

**THE WHARTON SCHOOL
UNIVERSITY OF PENNSYLVANIA**

**Social Impact and Responsibility: Foundations
LGST 230x: Spring 2010**

Syllabus and Reading List

Topics and readings subject to change to accommodate student interests and speaker schedules.

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Office hours: Mon. 3.00-4.30pm and Tues. 2.30-4.00pm

Time: Mon. and Wed. 1.30-3.00pm

Place: SH-DH 1201

Prerequisites: None

OVERVIEW

What role can business play in helping to meet global societal needs, whether it involves protecting the environment, improving health, or eradicating poverty? Is there any responsibility on the part of business to help meet those needs? In many cases, business can help to address important societal challenges profitably. Consider the success of for-profit microfinance institutions in providing credit to individuals who otherwise would not be served by regular banks. In other cases, it seems there are limits to the potential for business enterprises and business thinking to address societal needs. In these cases, if business enterprises are to help address societal needs, their form and mission may need to be modified.

This course provides students the opportunity to engage in the critical analysis of these and other issues that lie at the foundation of social impact and responsibility as an area of study. The course is designed to help students address the question: *“How should business enterprises and business thinking be engaged to improve society in areas not always associated with business?”*

COURSE OUTLINE AND CONTENT

Section 1 begins by developing frameworks to define, evaluate and measure societal improvement. Section 2 examines the adaptation of business thinking to address societal needs traditionally met by non-business entities. This section includes studying the application of two key concepts from business: sustainability and efficiency. Section 3 examines ways in which for-profit business enterprises have been engaged to improve society further without fundamentally altering the basic business model. Topics in this section include corporate philanthropy, corporate social responsibility, socially responsible investing, and business-non-profit partnerships. Section 4 analyzes the provision of goods and services to individuals not currently served by the market. Topics in this section include “bottom of the pyramid” marketing strategies and microfinance. Section 5 involves the study of business enterprises guided explicitly by a social mission as well as the profit-motive. Topics in this section include conceptions of social enterprises, the nature of social entrepreneurship, and the question of what, if anything, distinguishes these business enterprises from for-profit business enterprises as traditionally understood. Section 6 considers investment and funding from the perspective of social impact and responsibility.

The course involves analyzing successful strategies for positive social impact as well as broader framework questions about the area: How should this area be defined? What counts as positive

social impact? How large is this area and what is its potential? To this end, the course is designed to be multidisciplinary and interactive. Examples are drawn from a range of areas, including the environment, education, health, economic development, microfinance, human rights, and community engagement. In addition to case analyses and theoretical readings, the course involves guest lecturers from leading social impact organizations.

GUEST SPEAKERS

Guest speakers are an important part of the course and for the project, “Analysis of Potential for Social Impact” (see below). Whenever possible, opportunities will be arranged for students to interact with speakers outside of class. The order and content of topics in the syllabus are open to change depending on the availability of guest speakers invited from the following organizations: *Center for High Impact Philanthropy, The Enterprise Center, University of Pennsylvania Graduate School of Education, Incentives for Global Health, PhillyCarShare, and The World Bank*. In addition, opportunities will be available whenever possible to interact with speakers who are not in the course, but who are involved in the area of social impact and responsibility.

TARGET AUDIENCE

The course is designed to meet the interests of a wide range of students, including those who seek to pursue careers in social impact and those interested in learning more about a quickly growing and increasingly visible area of business. The course also is designed for students whose primary interest is not necessarily business but are interested to learn how the application of business thinking can address challenges in their area of interest, such as education or health.

GRADING AND LOGISTICS

The grade in the course is based on the following components.

Class Participation (20%)

The course is intended to allow students to develop the analytic skills and substantive framework to address challenges as they arise in business. Many of these challenges will involve justifying one’s position to those in disagreement. To this end, the course emphasizes articulating reasoned arguments. Class participation is an integral component of this emphasis. Accordingly, absences for no good reason will count against one’s grade.

Defining and Measuring Social Impact (20%)

This assignment provides an opportunity for students to engage in a critical analysis of ways to define and to measure social impact.

Midterm Exam (25%)

The midterm exam is scheduled for the last class before Spring Break and will cover the readings in the first half of the course.

