



## **RESPOSIBILITY IN GLOBAL MANAGEMENT**

LGST 611-001 (Q-1)

FALL SEMESTER, 2014

**(NOTE: SUBJECT TO REVISION)**

Djordjija Petkoski

Classroom: JMHH 245

(In room JMHH 340 on October 8, 2014)

Office: 624 JMHH

Class Times: Monday 3:00pm-6:00pm

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Office hours: Monday 2:00-3:00pm (walk-in) or by appointment

### **INSTRUCTOR**

D. **Petkoski** is a Lecturer and Senior Fellow at the Wharton School and serves as an adviser and consultant to the World Bank, other development organizations, governments, and global companies. At Wharton, he teaches courses on corporate responsibility and ethics in the undergraduate, MBA, and executive programs. He held various senior positions at the World Bank, including head of the Business, Competitiveness and Development Program. During his nearly 20 year tenure at the World Bank he focused on multi-disciplinary and multi-stakeholder approach to business and development issues; competitiveness and sustainable development at the national and corporate level; anti-corruption and ethics; collective action and the changing role of business in society; knowledge exchange; and leadership and leading change. He was a Fulbright Scholar at Harvard University and a Visiting Scholar at Massachusetts Institute of Technology.

### **READINGS**

There is no text book for this course. All reading materials will be found either on **Study.net** <https://www.study.net/> or on **CANVAS** drawn from a variety of primary and secondary sources

### **COURSE DESCRIPTION**

This course explores responsibility in global management from a multidisciplinary and multi-stakeholder perspective. Issues are organized in relation to key stakeholders of business leaders in a global economy: the providers of capital, consumers, clients, labor, multilateral development

actors, and the broader society. The course examines difficult conflicting responsibility dilemmas that arise in a global business context. It reviews theories and practice of responsibility and liability and illustrates how they apply to a number of complex business, development, and policy situations in the evolving global business landscape. The course emphasizes the interplay between the economic dimensions of these issues as well as their ethical and social aspects. Its objective is to help students anticipate issues that they will confront in their professional careers and to develop skills to think more clearly and critically about how such issues can and should be resolved. It will help students to analyze the ways in which these issues ought to figure in decision-making by responsible business leaders and in the structure and activities of business enterprises.

Class sessions will focus on rigorous and in-depth analysis of cases, decision making exercises, and theoretical frameworks used for interpreting practical problems in business and making business a force for co-creating value and shared prosperity. To assure that the course concepts remain anchored in practical application, students will form teams in Class 1 reflecting their career interests or past experiences in particular industries. They will then prepare a class presentation to be delivered in Class 6 outlining action plans that resolve conflicting responsibility dilemmas. This will require research as well as personal interviews with practicing executives as the basis for the presentation. This project work will provide additional flexibility for personalized intellectual exploration, based on students' background, experience, and career paths. Writing assignments will also be tailored to meet students' individual needs and interests.

### **COURSE REQUIREMENTS**

Class Participation: All students will be expected to attend all sessions and actively participate in class. Please inform me by email if you are unable to attend a session. Absences for no good reason will count against your grade.

Sitting Arrangement: Students are to sit according to a seating chart, remain in attendance for the duration of classes, and should display name tents.

Project Work: Early in the semester the class will be divided into teams (up to 8 students per team). Each team will participate in project work addressing real life business situations and prepare a paper (not to exceed 10 pages in length, 12-point type, doubled spaced) describing the groups position and arguments regarding topic. In addition, teams will present the projects and participate in a debate. Supportive documentation and references are required. Each team will make a 10 minute argument, and participate in a 5 minute Q&A. The projects will be also graded on the basis of persuasiveness, creativity, and responsiveness to the other students' arguments.

### **GRADING**

The final grades, consisting of overall contribution to class (30%), group project (25%) and final paper (45%), may be adjusted to conform to an acceptable distribution. This curve may increase or decrease the final grade awarded.

**Overall Contribution to Class: (30%)** Class attendance, class participation, class debates, and case study analysis, assignments, instructor evaluation, and peer ratings will comprise 30% of the grade. The Peer Rating component will work as follows. Each student will rate (on a secure website with confidentiality assured) each other student on a 1(bottom) -- 10 (top) scale based on that peer's overall, demonstrated contribution to the class's learning and development. Comments on each student's specific contributions will be solicited and weighed in the "Contribution to Class" grade awarded by the instructor. The submission of a "legacy paper" is also required (pass/fail).

**Group Project (25%).** Teams will present final projects in Class 6 detailing their findings regarding the best practices at a top firm in an industry of interest to the group regarding ethical, moral, and/or legal "best practices" for behaving responsibly. The best projects will explore specific examples for the standards outlined in the report and will be based on interviews with key executive leaders.

