban Economics: Neighborhood Choice
Oct 10 (Mon)	Applied Urban Economics: Zoning and Growth Controls
Oct 12 (Wed)	Applied Urban Economics: Zoning and Growth Controls
Oct 17 (Mon)	QUIZ 1
Oct 19 (Wed)	Walkable Cities & "Siftr" (Angela Richardson) & intro to homelessness & "Evicted" book
Oct 24 (Mon)	Guest speaker from The Road Home (Kristin Rucinski or Program Director)
Oct 26 (Wed)	Guest speaker from Porchlight (Karla Jameson)
Oct 31 (Mon)	Guest speaker: Mayor Paul Soglin
Nov 2 (Wed)	Guest speaker on affordable housing development: Tom Landgraf
Nov 7 (Mon)	Guest speaker on the lender's side of affordable housing: Karyn Knaack
Nov 9 (Wed)	Class devoted to work on essay
Nov 14 (Mon)	STUDENT PRESENTATIONS
Nov 16 (Wed)	STUDENT PRESENTATIONS & Wrap-up for Quiz 2
Nov 21 (Mon)	QUIZ 2
Nov 23 (Wed):	No class - THANKSGIVING
Nov 28 (Mon)	International real estate mortgage lending
Nov 30 (Wed)	International real estate mortgage lending
Dec 2 (Fri)	Big event – MANDATORY – Friday 4:30PM-7PM, Plenary Room in Grainger
Dec 5 (Mon)	Guest speaker on "Corporate Citizen": Tom McCahill
Dec 7 (Wed)	Guest speaker on "Municipal Bonds": Phil Letendre
Dec 12 (Mon)	Wrap-up
Dec 14 (Wed)	Wrap-up & QUIZ 3

## WHY BUSINESS?

Exploring the role of business in a humane and just society.

BUS 105 Wake Forest University School of Business Prof . Matthew T . Phillips, JD Prof . James R . Otteson, PhD Prof . Adam S . Hyde, PhD 330 Farrell Hall o 336-758-2537 phillimt@wfu.edu



### Syllabus Course Plan and Assignments

Fall 2017

#### **Course Information**

#### Introduction

What is the proper role of business in a humane and just society? Many of you are about to dedicate your lives to business, and the rest of you will work, in one way or another, with business. Yet many people believe that business is an inherently suspicious activity. That suspicion is

exactly are people suspicious of it? Are they right to be suspicious?

In this course we will explore the nature of business, as well as the nature of the market economy of which it forms an integral part. We will investigate how business and the market economy function, both in theory and in practice, and what the purposes are that they are supposed to serve. We will also look at the moral implications of some specific issues and cases that arise in a market economy, in an effort to understand what limits, if any, there should be on business and markets.

#### **Objectives**

goals will be to become

familiar with the nature of business within a market economy, as well as some of the central objections and challenges that both business and the market economy face. We want to develop informed and reasoned positions of our own on the morality of markets and business, and of the moral purposes we ourselves will serve in the roles we play, or will come to play, in business.

At the end of this class, you should be able to:

	Explain how a market economy works and what role business plays in it.
TTE	Ancitipate and address the central challenges, including moral challenges, that business and market economies face.
	Articulate and defend a conception of honorable business and professional identity.
	Explain how business can create value for others and contribute to a humane and just society.
Concellate	Express, clearly and cogently, a reasonable answer to the question, "Why Business?"

This syllabus reflects the best available information and a projection of the material we are likely to cover at any given time in the course, but I reserve the right to modify the syllabus judiciously, and with timely notice, in order to serve the interests of student learning.

#### **Principal Resources**

Otteson, James R., ed. What Adam Smith Knew: Moral Lessons on Capitadirom Its Greatest Champions and Fiercest Opponents New York: Encounter, 2014. [Amazon, Google Books, ZSR Library] Otteson, James R. The End of SocialismNew York: Cambridge University Press, 2014. [Amazon, Google Books] Sandel, Michael J. What Money . New York: Farrar, Straus and Giroux, 2012. [Amazon, Google Books] Various other readings available on sakai.wfu.edu.

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#### 3

#### Evaluation

#### **Discussion Questions**

At several points during the semester, half of the students in each section will be assigned to respond to discussion questions to insure their preparation to lead in class discussion (you will be assigned to either Group 1 or Group 2 for this purpose). These assignments will be submi

#### **Midterm and Final Exams**

These will be comprehensive examinations covering all aspects of the course, including lectures. The mid-term exam will take place during scheduled class sessions, and the final exam will be divided between the final scheduled class period and the prescribed examination period at the end of the semester.

#### **Participation & Attendance**

You are expected to contribute regularly, substantively, and relevantly during discussion sessions. Class attendance and class participation are not synonymous. The handouts, readings, and other materials assigned for class provide crucial background information on the topics we will cover. You are expected to have completed all assignments prior to class and to participate fully in class discussions by presenting your insights.

Of the 10% of your grade that is designated for participation, 5 points will be awarded for attendance. One point will be deducted for each absence, no matter the reason (unless excused by WFU Student Health). Upon the sixth and subsequent absences, your final course grade will be reduced by 10 points (one letter grade). Attendance is taken at the beginning of class. Students who arrive late will be counted absent.

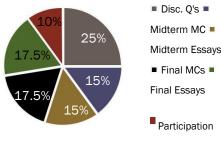
Up to 4 participation points will be awarded based on leadership in class discussion (which is demonstrated by productive and insightful contributions, not simply talking more than others).

Attendance at scheduled class sessions and participation thus makes it possible to earn 9 of 10 participation points. You may earn additional points (up to 4) toward your participation grade by attending approved extracurricular events (e.g., lectures or panel discussions). You will demonstrate attendance by writing a short summary or, for events attended by many students, answering a short quiz.

