



MGT 290  
Corporate Social Responsibility  
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### **Overview**

Corporate Social Responsibility is a field of critical importance and much debate. Over the last two decades there have been growing efforts by companies large and small to act in a “socially responsible way.” But what does that mean? How does CSR relate to the theory of the firm as an instrument to maximize return to its shareholders? And how do CSR efforts affect management decisions in traditional fields such as strategy, finance, and marketing?

The goal in MGT290 will be to develop a thought process and approach to CSR that students will be able to build on during their post-school leadership roles, whether as corporate executives, entrepreneurs, or NGO leaders.

The strategy in MGT 290 will be to expose students to a broad set of CSR issues in the context of cross-functional business challenges, and then focus on the analysis and critical decisions that managers must make to move their business and their social agenda forward. Via the case studies that we explore and the guest speakers that we interact with, we will assess CSR efforts across a wide variety of business situations and through a diverse set of points of view.

Students will be expected to engage early and often in class discussions and guest speaker sessions – this will be a very interactive class. Students will also lead their own field study of a local / regional company, where they will have the opportunity to observe and assess CSR initiatives in the “real world” of day-to-day business.

## **Objectives**

Throughout the course we discuss and debate a set of critical questions in Corporate Social Responsibility, including:

- What are “business ethics” and what role do they play in corporate governance?
- What is the social responsibility of a firm?
- Can a firm “Do well by doing good?” Is there a market for virtue?
- What are key elements of a socially responsible business?
- How does CSR affect the strategy of the firm?
- What operational trade-offs does CSR force us to consider? Across employees, partners, shareholders, customers, communities?
- Is CSR only for those who “can afford it?” What about small businesses? Developing economies?
- When is CSR in the marketplace more Marketing Strategy than Corporate Commitment? Does it matter?
- How do we think about the role of corporations versus governments? Self-monitoring versus government regulation? Global problem-solving?
- What is social entrepreneurship and what role does / can it play?
- How do evolving social constructs and technologies change how we think about CSR?

While many of these questions will not have a definitive and clear answer, our goal is to develop a well-reasoned approach to addressing them at all levels of the business ecosystem.

Specific areas we will focus on and debate include:

- Ethics and the role of corporate governance
- What a business is for
- The link between CSR and Competitive Advantage
- The role of enterprise versus governments
- Local versus global CSR challenges
- The role of sustainability in business
- CSR and the competition for talent
- Disruptive innovation driving social change
- Social entrepreneurship filling market gaps
- Measuring the impact of CSR

Our class plan involves four overarching elements:

- (1) Build a foundation of issues and opportunities through key readings
- (2) Drive situational analysis and critical analytical thinking through assessment and discussion of case studies
- (3) Gain pragmatic insights through listening and interacting with experienced leaders
- (4) Obtain pragmatic insights by working with a local/regional business

### **Class Administration**

Evaluation of student performance in the class will be based on three elements:

- 25% Local Company Project (teams of two)
- 25% Case Write-ups (teams of two)
- 50% Class Participation (you are on your own)

- 1) **Local / Regional Company Overview Project.** For this hands-on field assignment, teams of two students will identify, interview, and profile a local / regional company on their CSR practices. The goal will be to gain a practical understanding of how the business defines and thinks about CSR, how they make trade-offs between mission and profit, and how their actions affect their key stakeholders. The project will require in-person interviews with the (or a) principal in the business, a thorough review of their operational practices, and an assessment of how CSR affects their investors, employees, customers, competitors, and local community. The intent is for this to be a small to medium-sized business, but there will be flexibility in what business is profiled based on student's individual interests. The final deliverable will be a written presentation due at the end of the quarter. Teams with the most thoughtful profiles will be invited to deliver a brief overview of their insights to the class. A more detailed set of guidelines for the project will be distributed separately during the first class session.
- 2) **Case Write-ups.** There will be four case write-ups during the course, each addressing key issues facing the executives in the case. In the case write-ups I will be looking for a topline analysis at a level which is appropriate for a senior executive briefing (i.e., +/- 2 pages). The write-ups should be prepared in groups of two, with each group turning in a single analysis. Details on each assignment will be handed out in the class prior to the one in which the write-up is due. There is a substantial premium on thoughtful and pithy analysis.
- 3) **Class Participation.** Active participation in our class discussions is the most critical component of this course. I expect you to come fully prepared to engage in the key issues of the case material and associated readings for every class, to have your own POV on the analysis, and be prepared to grapple with the key challenges presented. Each class assignment will have suggested questions: (a) to help you think through and be prepared to discuss the foundation material presented in the reading and; (b) to help focus your case preparation, which should include analysis as well as specific recommendations on implementation. I encourage you to form study groups to work through the cases together, although this is at your option (i.e., it is not required).

