MBET 70620-01 – Ethics in the Emerging Markets
University of Notre Dame MBA Program
Fall 2012
SYLLABUS

[N.B. This syllabus is not finalized and specific readings and assignments may change to optimize learning.]

“Let us choose to unite the power of markets with the strengths of universal ideals...let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations.”1 Kofi Annan

Facilitator: Prof. Joseph A. Holt
Office: 261 Mendoza College of Business
Office Hours: By appointment
Telephone: (574) 631-2715 (Office Number); (773) 220-8598 (Cell Phone Number)
Email: jholt@nd.edu (if you need a response sooner than you are receiving one by email, please call me; if you do not, I will assume the matter covered in your email message is not urgent).

Course Overview and Objectives

Everyone involved in business is affected by the increasing globalization of the marketplace. Even the domestic operations of parties not directly engaged in international business are affected by international events. To better understand international business is to better anticipate and capitalize on the risks and opportunities it represents. Companies and individual executives are faced with particular challenges and have to find ways to address these challenges in ways that are economically, environmentally and ethically sound. And they often have to do this under conditions of intense competition and in the absence of effective governments and sufficient legal frameworks.

The emerging markets in particular currently offer businesses great opportunities for growth and also great ethical challenges. A recent McKinsey Quarterly underlined the importance of emerging markets with the following observation: “For all the complexity of emerging markets, they offer multinationals and their shareholders the best hope for future prosperity. Consumers in those markets hold the key to a $30 trillion prize that lies

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1 From a speech given in 1999 by U.N. Secretary General Kofi Annan at the World Economic Forum in Davos, Switzerland.
just over the horizon. During the next 100 years, the title of ‘world’s greatest companies’ will surely be given to those that win in emerging markets.”

Our course will emphasize both the opportunities to “win” by making a positive difference consistently with our Ask More of Business™ message, and by navigating the ethical difficulties often (though by no means exclusively) faced in emerging markets. Students will gain an increased understanding of how businesses in emerging markets can optimize economic, environmental and social/ethical performance to better meet the abiding expectations of investors and increasing expectations of society in general. Our readings will reflect a particular concern for the poor, for the natural environment, and for sustainability.

We will emphasize the increasing overlap today between business goals, environmental and social goals in global business in general and in the emerging markets in particular. This overlap represents a new operating environment in which issues of sustainability, corruption, human rights, product safety, responsible marketing, etc. must be addressed. In this course we will discuss how best to address such issues effectively, and we will emphasize that effective handling of such complex issues requires a clear awareness and strong commitment to the values that define us at our best as individuals, companies and cultures.

The following is a partial list of course objectives:

- Increased awareness of particular opportunities and challenges facing businesses in the emerging markets
- Greater skill at identifying and prioritizing competing values underlying ethical issues in emerging markets
- Increased self-awareness of working views of human nature and society and greater understanding of how such views shape social and ethical behavior
- Enhanced skill at systematic ethical analysis of ethical issues facing businesses in emerging markets
- Deeper understanding of and appreciation for economic, environmental and ethical/social best practices of companies operating in emerging markets
- Knowledge of the key factors that lead societies to fail or succeed

**Required Course Text:**


In addition, each student should purchase a supplemental course readings pack from Faculty Support, MCOB 338. Payment may be made only by cash or check.

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Additional readings or exercises will be provided if and as necessary to achieve the objectives of our course.

**Course Format**

Small and whole group discussions enriched by prior reading and reflection.

**Course Requirements**

1. **Participation (20% of your grade)**

Class participation is a very important part of the learning process in this discussion-based course. You will be evaluated based on both the quantity and the quality of your contributions and insights (with the latter being weighed more heavily). Quality comments possess one or more of the following properties:

- offer a different or unique, but relevant, perspective
- contribute to moving the discussion and analysis forward
- build on or constructively challenge comments from other students
- apply concepts from the readings to negotiation experiences

The participation grade, like many performance ratings you will receive in your careers, is partially subjective; but it is not random or arbitrary. By way of a rough guideline to the basis for determining class participation grades, I offer the following (with “plusses” such as B+ and minuses such as “A-“ given as deemed appropriate at the margins):