#### **Grade Calculation**

Discussion Questions (see above), worth 25% of your grade. Midterm Examination essays (worth 15%) and multiple choice (worth 15%), for 30% of your overall grade. Final Exam essays (worth 17.5%) and multiple choice (worth 17.5%), for 35% of your overall grade. Participation is 10% of your grade, and will count for a great deal of your experience in the class.

Requests to review a grade must be submitted within 7 days of the assignment being returned. Any request to review a grade must be accompanied by a written explanation



hensive reevaluation of the test or

assignment. Any deliverable turned in late will have a minimum of 10% deducted from the available points for every day (or part thereof) that the deliverable is late.

#### **Academic and Professional Integrity**

Your professional identity in business will in this program and throughout your career depend on your integrity. Actually, it will depend most often on the perception fyour integrity, which takes great care to steward effectively. Your continued presence in this course signals your acceptance of the Wake Forest University Honor Code (<u>http://go.wfu.edu/rwm</u>): you will neither lie, steal, cheat, plagiarize, nor engage in any

defense.

#### **Contact and Engagement**

Office hours are posted on a tab to the left of the Sakai site, and there is an automated method for making those appointments. Please use that tool wh

#### Accommodation

Wake Forest University provides reasonable accommodations to students with disabilities. If you would like to request an accommodation, please contact the Learning Assistance Center and Disability Services Office (336-758 -5929 or <u>lac.wfu.edu</u>). You are encouraged to request an accommodation within the first two weeks of the course or as early in the semester as possible, as retroactive accommodations will not be provided. Information about your disability will be shared only on a need-to-know basis. If the need for an accommodation arises during the semester, please contact the Learning Assistance Center and Disability Services Office.

#### **Emergency Continuation Plan**

We will disseminate information by email regarding continuation of the course in the event of an emergency. If communication through email is not possible, you should continue with course readings and wait for instruction by mail or other means. In the event of a zombie apocalypse, your success in the course will depend on your ability to convince attackers that you can help them by creating value in society.

#### Feedback

Please share feedback about the course and your experiences with me frequently and assertively. I believe that if you and I invest our energy and best talents in this course, you should have an exceptional experience, and I want to know if and when the course is not meeting that expectation. If you wait for the end-of -course evaluation form, then I will certainly use that feedback for the benefit of others, but if you are willing to share your perspective with me earlier, I appreciate the opportunity to try to improve your own experience as well.

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Course Plan <sup>*</sup>		
Society and Justice		
no reading 9.2.16   Discussion   9.2.16   Property, Value, and Government   John Locke, Second Treatise of overnment  Otteson, ed., What Adam Smith Knew WASK 20 9.5.16   Equality and Community   G.A. Cohen, Why Not Socialism Chapters 1 2)   WASK, 109 121 9.7.16   Justice and Beneficence   Adam Smith, The Theory of Moral Sentime (Rart 2, §2)   WASK, 21 27   Group 1 discussion questions due 9.12.17   Positive and Negative Justice   review WASK, 21 17 9.14.17   Obligations in Society   Peter Singer, The Life You Can Say & 22   Sakai   Group 2 discussion questions due		
The Operation of Markets         9.19.17   Division of Labor   Adam Smith, The Wealth of NationBook I, Chs 1 2; Book IV, Chs 2, 9)   WASK, 70 87         9.21.17   Trade and Universal Opulence   review WASK, 70 87   Group 1 discussion questions due         9.26.17   Opportunity Cost and the Broken Window         Sakai         WASK, 151 163   Group 2         discussion questions due         10.3.17   Creating Value in Trade: The Trading @me       Sakai         10.5.17   Data and the Great Mind Fallacy   review WASK, 151 163       Sakai		
Challenges and Responses 10.10.17   The Marxist Challenge   Karl Marx and Friedrich Engels, Manifesto of the Commisth Partyss I II)   WASK, 88 108		
Midterm Exam 10.17.17   Essay Questions (in class) 10.19.17   Multiple Choice Questions (in class)		
Challenges and Responses (con't) 10.24.17   Creative Destruction   Schumpeter, Capitalism, Socialism, and Democra(Part 2, Ch 7)  WASK, 145 150 10.26.17   Capitalism and Socialism   Otteson, The End of SocialismEOS EOS, 1 18 10.31.17   Knowledge and Planning   Otteson, The End of Socialism(Part 1, Ch 2)   EOS, 23 43 11.2.17   The Day Two Problem   Otteson, The End of Socialism(Part 1, Ch 5)   EOS, 79 88   Group 1 discussion questions due		
Concerns About Markets WASK, 164 180		
11.9.17   Market Failure and Corruption   Michael Sandel, Group 2 discussion questions dueWMCBWMCB3 41  11.14.17   The Limits of Markets   Sandel, 11.16.17   no class session(Chs 2 3)   WMCB43 130		
Contemporary Implications		
Sakai 11.28.17   Choice Architecture   Thaler & Sunstein, Nudge(Introduction)   WASK, 181 193 11.30.17   The Profession of Business   selections from Callahan, ed., Ethical Issues in Professional L(Sakai) 12.5.17   Why Business?   No additional reading		
Final Exam 12.7.17   Essay Questions (in class) 12.11.17 12.16.17   Multiple Choice Questions (see the College exam schedule)		

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<sup>\*</sup> This syllabus was created for reference in the Aspen Ideas Worth Teachingrogram. It reflects a version of the course taught in Fall 2017 semester but with the instructor names from Fall 2016 at the beginning. There were small changes to the course over that time period, and we wanted to present the most effective and evolved version of the class.