I employ the Socratic Method during our case discussion, and will often call on students who do not have their hands raised. Typically one or more members of the class will be asked to start the session by addressing a specific question, and then we will open up the floor to the broader group. During the case discussion, the class will build a thorough analysis of the situation, based on an assessment of the case materials and the readings, and liberal use of your good managerial judgment. Our goal throughout is to engage each other and learn, not necessarily to come up with the “right” answer.

In most of the cases we discuss there will be a number of different ways of looking at the situation, as well as actions and plans that could be undertaken. Given that fact and the varied perspectives of our class members, I look forward to a healthy and lively debate during class. That said, I expect all class members to conduct themselves in a professional and respectful manner at all times.

Criteria that will be applied in measuring effective class participation include:

- Is the participant a good listener?
- Are the points that are made relevant to the discussion? Are they linked to the comments of others?
- Do the comments show evidence of analysis of the case and an understanding of the assigned reading?
- Is there a willingness to test new ideas or are all comments "safe" (for example, repetition of case facts without analysis and conclusions)? N.B., a thoughtful question can be an important contribution.
- Do comments lead to a clearer statement of the concepts being covered and the problems being addressed?

I also expect and will assess interactions between you and our guest speakers. The extent to which you are prepared to engage our guests, and drive insights for your and the class’s benefit, will reflect favorably on your review.

### **Class Operations**

- Classes will be split into two modules. The first half of each class will be a module dedicated to our case discussion. There are 10 of these cases during the quarter – starting with the first class. After a brief and restorative break, the second half of each class will be a module dedicated to a guest speaker, who will deliver a talk from the POV of their personal experiences, and will offer the class the opportunity to engage in a Q&A session. Often the two modules in a given week will be directly related, but in a number of cases – in order to cover as many critical CSR topics as possible – the second module will have a different focus from the first. Several of the classes will not involve a guest speaker but rather an exercise and in the case of the last class, selected team presentations.
- I look forward to our ten classes together, so I expect to see you each and every Monday. However, if something unavoidable presents a problem, please let me know in advance via email if you must miss a class. More than one absence will affect your grade and each subsequent absence will have an increasingly negative effect.
- As a courtesy to your classmates and to the guests we will have during the quarter, please arrive on time and depart only once the class has concluded. During our time together, you will need to shut down all laptops, tablets, cell phones, and the like, and leave the outside world behind.
- To help me learn your names as quickly as possible and remember your participation in class discussions, I ask that you use a name card in class and sit in the same seat throughout the quarter. In the first class I will ask each of you to speak briefly about your background and give me a proper pronunciation of your last name (trust me when I say “DiNunzio” has been mispronounced in every way possible – I will endeavor to get your name right).
- I plan to be thoroughly prepared for every class and expect you to be as well. Because I often call on individuals whose hands are not raised, you should let me know before class if an emergency has made it impossible for you to be prepared adequately for that class.
- Throughout the class, each student is expected to conduct him/herself in concert with the UC Davis Code of Academic Conduct <http://sja.ucdavis.edu/files/cac.pdf>. Furthermore, while I expect a lively discussion and debate each class, I expect that it will occur within the boundaries of professionalism and civility.

## **Class Materials**

### **Required Study Cases & Readings**

The Course Packet on Study.net contains the case studies for each class. Case discussion questions will be provided on Smartsite or via handout. The cases are required reading and will form the basis of our discussion each week. The readings in the Course Packet are also required and will provide overall insights into CSR and typically will be helpful in preparing for your case analysis or your discussion with our guests.

In addition, you are required to read David Vogel's book: *The Market for Virtue: the Potential and Limits of Corporate Social Responsibility*. It is available as an eBook on Google, Amazon (for Kindle or PC), or, if you prefer, as a paperback from Amazon and other sources. It is a sober and objective assessment of many of the issues we will be covering, and will serve you well both in class and afterwards.

### **Background/Optional Reading**

After each topic I will post a set of optional readings. They are not required but will provide more depth for those of you who are interested in a particular area. I am always willing to go into more depth in an area of interest, whether for an individual or the class as a whole.