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
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<tbody>
<tr>
<td>A</td>
<td>Regular and timely attendance; frequent, clear and consistent evidence of thorough class preparation; consistently thoughtful, insightful, relevant and constructive comments and/or questions that forward the discussion materially and so contribute substantially to individual and class learning (note that quantity for all participation grades matters, though quality always matters more)</td>
</tr>
<tr>
<td>B</td>
<td>Generally regular and timely attendance; frequent evidence of generally solid class preparation; generally thoughtful, insightful, relevant and constructive comments and/or questions that tend to forward the discussion and so contribute to individual and class learning</td>
</tr>
<tr>
<td>C</td>
<td>Possibly some absences; some evidence of class preparation that is adequate but not thorough or solid; comments and/or questions that only occasionally contribute to individual and class learning in the manner described above</td>
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2. **In-Class Quizzes (20% of your grade)**

During 2-4 unannounced points in the course you will be provided an opportunity to demonstrate your grasp of central points made in assigned readings. These questions will be designed so that you can demonstrate your understanding of the key concepts and/or your ability to apply those concepts. Your lowest quiz grade will be dropped.

3. **Short Analysis Paper (20% of your grade)**
In order to further solidify your learning mid-way through the course, you will be asked to write a brief paper (3-5 pages) on one of the following options:

- A “best practices” story pertaining to business “at the bottom of the pyramid
- A reflection on Michael Porter’s notion of creating shared value, explained with reference to a successful business initiative (e.g. growing the market for toilet paper in Turkey while reducing serious illness and suffering)
- A critical reflection on an emerging markets business issue currently in the news (e.g. mining in South Africa)
- A critical reflection on a topic relevant to ethics in the emerging markets that is of interest and importance to you but it not covered in our course materials.

The short analysis paper will be more persuasive, and hence will earn a higher grade, if it is well-organized, well-written, grammatically correct, comprehensive (all major issues that should be covered are covered), engaging and insightful. Papers should be submitted to me at by Word email attachment only by Tuesday, November 27th, by 10pm CST.

4. Final Exam (40% of your grade)

There will be a cumulative final exam on Tuesday, December 11th, from 5pm to 7pm in our regularly scheduled classroom. Please make end of the Module travel plans accordingly. The exam will include a combination of short answer and short essay questions. It will require open minds but closed books and closed notes.

Students will have the option of taking the final exam orally. The default assumption is that you will take the written exam, but if you want to take the exam orally you must request that option by email message to me no later than the start of our class on Tuesday, November 27th. This is a hard deadline. Oral exams will be conducted on or around the date of the written exam.

Grading: I will use the following scale in assigning grades (with fractions on the 100 point scale being rounded up or down as the case may be, 92.7 rounded up to 93, 87.3 rounded down to 87, and so on):

A (4.000) = 93 – 100
A- (3.667) = 90 – 92
B+ (3.333) = 86 – 89
B (3.000) = 82 – 85
B- (2.667) = 80 – 81
C+ (2.333) = 76 79
C (2.000) = 72 – 75
C- (1.667) = 70 -71
F (O) = < 70

Consistently with Notre Dame MBA grading guidelines, the grade point average for our course should fall between 3.3 and 3.6.
TENTATIVE COURSE SCHEDULE

Class 1 (October 23rd): INTRODUCTORY CONCEPTS

Reading for Class:

- Kline, Chapters 1 & 2
- Case Discussion: Mining in Tambogrande

Class 2 (October 25th): SHOULD ONE DO AS THE ROMANS DO WHEN DOING BUSINESS IN ROME?

