



LGST 611: RESPONSIBILITY IN GLOBAL MANAGEMENT

Q3/Spring 2014

INSTRUCTOR: Profesor Ruth V. Aguilera

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Classroom: F45/260 Huntsman Hall
Office: 652 Huntsman Hall
Class times: 15:00-18:00 Tuesday OR Wednesday
Office hours: 13:00-14:00 on Tuesday or by appointment
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COURSE OBJECTIVES

This course will cover some of the key corporate governance and ethical issues that managers face when working in a global environment. Many of these conflicts in the managers' decision-making are rooted in the fact that political systems, laws and regulations, economic development, and culture vary significantly across countries, as well as across organizations. What is considered "business as usual" in one country may be considered unethical and/or illegal in another. The first part of the course will address the importance of effective corporate governance contingent on the institutional environment in which firms and managers navigate. The second part of the course will tackle the most common ethical dilemmas that multinationals and managers (both working for MNCs or a domestic firms) face such as how to deal with cross-national discrepancies in employment practices, human rights, environmental regulations, how to handle systemic corruption, how to improve and comply with corporate social responsibility global standards and how to respond to the multiple moral obligations that stakeholders and shareholders put on MNCs. This course is not intended to convert sinners into saints, preach absolute truths, convey the wisdom of moral philosophers, or deter the morally vulnerable.

READINGS

All reading materials will be available on CANVAS unless indicated (**Study.net**)

Readings are marked by location in this syllabus.

* I reserve the right to add or subtract readings during this course.

* Please do keep an eye on Canvas because I will upload short required readings to the course website weekly, depending on what goes on in the world.

GRADING

Class Participation	40%
Two Case Write-ups	20% (10% each)
Team Presentation	15%
Final Take-Home Exam	25%

CLASS SESSIONS AND PARTICIPATION

Each class will consist of a combination of a lecture to introduce key concepts and tools, class discussion of the day's readings and cases, as well as a team presentation. Careful preparation is essential. I expect you to read all of the assigned materials for each session in advance of the class. I tend to start class with a warm-up exercise that will be graded as class participation. In class, you should be prepared to analyze the concepts from the case and the readings and to discuss any study questions provided on Canvas beforehand. If you cannot answer the questions, you are not prepared for class. I will use cold calling to ensure preparation and to establish an even level of participation throughout the course.

Attendance is a necessary condition to get class participation points. I expect you to attend all sessions. According to the MBA office, there is no recruiting reason for which you should miss class (we will not meet during the Dedicated Interview Period of 1/23-1/31). I will be taking attendance. Arriving late is disrespectful to your colleagues and, for attendance purposes, is treated as a distinct event from being present at the start of class. If you cannot come to class, you should notify me by email in advance of the class.

CASE WRITE-UPS

You will prepare a two-page, single-spaced, 12 font, case write-up or reaction paper on two of the five cases discussed in this course (you can add as many figures and tables to appendix as you see fit). **The assignment will be due at 5pm** the day before the case is discussed in class, and should be uploaded on CANVAS. The case write-up should focus on the company discussed in the case, and it should answer the questions for that individual case posted in CANVAS.

I will grade the write-ups on the basis of their insightfulness, use of concepts from the readings in this course, quality of answers to the case questions, and clarity of the writing. This case write-up is not meant to be a summary of the case but a case analysis. I might ask you to share your insights in class. Typos or careless writing will be harshly penalized. Please review and proofread your case-write up before uploading it. Please remember this is an individual assignment. No teamwork is allowed.

TEAM PRESENTATIONS

Each team is expected to make a 20 minute presentation including Q&A to the class on an assigned topic to complement what we have discussed in a given session. Presentation slides need to be sent to me in advance by 8am on the Monday of the week that you are presenting (if not before!), so that I can go over them and suggest final revisions. Presentation topics are noted in the syllabus but they are subject to change depending on class and team interests. Further information will be provided in class.

CLASSROOM EXPECTATIONS – CONCERT RULES

- Class starts on time
- Sit according to the seating chart we will determine on the first day of class
- Name tents displayed
- All phones and electronic devices should be turned off
- No laptops or tablets open during class

ETHICS AND USE OF PRIOR MATERIALS

This is a core course for the Wharton MBA. As such, the course covers similar material from year to year. It is **never** appropriate to use materials prepared by students or faculty in this course from previous years. You should not use previously completed case write-ups, summaries of readings or other “cheat sheets.” We will work with your ethics liaisons to clarify any issues that may emerge.