Analysis of Potential for Social Impact: Four Themes (35%)

Over the course of the semester, students are to choose a societal need and to evaluate the potential and appropriateness for the need to be met through a business-based approach. Examples of business-based approaches include harnessing existing business enterprises, starting a new business enterprise, government policies to encourage business involvement, and applying

business skills and thinking to non-business organizations. The specific societal need is to be chosen from within one of four areas selected especially for the course: *economic development, education, environment, and health*. The guest lectures are meant to provide students with background on the societal needs in each of these four areas and some solutions that have been put forward to address them.

To avoid disruption, electronic devices must be turned off prior to class.

CONTACTING ME

Should you have any questions or concerns about the class, please do not hesitate to see me. No appointment is needed to meet during office hours; you should feel free to drop by. If you are not able to meet during office hours, please email me to arrange an alternative meeting time.

READING LIST AND CALENDAR

Readings are open to modification in order to accommodate the interests and flow of the class.

1. DEFINING SOCIAL IMPACT	
W. Jan. 13	The Role of Business in Society Case: Grameen Bank, Pro Mujer, and Compartamos Banco Connie Bruck, "Millions for Millions," <i>The New Yorker</i> , October 30, 2006. http://www.newyorker.com/archive/2006/10/30/061030fa_fact1
M. Jan. 18	Martin Luther King, Jr. Day (no class)
W. Jan. 20	Defining Social Impact Daniel M. Hausman and Michael S. McPherson, <i>Economic Analysis, Moral Philosophy, and Public Policy</i> (Cambridge: Cambridge University Press, 2006), chapters 7 and 8.
M. Jan. 25	Defining Social Impact (continued) Daniel M. Hausman and Michael S. McPherson, <i>Economic Analysis, Moral Philosophy, and Public Policy</i> (Cambridge: Cambridge University Press, 2006): chapters 7 and 8. Amartya Sen, "Introduction," in <i>Development as Freedom</i> (New York: Alfred A. Knopf, 1999). <i>Universal Declaration of Human Rights</i> http://www.un.org/Overview/rights.html

W. Jan. 27	Defining Social Impact (continued) Daniel M. Hausman and Michael S. McPherson, <i>Economic Analysis, Moral Philosophy, and Public Policy</i> (Cambridge: Cambridge University Press, 2006): chapters 7 and 8. Amartya Sen, "Introduction," in <i>Development as Freedom</i> (New York: Alfred A. Knopf, 1999). <i>Universal Declaration of Human Rights</i> http://www.un.org/Overview/rights.html
M. Feb. 1	Evaluating Social Impact Guest: Kat Rosqueta, Center for High Impact Philanthropy
W. Feb. 3	Markets and Their Limits Adam Smith, "Of the Principle which gives Occasion to the Division of Labour," in <i>An Inquiry into the Nature and Causes of the Wealth of Nations</i> : book I, chapter 2. Elizabeth Anderson, "The Ethical Limits of the Market" in <i>Value in Ethics and Economics</i> (Cambridge: Harvard University Press, 1993): chapter 7.
2. NONPROFITS	
M. Feb. 8	Nonprofits: Impact Case: Teach for America 2005 (HBS Case: 9-406-125) Thomas Wolf, "Understanding Nonprofit Organizations," in <i>Managing a Nonprofit Organization in the Twenty-First Century</i> , 3 rd ed. (Free Press: 1999): chapter 1.
W. Feb. 10	University Closed (weather)
M. Feb. 15	Nonprofits: Sustainability William Foster and Jeffrey Bradach, "Should Nonprofits Seek Profits?" <i>Harvard Business Review</i> (February 2005): 92-100. Burton A. Weisbrod, "The Pitfalls of Profits," <i>Stanford Social Innovation Review</i> (Winter 2004): 40-47.
3. CORPORATE PHILANTHROPY AND RESPONSIBILITY	
W. Feb. 17	Business-Nonprofit Sponsorship and Partnership Case: Timberland: Commerce and Justice (HBS Case: 9-305-002) Matthew Berglind and Cheryl Nakata, "Cause-Related Marketing: More Buck than Bang?" <i>Business Horizons</i> 48 (2005): 443-453. Shirley Sagawa and Eli Segal, <i>Common Interest, Common Good: Creating Value Through Business and Social Sector Partnerships</i> (Boston: Harvard Business School Publishing, 1999): 3-26.

