LGST 611 (Van Oosterhout) – 2016 Spring Q3

RESPONSIBILITY IN GLOBAL MANAGEMENT

Instructor:

J. (Hans) van Oosterhout (PhD) is Professor of Corporate Governance and Responsibility at the Rotterdam School of Management, Erasmus University, in Rotterdam, The Netherlands. He holds a MA in Political Science from Leiden University, and a PhD in Management from Erasmus University. His research is in comparative corporate governance, involving both comparisons between different national governance systems and comparisons between different forms of ownership and enterprise organization. His research focuses on the firm and country level rules of the game that shape the corporate governance role of owners and executives in public firms (with a current focus on the corporate governance role of shareholder voting across different national contexts), the specific governance challenges that arise from different ownership assignments in firms (with a current focus on the specific governance challenges of professional partnerships, family firms, and philanthropies), and the country, firm, and intra-firm factors that shape the ways in which firms deal with their primary and secondary stakeholders. See:

http://www.rsm.nl/people/hans-van-oosterhout/

Hans is a visiting professor at the Legal Studies and Ethics Department for the spring 2016 semester.

Course aims:

This course aims to familiarize MBA students with how economic, ethical, legal, and political issues are often intertwined in global business, and to equip them with the conceptual tools and practical skills to navigate these issues responsibly as (future) managers. Because managers routinely act on behalf of the firms that employ them, and may even be responsible for shaping or reforming these firms, this course will shift between organizational and managerial perspectives on the issues at hand. The issues discussed in this course involve a variety of different concerns that are likely to be encountered by managers in global business. Although we will start with discussing some foundational insights and with exploring different ways of thinking about these issues, the ultimate aim of this course is to enable you to make better decisions and act responsibly in everyday practice. The teaching approach for this course will involve class-discussion on cases, readings, and current affairs articles, team presentations, and assignments.

Grading:

The grading for this course will comprise three components: 1) contribution to class (20%), 2) midterm team-assignment (40%) and 3) an individual case assignment (40%). Application of the curve to the weighed scoring on these components will determine the final grade awarded.

1. Contribution to Class: (20%) Class attendance, class participation, small assignments, peer ratings, and instructor evaluation will comprise 20% 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) to 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.

2. Team assignment (40%). Teams of 4-5 students will present their findings on an
organization of their choice in a private presentation to the instructor in the week of classes 7 and 8. Presentations will take place in 30-minute time slots, with a 12-minute presentation, 10 minutes Q&A about the presentation, and 8 minutes feedback and evaluation from the instructor. Grades will be communicated after all presentations have been completed and compared on the grading criteria.

3. Final individual case assignment: (40%) An individual take-home case assignment will be handed out to students. Students should write a short report (1200 to 1800 words maximum) on a specific case, according to pre-established requirements that will be explained later. The assignment is due on Canvas on: **Monday, February 29th, 2016, before noon.**

Classes and required readings

**Class 1. Different ways to think about issues in business and management.**
After introductions, we will discuss the Novartis case to explore different ways to think about the challenging issues that we are most likely to encounter in global business.

*Readings:*
- Case: Novartis loses patent battle in India; Time to realign the business model to emerging markets? (SMU 13-0015).

**Class 2: Capitalism’s cornerstone foundations.**
Applying the different ways of thinking explored in the introductory session, we will discuss the cornerstones of modern capitalism and zoom in on private ownership specifically. We will find that private ownership is a powerful, but not a simple idea.

*Readings:*

**Class 3: The versatility of capitalism in practice.**
We will explore the actual versatility of ownership in organizational forms, and investigate why, in practice, the ownership of firms is sensitive to social, ethical, political, and even emotional considerations, next to financial returns.

*Readings:*
- Case: The Goldman Sachs IPO (HBS case 9-800-016)

**Class 4: Owners and stakeholders.**
Building on the previous session, we will explore which interests other than a firm’s owners—i.e. so-called (stakeholders)—executives will need to take into account in making or executing firm decisions, or in advising other firms.

*Readings:*
Class 5: Valuing and securing employee interests.
This session will focus on employees as an important primary stakeholder group of the firm, and the different ways to attend to or protect their interests.

Readings:

Class 6: Creating value for whom?
A critical question is whether firms should create value first and foremost for their customers or for their owners. We will discuss a case in which client or consumer interests are critically at stake.

Readings:

Class 7: The corporate objective of publicly listed firms.
In this session we will have an in-class debate on the question what the purpose or corporate objective of publicly listed firms ought to be. Students are also asked to make a small assignment (counting towards participation) and bring it to class.

Readings:

Class 8: Presentations on team assignment
No class. Instead, team presentations will take place outside regular classroom hours. Each team will present separately at a time to be determined and communicated later.

Class 9: Implementing fairness in family firm succession.
Family firms are globally the most prevalent organizational form facing highly distinctive governance challenges. In this session, we will discuss the practical question how to assure fairness in the succession process of a family owned and controlled firm that has done this ‘right’ for 10 generations already.

Readings:
- Case: De Kuyper Royal Distillers: Three Centuries Of Succession; Ivey Publishing #9B11M067
Class 10. Corporations and politics.
We will discuss some of the political and legal strategies that firms pursue to advance their interests, as well as the limits that confine their moral and political appropriateness.
Readings:

Class 11. Doing business abroad.
We will discuss the cultural, moral, and political challenges that may arise when doing business abroad, as well as ways to navigate these challenges.
Readings:
- Case 1: Google in China (A) (HBS 9-510-071)
- Case 2: Kitchen Best (Asia Case Research Center, 711-041)

Session 12: The buck stops with you!
Regardless of the kind of position you will have and the type of firm that will employ you, you will always have to make judgments on difficult issues for which you will ultimately are, or will be held, personally responsible. In this final session, we will discuss such tough calls, as well as the consequences they may have for your life and career. Students are asked to make a small assignment (counting towards participation) and bring it to class.
Readings:
- Case: The Analyst’s Dilemma (HBS 394-056, 1993)

Ground rules
1. You are expected to attend class and to actively participate in discussion.
2. Class starts and ends on time.
3. Please display your name tent. If you forget yours, you can make an informal one.
4. Students who are unprepared should flip their name tents down.
5. You may use laptops and mobile devices in class for class-related work only.
6. You may eat in class, but please do so unobtrusively ;-).
7. Let’s try to make this course both work and fun for everyone!