	Materials							People				
MGMT 612 Managing the Emerging Enterprise	Approved calculator	Laptop / other electronics	Summary sheet	Current book / class notes	Past notes / summaries	Past exams / assignments	Internet content / other outside materials	Learning team / approved work team	Other student(s) in same section	Student(s) in other sections (same term)	Wharton student not taking the class this term	Person outside of Wharton
Readings & Cases	n/a			A			A	W	W	W		
Team Assignments	n/a			A			A	W				
Individual Assignments	n/a			A			A					
	A = Allowed material Shaded Cell = Not allowed n/a = Not applicable							W = Allowed to work together D = Discussion of general concepts and procedures is allowed but no sharing of specific answers. Shaded Cell = Not allowed				
<p>The information above covers many common situations but will not cover every circumstance. Remember: The Wharton MBA Code of Ethics that you accepted requires, among other things, that you represent yourself and your work honestly, don't try to gain unfair advantage over other students, follow the instructor's guidelines and respect confidentiality of your work and the work of others.</p> <p>Should you have questions, please contact your ethics liaison or professor.</p>												

QUOTATIONS OF LONGER THAN A PHRASE MUST BE EXPLICITLY NOTED IN THE TEXT. INSUFFICIENT ATTRIBUTION TO EXTENDED QUOTATIONS FROM EXTERNAL SOURCES WILL RESULT IN FORMAL CHARGES OF PLAGIARISM TO THE OFFICE OF STUDENT CONDUCT. IF YOU HAVE ANY QUESTIONS ON POLICY, SEE http://gethelp.library.upenn.edu/PORT/documentation/plagiarism_policy.html

COURSE OUTLINE AND READINGS (2014)

SESSION 1 : THE MANY SIDES OF RESPONSIBILITY IN GLOBAL MANAGEMENT

[January 14/15]

Readings:

Friedman 1970. The Social Responsibility of Business Is to Increase its Profits. *New York Times Magazine*.

Porter and Kramer (2011) Creating Shared Value, *Harvard Business Review* (HBR)

Bower, Leonard, and Paine (2011) Global Capitalism at Risk. What Are you Doing About it, *HBR*

Paine, Deshpande, and Margolis (2011) A Global Leader's Guide to Managing Business Conduct. *HBR*, **Study.net**

Karnani (2010) The Case Against Corporate Social Responsibility, *WSJ*.

Aguilera and Griffiths (2014) An Introduction to Corporate Governance, Teaching Note.

Mini Cases:

The Parable of the Sadhu, *HBR*, **CANVAS**

The CEO as Global Corporate Ambassador, *WSJ*

The Story Behind the Olympus Scandal, *WSJ*

Class Handouts:

Lessons from Rana Plaza – who should regulate working conditions in supplier companies in less developed countries?

Background Readings (optional):

Drucker (2005) Managing Oneself, *HBR*.

Porter and Rivkin (2012) The Looming Challenge to U.S. Competitiveness, *HBR*.

Bazerman & Tenbrusel (2011) Blind Spots. Build Ethical Behavior, *Leadership Excellence*.

SESSION 2: SNOW DAY WEEK

Jan 21/22, 2014

WEEK 3: INTERNATIONAL CORPORATE GOVERNANCE

Feb 4/5th, 2014

Readings:

Aguilera, R.V., Judge, W., and Musacchio, A. (2013). A Note on International Corporate Governance. (N9-713-079).

Aguilera & Yip (2005) Mastering Corporate Governance, *Financial Times*, pp. 4-5

Paine (2010) The China Rules. *HBR*

Khana, T. (2009) Learning from Economic Experiments in China and India, *Academy of Management Perspectives*.

Fox and Lorsch (2012) What Good Are Shareholders? *HBR*

2013 Warren Buffett's Annual Letter to Shareholders.

Corporate Governance in China: Current Practice, Key Problems, HBS# 309058-PDF-ENG, **Study.net**

Case:

PetroChina: International Corporate Governance with Chinese Characteristics, Center for Asian Business Cases, School of Business, The University of Hong Kong, HKU 184 (20 pages). **Study.net**

Team Presentation:

World Economic Forum, *Global Competitiveness Report 2013-2014*. Lausanne.
World Bank and IFC, *Doing Business Globally*.