Read for Class:

- “Everyone’s Problem: Looking Beyond the Wal-Mart Bribery Case,” Knowledge @ Wharton, May 9, 2012, available online at http://knowledge.wharton.upenn.edu/article.cfm?articleid=2999
- Case Discussion: “The Shakedown” (SCP)

Class 3 (October 30th): COMPETING (AND SOMETIMES PROBLEMATIC) VIEWS OF HUMAN NATURE

Before our October 30th class meeting, take the online Project Implicit “Race IAT” test, available free by following the “Take a Demo Test” link at https://implicit.harvard.edu/implicit/demo/takeatest.html


Read for class:

- Excerpts from Aristotle’s Politics and Hobbes’ Leviathan

Class 4 (November 1st): HUMAN RIGHTS

Read for class:
Class 5 (November 6th):  LEVELS OF ETHICAL ASPIRATION: COMPLIANCE-ONLY VS. COMPLIANCE & INTEGRITY FIRMS/ UN GLOBAL COMPACT

Read for class:

- UN Global Compact Brochure, available online at http://www.unglobalcompact.org/docs/news_events/8.1/GC_brochure_FINAL.pdf
- Additional reading(s) forthcoming

Class 6 (November 8th): BUSINESS AND POLITICS

Read for class:

- Kline, Chapter 4
- Case Discussion: “Constant Respect for Human Rights?” from Motorola

Class 7 (November 13th):  LABOR AND PRODUCTION STANDARDS – HOW (HIGH OR) LOW SHOULD YOU GO?

Read for class:

- Kline, Chapter 5

Class 8 (November 15th):  PRODUCT AND EXPORT CONTROLS

Read for class:

- Kline, Chapter 6
Discussion: What is the morally right price for anti-retroviral drugs in the developing world? (students will research the competing positions of major pharmaceutical companies and argue for their own position)

Class 9 (November 20th): ETHICAL ISSUES IN MARKETING

Read for class:

- Kline, Chapter 7 (optional background reading)
- Case Discussion: Nestle’s Marketing of Infant Formula in Developing Countries
- Case Discussion: Hindustan Lever’s promotion of “Fair and Lovely” in India

THANKSGIVING HOLIDAY BREAK

Class 10 (November 25th): CSR in Emerging Markets

Read for class:

- “Corporate Social Responsibility in Developing Countries,” by Wayne Visser, from The Oxford Handbook of Corporate Social Responsibility, edited by Andrew Crane et al.
- Case Discussion: “Heineken NV: Workplace HIV/AIDS Programs in Africa (A),” by Diana Barrett (SCP)

Class 11 (November 27th): Culture and the Human Environment

Read for class:

- Kline, Chapter 8
- “GE Healthcare in India: An (Ultra)sound Strategy?” (SCP)

Class 12 (November 29th): THE FOUNDATIONS OF SOCIETAL WELL-BEING

Most of this class session will be taken up with a team negotiation exercise, “Foreign Direct Investment in Mandoa,” by Michèle Ferenz, Stan Byers, and David Fairman (SCP). This exercise will put you in the roles of leaders of a developing country struggling to decide how to balance concerns for economic growth, preservation of the natural environment, protection of vulnerable social groups, etc. in the face of an offer of investments from a multinational corporation.

Read for class:

“Measuring Well-being and Progress: Understanding the issue,” an OECD
document available online at http://www.oecd.org/statistics/measuringwell-
beingandprogressunderstandingtheissue.htm

Class 13 (December 4<sup>th</sup>): The Natural Environment

Read for class:

- Kline, Chapter 9
- “Big Businesses and the Environment: Different Conditions, Different
  Outcomes,” Chapter 15 of Collapse: How Societies Choose to Fail or Succeed,
  by Jared Diamond
- “Relief in Every Window, but Global Worry Too,” by Elisabeth Rosenthal
  and Andrew Lehren, New York Times, June 20, 2012, available online at
  http://www.nytimes.com/2012/06/21/world/asia/global-demand-for-air-
  conditioning-forces-tough-environmental-choices.html?pagewanted=all
- Case Discussion: “McDonald’s Corporation: Managing a Sustainable
  Supply Chain” (SCP)

Class 14 (December 6<sup>th</sup>): Why Societies Fail or Succeed

Read for class:

- “What Makes Countries Rich or Poor?,” The New York Review of Books, a
  review by Jared Diamond, June 7, 2012, available online at
  http://www.nybooks.com/articles/archives/2012/jun/07/what-makes-countries-
  rich-or-poor/?pagination=false.
- “Why Do Some Societies Make Disastrous Decisions,” Chapter 14 of
  Collapse: How Societies Choose to Fail or Succeed, by Jared Diamond

DECEMBER 11<sup>TH</sup> – FINAL EXAM