**Final Paper: (45%)** The largest single component of the grade will be based on a final paper 6-10 pages in length (12-point type, doubled spaced) on a topic, approved by the instructor in advance, that advances the student's understanding of a Responsibility in Global Management topic related to career or personal interests. Topics might include case studies of challenges faced in a particular firm, historical investigations of scandals or best practices, and, in general, any topic that is broadly relevant to the course and that is of special interest to a given student. The instructor will provide a set of specific acceptable topics for those who have trouble devising their own. The final paper is **due on Friday, October 17th by 3:00 pm.**

**Legacy Assignment (Due Date: Beginning of Second Session, September 15):** Students will be required to submit a short note two pages in length (12-point type, doubled spaced) on My Legacy: In 2050, when you look back at your life (both personal and professional) what will you consider to be your main achievement – your legacy? Students should bring a hard copy to be submitted at the beginning of the second session as well as submit their assignment on the **Canvas** course website prior to class. Pass/Fail grade.

**Change of Grades:** With the exception of clerical/coding errors, there will be no change of grades issued after final grade sheets are delivered to the University Registrar.

## CONCERT RULES

Class will be conducted according to concert rules:

1. Class starts and ends exactly on time. Students and faculty are expected to be timely.
2. Students are to sit according to a seating chart.
3. Students should remain in attendance for the duration of class, except in an emergency.
4. Students should display name plates.
5. All phones and electronic devices should be turned off.

6. The use of video and audio recording devices is not permitted in this course without written permission from the instructor. Laptops may be used, with permission of instructor, for note-taking purposes only.
7. Students who engage in “recreational” computer-related activities will be asked to power their computers off and will not be permitted to use computers in subsequent class sessions.

## **CONTACTING ME**

Should you have any questions or concerns about the class, please do not hesitate to see me. Office hours are on a walk-in basis, so please feel free to come by when convenient. If you are not able to meet during office hours, please email me to arrange an alternative meeting time.

## **COURSE OUTLINE<sup>1</sup>**

### **Class 1, September 8**

#### **I. INTRODUCTION AND OVERVIEW**

##### Topics:

How to Think About Responsibility?

What is the Purpose of the Modern, For-profit Corporation?

Global Context: Cultural perceptions, New Normal, and Multipolar World

Global Trends: How They Impact Corporate Values, Responsibility, and Strategy.

Who will Save Capitalism – the Capitalists?

Some Tools and Frameworks

##### Required Readings:

1. Milton Friedman. "The Social Responsibility of Business Is To Increase Its Profits," *New York Times Magazine*, September 13, 1970. Reprint 96502.
2. Sen, A. (1993). "Does Business Ethics Make Economic Sense?" In from Donaldson, T., & Werhane, P. H. (Eds.) *Ethical Issues in Business: A Philosophical Approach* (8th Edition). Upper Saddle River, N.J.: Prentice Hall, pp. 256-264
3. Donaldson, Thomas, "Values in Tension: Ethics Away from Home," *Harvard Business Review*, September-October, 1996.

##### Cases:

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<sup>1</sup> At times, changes may be made, but the general structure, approach, and issues will remain the same. New cases and material may be substituted for those listed. If unsure of any assignments, please ask for clarification at the end of class. Canvas and Study.net should list specific assignments and due dates.

1. Debora L. Spar, "Hitting the Wall: Nike and International Labor Practices", Harvard Business School Case 9-700-047, September 6, 2002.

#### Mini Cases<sup>2</sup>:

1. Curem Pharmaceuticals

#### Additional Readings (optional):

1. Raghuram Rajan and Luigi Zingales, *Saving Capitalism from the Capitalists: Unleashing the Power of Financial Markets to Create Wealth and Spread Opportunity*, 2003
2. Michael Kinsley, *Creative Capitalism: A Conversation with Bill Gates, Warren Buffett, and Other Economic Leaders*, 2008

## **Class 2, September 15**

### **II: (1) RESPONSIBILITY AND PERSONAL VALUES and (2) CORRUPTION**

#### Topics:

Discovering Your True Interest

Do You Need a Strategy for Your Life? What is Your Legacy?

Responsibility to Specific Stakeholders and Across Culture

Corruption: One Trillion Dollar Industry; Can You Fight Corruption by Fighting Corruption?

#### Required Readings:

1. Clayton M. Christensen, *How will You Measure your Life?* Harvard Business Review, July-August, 2010
2. Thomas Donaldson and Patricia Werhane, "Introduction to Ethical Reasoning," from Donaldson, T., & Werhane, P. H. (Eds.) *Ethical Issues in Business: A Philosophical Approach* (8th Edition). Upper Saddle River, N.J.: Prentice Hall, pp. 1-12

#### Cases:

1. Hearly, P. & Petkoski, D., *Managing Anti-Corruption at Siemens*, Harvard Business School, Multimedia Case Study, March 28, 2012

#### Mini Cases<sup>3</sup>:

2. Zimpel

#### Additional Readings (optional):

1. *The Foreign Corrupt Practices Act: A Reconsideration*: The text of the 1977 act, a discussion of its impact, and proposed changes in it.