Additional Readings (optional):

Aggarwal, Erel, Stulz and Williamson (2010) "Differences in Governance Practices between the US and Foreign Firms: Measurement, Causes, and Consequences." *Review of Financial Studies*.

Aguilera and Desender (2012). A Bundle Perspective to Comparative Corporate Governance. *The Sage Handbook of Corporate Governance*. T. Clarke. London, Sage Publications: 380-405.

Aguilera and Jackson (2003) The cross-national diversity of corporate governance: Dimensions and determinants, *Academy of Management Review*, 28: 447-465, **CANVAS**

Aguilera and Williams (2010) Law and Finance: Inaccurate, Incomplete, and Important. *BYU Law Review*.

Claessens and Yurtoglu (2012) “Corporate Governance and Development—An Update”, IFC. Conference Board, Chart of the Week, The Conference Board Governance Center.

La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999) “Corporate Ownership Around the World” *Journal of Finance*.

Kim, H. (2009) Corporate Governance and Industrial Relations. *Journal of Applied Corporate Finance*

Lin and Milhaupt (2013) We Are the (National) Champions: Understanding the Mechanisms of State Capitalism in China, *Stanford Law Review*.

U.S. Corporate Governance: Accomplishments and Failings. A Discussion with Michael Jensen and Robert Monks.

SESSION 4: NON-MARKET STRATEGIES TO GOVERNANCE AND CORRUPTION

[February 11/12]

Readings:

Bach and Allen (2010) What Every CEO Needs to Know About Nonmarket Strategy, *MIT Sloan Management Review*, Vol. 51, Issue 3, pp. 41-48. **Study.net**

Healy and Ramanna (2013) When the Crowd Fights Corruption, *HBR*

Case:

The Hermitage Fund: Media and Corporate Governance in Russia” HBS # 9-703-010. **Study.net**

Team Presentation:

Transparency International, *Global Corruption Report*. Berlin: TI
<http://www.transparency.org/publications/gcr>

Heritage Foundation

CIA Facts

Additional Readings (Optional):

Guriev, S., A. Rachinsky (2005): The Role of Oligarchs in Russian Capitalism. *The Journal of Economic Perspectives*, Vol. 19, Issue 1, pp. 131-150.

SESSION 5: SUSTAINABILITY AND COMPLIANCE

[February 18/19]

Readings:

Bower, Leonard, Paine (2011) “The Business Response: Five Views of the Role of Business in Ensuring a Viable Future for Market Capitalism.”

Is it a Bribe... or Not? (2013)WSJ

Donaldson “Values in Tension: Ethics Away from Home” **study.net**

Barstow (2012) Wal-Mart Hushed up a Vast Mexican Bribery Case, NYT

Vogel (2005) “The Market for Virtue: The Potential and Limits of Corporate Social Responsibility.” *California Management Review*. 47 (4): 19-45.

Case:

Norway Sells Wal-Mart HBS # 9-308-019, **Study.net**
Walmart’s Sustainability Journey: Lee Scott’s Founding Vision

Team Presentation:

U.N. Global Compact

FCA

Amnesty International

Additional Readings (Optional):

Aguilera, Rupp, Williams and Ganapathi (2007). Putting the “S” Back in Corporate Social Responsibility: A Multi-Level Theory of Social Change in Organizations, *Academy of Management Review*, 33(3): 836-863.

Nichols, P. The Business Case for Complying with Bribery Laws, *American Business Law Journal*.

SESSION 6: MORAL OBLIGATIONS OF MNCs?

[February 25/26]

Readings:

Sandbu, M. 2010. Two Extreme Views: Managing for Shareholders or Stakeholders? In M. Sandbu (Ed.), *Just Business: Arguments in Business Ethics*: Draft Manuscript

Karnani (2007) The Mirage of Marketing to the Bottom of the Pyramid. *California Management Review*.

Chironga, Leke, Lund, and van Wamelen (2011) Cracking the Next Growth Market: Africa, *HBR*.

Prahalad and Hart (2002) The Fortune at the Bottom of the Pyramid, *strategy + business*

Case:

Tackling the HIV/AIDS Pandemic through Multi-partner Stakeholder Engagement, HBS # W13416-PDF-ENG, **Study.net**

TWO Presentation:

- (1) World Health Organization/ UNAIDS
- (2) Cross-National Culture (Hofstede, GLOBE, World Value Survey, etc.)

FINAL TAKE HOME EXAM

Due on CANVAS on March 7th, 2014 at midnight.