## **Guest Speakers**

We are fortunate to have several highly experienced guest speakers who will be joining us for discussions during the quarter. The objective in bringing in these leaders is for us to be able to share in their personal experiences and insights. There will not necessarily be a one-to-one match between the case discussion and the guest speaker in terms of specific topic for any individual class, nor will the guest speakers necessarily provide a POV that is consistent with what you have read or debated. What they will bring is deep real-world experience across a spectrum of topics within Corporate Social Responsibility. It is in your best interest to be prepared to engage each guest on the areas of their expertise and the points that they deliver. The extent to which you come armed with specific questions and points of discussion, the more you will get out of their presence in the class.

Given unpredictable demands on their time, the schedule of speakers is subject to revision.

## MGT 290: Corporate Social Responsibility

### Class Outline

<u>Week</u>	<u>Case Discussion Module</u>	<u>Guest / Exercise Module</u>	<u>Readings</u>	<u>Written Assignment</u>
Class 1: 1/10	Topic: Ethics and Corporate Controls Case: Martha McCaskey	Class Overview, Introduction	<ul style="list-style-type: none"> <li>• Personal Values and Professional Responsibilities</li> <li>• Vogel, The Revival of Corporate Responsibility</li> </ul>	None
Class 2: 1/17	Topic: Do Well by Doing Good? Case: IBM Values and Corporate Citizenship	Necessary Evil: Ethics Exercise	<ul style="list-style-type: none"> <li>• What is Business For?</li> <li>• The Social Responsibility of Business is to Increase its Profits</li> </ul>	Identification of initial target for Local Business Initiative
Class 3: 1/24	Topic: CSR as Strategy Case: Patagonia	Topic: CSR as Strategy Rick Ridgeway, VP, Environment, Patagonia	<ul style="list-style-type: none"> <li>• The Link between Competitive Advantage and Corporate Social Responsibility.</li> <li>• Vogel, Is there a Business Case for Virtue</li> </ul>	Case write-up
Class 4: 1/31	Topic: Social Mission vs Profit Case: Whole Foods: Balancing Social Mission and Growth	Topic: Mission-driven companies & brands Guest: Tom Fishburne, former VP/GM, method products	<ul style="list-style-type: none"> <li>• The Competitive Advantage of Corporate Philanthropy</li> <li>• Vogel, What is the Demand for Virtue</li> </ul>	Interview / research brief for Local Business Initiative
Class 5: 2/7	Topic: Corporate Role in Society Case: Royal Dutch Shell in Nigeria(A)	Topic: TBD Guest: Susan Mac Cormac, Partner, Morrison Foerester	<ul style="list-style-type: none"> <li>• Vogel, Corporate Responsibility for Human Rights and Global Citizenship</li> <li>• The For-Benefit Enterprise</li> </ul>	Case write-up



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Class 6: 2/14	Topic: The Economics of Sustainability Case: Wal-Mart's Sustainability Strategy(A)	Topic: Sustainable business strategy Guest: Andy Ruben, VP Global eCommerce Strategy, Walmart	<ul style="list-style-type: none"> <li>• Strategy for Sustainability</li> <li>• Vogel, Corporate Responsibility for the Environment</li> </ul>	Status update, Local Business Initiative
Class 7: 2/21	Topic: Health Crisis vs Business Crisis Case: Life, Death, and Property Rights: The Pharmaceutical Industry Faces AIDS in Africa	How much is enough: Class Exercise	<ul style="list-style-type: none"> <li>• Vogel, Corporate Responsibility for Working Conditions in Developing Countries</li> </ul>	Case write-up
Class 8: 2/28	Topic: Social Entrepreneurism Case: TerraPass	Topic: Transparency, sustainability and start-ups Guest: Michael Clayton, Founder Trace & Trust	<ul style="list-style-type: none"> <li>• The For-Benefit Enterprise</li> <li>• Successful Business Models: Lessons from Social Entrepreneurship</li> </ul>	Final written presentation, Local Business Initiative
Class 9: 3/6	Topic: Privacy, Externalities, and Crisis Management Case: ChoicePoint (A)	Topic: Building a successful NGO from the ground up Guest: Jill Violet, Founder & CEO, Playworks	<ul style="list-style-type: none"> <li>• What was Privacy?</li> <li>• Leadership in the Age of Transparency</li> </ul>	Case write-up
Class 10: 3/13	Topic: Measuring Social Investment Case: Acumen Fund: Measurement in Impact Investment (A)	Select Local Business Presentations Discussion / Wrap-Up	<ul style="list-style-type: none"> <li>• The Virtue Matrix: Calculating the Return on Corporate Responsibility</li> <li>• Vogel, Beyond the Market for Virtue</li> </ul>	None