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<sup>2</sup> The mini cases will be made available in the class

<sup>3</sup> The mini cases will be made available in the class

## **Class 3, September 22**

### **III. (1) CORRUPTION AND INTERNATIONAL DEVELOPMENT and (2) CORPORATE BODIES AND GUILTY MINDS**

#### Topics:

How does Corruption affect Global Business? What is the Role of Multilateral Development Banks?

How to Navigate Contexts where Corruption Happens?

How Do We Manage Legal Obligations alongside Those of Responsibility

#### Mini Case<sup>4</sup>

1. *Padma Bridge and the World Bank*

#### Media Reports (do your own web-search):

1. *MNCs and Allegation of Corruption and Price Fixing in China*
2. *BNP Paribas Scandal and \$8.9 Billion Penalty*

#### Additional Readings (optional):

1. *World Bank: Business Lead Collective Action against Corruption in Senegal*
2. William S. Laufer (2006) *Corporate Bodies and Guilty Minds: The Failure of Corporate Criminal Liability*. Chicago: University of Chicago Press.

## **Class 4, September 29**

### **IV. STAKEHOLDERS ENGAGEMENT, GOVERNMENT RESPONSIBILITY, AND INSTITUTIONAL VOID**

#### Topics:

Responsibilities and Weak Institutions.

What are the Responsibilities of the Other Stakeholders: Governments, NGOs, Development Actors such as UN, Multilateral Development Banks, Donor Agencies, Foundations, etc.?

Do Countries Need National CSR Strategy?

#### Required Readings:

1. Donaldson and Dunfee, T., "A Social Contracts Approach to Business Ethics," In *Ethical Issues in Business*, 448-453.
2. R. Edward Freeman, "Stakeholder Theory of the Modern Corporation," In *Ethical Issues in Business*, pp. 39-53.

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<sup>4</sup> The mini case will be made available in the class

Cases:

1. Petkoski Dj. *Restoration of the Sea Star*, World Bank Institute, the World Bank
2. Ray Goldberg, Carin-Isabel Knoop, and Djordjija Petkoski, *Seeding Growth in the Democratic Republic of Congo*, HBS Case Study, 2013

Mini Cases<sup>5</sup>

1. *Government of India and the World Bank: Indian National Foundation on CSR*, 2011
2. Special Purpose Fund and Restructuring of State Owned Enterprises in the Democratic Republic of Congo

**Class 5, October 6**

**V: (1) OBLIGATIONS TO INVESTOR AND HOW TO ATTRACT THEM and (2) RESPONSIBILITIES IN FRONTIER MARKETS**

Topics:

Does Responsibility Attract Investors?

Responsibility of B2B Companies

Responsibility at the Base of the Pyramid (BoP); Responsible Marketing at BoP

Is Financial Inclusion a New Fat?

Required Readings:

1. V. Rangan, M. Chu, D. Petkoski, *Segmenting the Base of the Pyramid*, Harvard Business Review, 2011.

Cases:

1. Djordjija Petkoski, *Firmenich in India: Changing the Rules of Engagement with Low Income Consumers*, 2014

Mini Cases<sup>6</sup>

1. What did go wrong with Microcredit in India and Bangladesh? What was the Role of Wall Street?
2. Djordjija Petkoski, *Firmenich in Uganda*, 2014

Additional Readings (optional):

1. Petkoski, D., Kasturi, R. V. & Laufer, W., Guest Editors, *Business and Poverty: Opening Markets to the Poor*, Development Outreach, World Bank, Volume 10, Issue 2, June

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<sup>5</sup> The mini cases will be made available in the class

<sup>6</sup> The mini cases will be made available in the class

2008.

2. Aneel Karnani (2007), *The Mirage of Marketing to the Bottom of the Pyramid: How the Private Sector Can Help Alleviate Poverty*, California Management Review 49, 4, 2007
3. Kash Rangan, Lisa A. Chase, and Sohel Karim, "Why Every Company Needs a CSR Strategy and How to Build It", HBS Working Paper, 12-088, April 5, 2012.
4. Michael E. Porter and Mark R. Cramer, "Creating Shared Value," *Harvard Business Review* (January 2011), 89: 66.

## **Class 6, October 8**

### **VI: (1) COLLECTIVE ACTION and (2) GROUP REPORTS**

#### Topics:

Is Collective Action an Answer?

Group Reports on Best Practices in Selected Firms or Industries

#### Required Readings:

1. Petkoski, D., Warren D. & Laufer, W. *Collective Strategies in Fighting Corruption: Some Intuitions and Counter Intuitions*. Journal of Business Ethics, 2010.

#### Cases:

1. Ray Goldberg and Kerry Herman, "Alleviating Poverty and Malnutrition", HBS Cases Study, No. 9-907-409 (2008)

#### Additional Readings (optional):

1. Goldberg, R. A., Petkoski, D., Herman, K. *Fighting Malnutrition and Hunger in the Developing World*. Harvard Business School, April, 2009. (N9-909-406)