M. Feb. 22	Project Background: Health Guest: Arnold Rosoff, Legal Studies and Business Ethics
W. Feb. 24	Project Background: Environment Guest: Gerald A. Furgione, Executive Director, Philly Car Share
M. March 1	Corporate Responsibility Case: Earthquake in Haiti (links in webCafé) Domènec Melé, “Corporate Social Responsibility Theories,” in Andrew Crane, Abigail McWilliams, Dirk Matten, Jeremy Moon and Donald Siegel, <i>The Oxford Handbook of Corporate Social Responsibility</i> (Oxford: Oxford University Press, 2008): 55-82. Thomas Dunfee, “Do Firms with Unique Competencies for Rescuing Victims of Human Catastrophes Have Special Obligations?” <i>Business Ethics Quarterly</i> 16 (2006): 185-210. Michael E. Porter and Mark R. Kramer, “Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility,” <i>Harvard Business Review</i> (December 1, 2006).
W. March 3	Midterm Exam
M. March 8	Spring Break
W. March 10	Spring Break
4. MARKET EXTENSION	
M. March 15	Review of Midterm and Final Project
W. March 17	Bottom of the Pyramid Strategies Cases: Casas Bahia and Hindustan Unilever C.K. Prahalad, <i>The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits</i> , 5 th Anniversary Edition (Upper Saddle River: Wharton School Publishing, 2009): 3-52. Aneel Karnani, “The Mirage of Marketing to the Bottom of the Pyramid,” <i>California Management Review</i> (Summer 2007): 90-111.
M. March 22	Microfinance and Entrepreneurship Cases: South Shore Bank and Kiva.org (links in webCafé) Connie Bruck, “Millions for Millions,” <i>The New Yorker</i> , October 30, 2006. http://www.newyorker.com/archive/2006/10/30/061030fa_fact1 Beatriz Armendáriz and Jonathan Morduch, <i>The Economics of Microfinance</i> (Cambridge: MIT, 2007): chapter 1, chapter 2(25-35), chapter 9.

W. March 24	Project Background: Education Guest: James Lytle, Graduate School of Education
5. SOCIAL ENTERPRISE	
M. March 29	Business with a Social Mission Case: Ben & Jerry's: Preserving Mission & Brand Within Unilever (HBS Case: 306037) Sankar Sen and C. B. Bhattacharya, "Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility," <i>Journal of Marketing Research</i> 38 (2001): 225-244.
W. March 31	Social Entrepreneurship: Blurring the Lines? J. Gregory Dees, "The Meaning of 'Social Entrepreneurship'" (working paper 2001). http://www.caseatduke.org/documents/dees_sedef.pdf J. Gregory Dees, "Social Entrepreneurship is About Innovation and Impact, Not Income," <i>Social Edge</i> (September 2003). http://www.caseatduke.org/articles/1004/corner.htm
M. April 5	Project Background: Economic Development Guest: Andy Toy, The Enterprise Center
W. April 7	Social Entrepreneurship: Continuation and Summary of Course
6. INVESTMENT AND FUNDING	
M. April 12	Socially Responsible Investing Case: University Endowments (links in webCafé) Joshua Margolis and James P. Walsh, "Misery Loves Companies: Rethinking Social Initiatives by Business," <i>Administrative Science Quarterly</i> 48 (June 2003): 268-305. Sankar Sen and C. B. Bhattacharya, "Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility," <i>Journal of Marketing Research</i> 38 (2001): 225-244.
W. April 14	Project Background: Health Guest: Thomas Pogge, Incentives for Global Health

M. April 19	Funding: Philanthropy and Venture Philanthropy Case: REDF, Gates Foundation and Google.org Helmut K. Anheier and Diana Leat, <i>Creative Philanthropy: Toward a New Philanthropy for the Twenty-First Century</i> (Routledge, 2006). Case: Kenneth Prewitt, Mattei Dogan, Steven Heydemann, and Stefan Toepler, eds., <i>The Legitimacy of Philanthropic Foundations: United States and European Perspectives</i> (Russell Sage, 2006). Joel L. Fleishman, <i>The Foundation: A Great American Secret: How Private Wealth Is Changing the World</i> (Public Affairs, 2007).
W. April 21	Project Background: Economic Development Guest: Djordjida Petkovski, The World Bank
M. April 26	Conclusion