SOCIALLY IMPACT AND RESPONSIBILITY: FOUNDATIONS

LGST 230, Fall 2011

Professor Waheed Hussain  
667 Huntsman Hall  
Phone: (215) 573-0601  
Email: whussain@wharton.upenn.edu  
Office Hours: Tuesdays and Thursdays 12-1 p.m. or by appointment

Tuesdays and Thursdays  
1:30-3:00 p.m.  
Room: JMHH 345

What role can business play in helping to meet global social needs, whether it involves protecting the environment, improving health or eradicating poverty? Is there any responsibility for business to help meet these needs? In many cases, businesses can help to address important social challenges profitably. Consider, for example, the success of for-profit microfinance institutions in providing credit to individuals who would otherwise not be served by regular banks. In other cases, however, it seems that there are limits to the potential for business enterprises and business thinking to address social needs. In these cases, business may need to modify their structure and mission in order to make a positive contribution.

This course gives students an 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 basic question we will be asking is: "How should business enterprises and business thinking be engaged to improve society in areas not always associated with business?"

Course Outline and Content

After the overview in Section A, Section B begins by developing frameworks to define, evaluate and measure societal improvement. Section C analyzes the provision of goods and services to individuals not currently served by the market and the use of the market to provide goods and serves traditionally provided for by non-business entities. Topics in this section include “bottom of the pyramid” marketing strategies, microfinance, and for-profit education. Section D 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 E examines the adaptation of business thinking to address social needs traditionally met by nonprofit entities. This section includes studying the application of two key concepts from business—efficiency and sustainability. Section F 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, and
business-non-profit partnerships.

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 lectures from leading social impact organizations.

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. The course is required for students pursuing the Secondary Concentration in Social Impact and Responsibility. No prior background is assumed and there are no prerequisites.

Text and Materials

All materials will be available on either Study.net (https://study.net) or webCafé (http://webcafe.wharton.upenn.edu/lgst/).

Guest Speakers

Periodically, guest speakers will be invited to address the topics being addressed in class. 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.

Grading

• 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.

• “Making the pitch” - Class Presentation (20%)

For the purposes of this assignment, the class will assume the role of the fictitious “Wharton Foundation,” a nonprofit organization with $100,000 to distribute to any worthy organization or project. Students will form teams of between 3 and 5. The assignment is to research an
organization or project that you believe is worthwhile, then to make a 20-minute presentation to the class making the case for why this organization or project should get the grant. The presentation should not only show how the organization does well according to certain criteria, but also why these criteria are the ones that the Wharton Foundation should use. There will be an open period following the presentation, where students in the audience can ask questions of the presenters, offer challenges, and discuss the merits of the organization.

* Midterm Exam (20%)

The midterm exam will focus on the readings.

* Final Assignment (40%)

**Choice A: Implementing a Social Impact Project**

Through a partnership with the Wharton Innovation Fund, we have several $1,000-$5,000 grants for groups of students (3-5) to pursue a social innovation project. Projects should have some significant social impact component and they should have some element that can be realized within the time frame of the class (i.e. by December 15th). If you decide to continue the project after the end of class, you may enter into a competition to win further grant money from the Wharton Innovation Fund. Proposals should be presented to me as soon as a group comes together with a viable idea (by Oct. 15th). Projects will be assessed based on their social impact, creativity and execution. For more information about the grants, visit the Wharton Innovation Fund website: http://beacon.wharton.upenn.edu/innovation

**Choice B: Assessing a Social Impact Project**

The other choice for the final focuses on a project, program, or organization, not exclusively in the public sector, that you think has the potential to have a significant positive social impact. The assignment asks you to write a 10 page paper either (a) evaluating an existing project, (b) proposing a new one, or (c) making the case for investing in an existing organization. The assignment is meant to give you an opportunity to pull together what we have studied in the course and to develop your thinking about the tools, theories and concepts in an area that interests you. You may work individually or in groups of up to 5 students for the final project.

**Classroom etiquette**

To avoid disruption, please turn off all electronic devices (including laptops) before class.

**Contacting me**

Should you have any questions or concerns about the class, please do not hesitate to see me. If you are coming by my office hours, just drop me an email to let me know. If my normal office hours don’t work, feel free to email me and we can set up another time.
COURSE CALENDAR

Readings are open to modification in order to accommodate the interests and flow of the class. “S” = material available through Study.net. All other materials available through webCafé.

A. Introduction

   September 8, Overview
   Themes, Questions, Approaches

B. Defining and Measuring Social Impact

   September 13, Impact Outside the Market
   Lisa Newton, “Eight Perceptions of the Natural World,” p. 84-93. S

   September 15, Measuring Impact
   Terrence Lim, Measuring the Value of Corporate Philanthropy, p. 5-17.

   September 20, Defining Impact: Freedom
   Human Development Index

   September 22, Defining Impact: Well-Being
   Ceri Phillips, “What Is a QALY?”
   Daniel M. Hausman and Michael S. McPherson, Economic Analysis, Moral Philosophy, and Public Policy, chapter 8. S

C. Market Extension

   September 27, Bottom of the Pyramid Strategies
   Case: Unilever in India (HBS Case: 9-305-002) S
   Aneel Karnani, “The Mirage of Marketing to the Bottom of the Pyramid,” p. 90-111

   September 29, Microfinance and the Limits of the Market
   Case: SKS Microfinance (HBS Case: 208137) S
   Case: Conditional Cash Transfers
   Ye Zhang, “China’s Emerging Civil Society” (Brookings Institution).
   Elizabeth Anderson, “The Ethical Limits of the Market.” S
D. Social Enterprise, Investment and Entrepreneurship

October 4, Guest Speaker
Michael McCleless, Knowledge and Impact Officer, Root Capital,

October 6, Venture Philanthropy
Case: Acumen Fund (HBS Case: 9-310-011) S
Terrence Lim, Measuring the Value of Corporate Philanthropy, p. 18-27.

October 13, Health
Case: OneWorld Health (IESE Case: DG-1480-E) S
Donald W. Light and Rebecca Warburton, “Demythologizing the high costs of pharmaceutical research.”

October 18, Guest Speaker
Bart Houlanah, Co-Founder of B Lab, Certifying and Supporting B Corporations
Case: B-Corp and Ben & Jerry’s: Preserving Mission & Brand Within Unilever (HBS Case: 306037) S

October 20, Socially Responsible Investing
Case: Norway and Wal-Mart (HBS Case: 308019) S
Terrence Lim, Measuring the Value of Corporate Philanthropy. P. 52-63.

October 25, Guest Speaker
Katherina Rosqueta, Executive Director, University of Pennsylvania Center for High Impact Philanthropy

October 27, EXAM
In class midterm

E. Nonprofits

November 1, Innovation and Change
Case: Teach for America 2005 (HBS Case: 9-406-125) S

November 3, The Role of Nonprofits
Rob Reich, Lacey Dorn, and Stefanie Sutton, Anything Goes: Approval of Nonprofit Status by the IRS.

November 8, Class Presentations
November 10, Class Cancelled

November 15, Guest Speaker
Gerald A. Furgione, Executive Director, Philly Car Share

November 17, Financial Sustainability

F. Corporate Philanthropy and Responsibility

November 22, Business-Nonprofit Sponsorship and Partnership
Terrence Lim, Measuring the Value of Corporate Philanthropy, p. 28-51.

November 29, Class Presentations

December 1, Business-Nonprofit Sponsorship and Partnership
Case: Timberland: Commerce and Justice (HBS Case: 9-305-002) S

December 6, Class Presentations

December 8, Corporate Social Responsibility
Case: HIV/AIDS in Africa