Business and Society: Doing Well by Doing Good?  
Spring 2018

Can a business be a financial success and also be valuable to society? Is there a conflict between looking after shareholders and looking after stakeholders more generally? Does a company have responsibilities to society over and above those to its shareholders? Is it ethical to outsource production to low-wage countries where working conditions are vastly inferior to those in the US? What should corporations be doing about climate change? Can corporations and business methods contribute to the solution of social and environmental problems such as education, lack of housing, inequality? Is there a business case, a profitability case, for a corporation to be proactive in the social and environmental areas?

These are topical and pressing issues, of concern to most corporations and to many in the political and non-governmental worlds. They are also the main focus of “Business and Society.” It is an interactive discussion-based and case-based course that looks at examples of companies that have succeeded in doing well (financially) and doing good (for society). We also hear from practitioners who are wrestling with these issues in their business lives. The outside speakers are CBS alumni.

The picture that emerges from the course is that “doing well” (financially) and “doing
good” (for society and stakeholders) can be made compatible. There are many examples of companies that do both – that meet demanding ethical standards and add immense value for all stakeholders, while being amongst the most profitable in their industries and giving a great return to investors. In the course we try to understand why this is, and what distinguishes these companies from others. When are these two goals compatible, and how can a company go about reconciling them? We develop a general economic framework for thinking about these issues. We spend time discussing the relationship between corporations and non-governmental organizations and the role that these play in providing incentives for corporations to behave responsibly.

Topics discussed include

- business and the environment
- socially responsible investing,
- the pharmaceutical industry and its pricing policies, and healthcare more generally
- executive compensation and inequality more generally
- innovation in education and for-profit educational institutions
- outsourcing and monitoring supply chains,
- sustainability reporting and triple bottom line issue

Assessment will be in three parts: class participation, case write-ups and a term paper. These will account respectively for 10%, 45% and 45% of the final grade.

Details of case write-ups and term papers follow:

You have to write up two cases. I am using the word “case” loosely: by case I mean any class discussion of a topic whether it is based on a formal case or on background reading which is not in the format of a case.

You should write up a class discussion after the discussion has occurred in class, so that you can reflect the facts and arguments that emerged in class. I am looking for a maximum of three pages single-spaced 12 point doing two things:

1. Summarizing the points of view that emerged in class and
2. Giving your own point of view

The final term paper is due by the end of exam week. The term paper should take an issue or topic discussed in class, and develop it in the context of a particular firm or industry (e.g. child labor and the toy industry: executive pay in the media business: greening the retail business or a particular retail organization). Ideally you should pick a firm or industry about which you have some personal knowledge.
If you have difficulty picking a topic, please don’t leave it to the end of the semester, but come and see me: I can probably help you to pick something. And even if you do find a topic easily, feel free to talk to me about it, to get some direction and perhaps some reading.

Term papers **should not exceed 8 pages of single spaced text** plus appendices containing data, graphics, spreadsheets etc.

Session-by-session outline of course:

- Session 1: Soccer Balls Made by Children for Children – this case deals with child labor in the supply chain. Student presentations and case discussion.
- Session 2: Citigroup and the Equator Principles – this case deals with corporate responsibility for environmental issues. Student presentations and case discussion.
- Session 3: Lecture: What is Corporate Social Responsibility?
- Session 4: Lecture: Economics and CSR
- Session 5: Columbia University and fossil fuel divestment - reading and student presentations and discussions
- Session 6: Shopping Your Values – reading and student presentations and discussions
- Session 7: The moral limits of markets - reading and student presentations and discussions
- Session 8: Measuring CSR - reading and student presentations and discussions
- Session 9: Executive Compensation – readings and student presentation and discussions
- Session 10: Is the market the best way to provide healthcare? – readings and student presentation and discussions
- Session 11: The Pharmaceutical Industry - case and student presentations and discussions
- Session 12: EITHER: Is Wal-Mart Socially Responsible – OR Education, competition and profits - readings and student presentations and discussions