THE SOCIAL AND POLITICAL ENVIRONMENT OF BUSINESS

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This course focuses on the nonmarket environment of business, and the ways that managers can shape this environment to their corporation's strategic advantage. This environment includes the various political, legal, social, and historical forces that provide the "rules of the game" under which companies, industries, and national economies operate.

We begin with an overview of the nonmarket environment in the U.S. and other countries, and consider the impact that political and social variations have on business operations. We also consider the role played by corporate social responsibility and business ethics in the contemporary business world. Finally, we consider the political environment of business -- regulation and deregulation, antitrust policy, high technology policy -- and evaluate strategies for dealing with this environment.

Course Materials

Course materials include the following:

(1) A course reader (available later at Copy Central on Bancroft).

(2) In-class handouts. For those unable to attend lecture, these handouts will be available outside my office (F599) for one week after the assigned date. Selected portions will also be posted on the course web site.

(3) In-class videotapes. These are intended to complement other course materials, but their contents will not be included on exams.
Entering the course

A. Consistent with the procedures of the Haas Undergraduate Program, all students must gain admittance to the course through the Haas Undergraduate Office. The instructor and GSI have no control over this process.

B. Attendance in section in the first two weeks of the course is essential to remaining in the course. Students absent in the first two weeks will be dropped from class lists.

COURSE REQUIREMENTS

BA107 has four course requirements:

(1) Mid-term examination: 20%
(2) Final examination: 30%
(3) Two short case write-ups (20% each): 40%
(4) Attendance and participation in sections: 10%

Mid-term and final exams. The course exams will be closed book and will include materials covered in both lecture and section. Questions will be similar to those reviewed in weekly section, with an emphasis on integrating materials in thoughtful ways. The final exam will be cumulative, although greater emphasis will be placed on materials covered in the second half of the course.

Case analyses. Students will be required to turn in short case analyses twice during the semester. These write-ups should be no more than 800 words in length, and are due at the beginning of section in week 6 and week 14. Additional details will be provided in class.

Section attendance and participation. Sections are an integral part of this course, and students are expected to attend their assigned section on a regular basis. (Section changes are allowed only under exceptional circumstances and on a space-available basis.) Students are allowed to miss a maximum of two sections without prior notification of the Graduate Student Instructor. Absences above this number will lead to a failing grade for this portion of the course, while completion of this basic attendance requirement will result in a grade for this portion of no less than a "B". Grades above a "B" will require at least some degree of active participation in the discussion, with quality counting for more than quantity.
WEEKLY ITINERARY

PART ONE: INTRODUCTION

[8/25] WEEK 1. COURSE OVERVIEW

A. Lecture readings.
[no readings]

B. Section readings. Getting acquainted.
[no readings]

[9/1] WEEK 2. THE NONMARKET ENVIRONMENT OF BUSINESS

A. Lecture readings. [no lecture -- Labor Day holiday]

B. Section readings. Discussion topic: review basics of the nonmarket environment.

PART TWO: THE ROLE OF BUSINESS IN SOCIETY

[9/8] WEEK 3. THE RISE OF BIG BUSINESS

A. Lecture readings.


B. Section readings. Discussion topic: corruption and scandals through the ages.

"Corruption, crime, chicanery: business through the ages." NYT, 12/16/02.

"After a boom, there will be scandal. Count on it." NYT, 12/15/02.

"Capitalism depends on character." NYT, 7/7/02.

[9/15] WEEK 4. CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY #1

A. Lecture readings.

"Corporate Social Responsibility." Chapter 17 of David P. Baron, Business and Its Environment. [cases optional]

"Economics focus: taken for a ride." The Economist, 7/13/02.

"Designed by committee." The Economist, 6/15/02.

"A matter of choice." The Economist, 12/22/01.
R. Section readings. Discussion topic: the WorldCom scandal.

"Ebbers and passive directors blamed for WorldCom woes." NYT, 6/10/03. Two articles:

"Board that made decisions in haste with no questioning." NYT, 6/10/03.

"WorldCom's practices enabled huge fraud, 2 investigations find." NYT, 6/10/03.

[9/22] WEEK 5. CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY #2

A. Lecture readings.


"The new accountability: tracking the social costs." NYT, 3/24/02.

"Environmental groups gain as companies vote on issues." NYT, 5/29/03.

"Exxon backs groups that question global warming." NYT, 5/28/03.

"Green marketing: label with a cause." NYT, 6/15/03.

R. Section readings. Discussion topic: the McWane corporation #1 -- corporate governance and social responsibility.

"A family's fortune." NYT, 1/9/03.
PART THREE: BUSINESS ETHICS

[9/29] WEEK 6. BUSINESS ETHICS #1

A. Lecture readings.

"Ethical systems: utilitarianism and management." Chapter 18 from David P. Baron, Business and Its Environment. [cases optional]

"Ethical systems: rights and justice." Chapter 19 from David P. Baron, Business and Its Environment. [cases optional]

B. Section readings. Discussion topic: the McWane corporation #2 -- business ethics and managerial decisions.

[no readings]

NOTE: CASE WRITE-UP #1 IS DUE [at beginning of section]

[10/6] WEEK 7. BUSINESS ETHICS #2

A. Lecture readings. No class [instructor is out of town].

[no readings]

B. Section readings. Discussion topic: the ethics of digital music exchange.

"Download warning 101." SF Chronicle, 8/11/03.

"Recording industry to sue internet music swappers." NYT, 6/26/03.

[full-page ad in New York Times warning against music swapping]
[10/13] WEEK 8. BUSINESS ETHICS #3

A. Lecture readings.

"Implementing ethics systems." Chapter 20 from David P. Baron, Business and its Environment. [cases optional]

"Boot camps on ethics ask the 'what ifs?'" NYT, 1/5/03.

"MBA programs now screen for integrity, too." NYT, 9/15/02.

"Ethics lacking in business school curriculum, students say in survey." NYT, 5/20/03.

B. Section readings. Discussion topic: discussion of ethical situations presented in Arthur Anderson training video.

[no readings]

[10/20] WEEK 9. MID-TERM EXAMINATION

A. Lecture readings.

[no readings]

B. Section readings. [no section]

[no readings]
PART FOUR: THE POLITICAL ENVIRONMENT OF BUSINESS

[10/27] WEEK 10. POLITICAL THEORY AND INSTITUTIONS

A. Lecture readings.

"Political theory and government institutions." Chapter 5 of David P. Baron, Business and Its Environment. [cases optional]

"Bush's record on jobs: risking comparison to a Republican ghost." NYT, 7/3/03.

"Congress and Bush split on privatizing at FAA." NYT, 6/20/03.

"National ties to airlines weakening in Europe." NYT, 6/5/03.

B. Section readings. Discussion topic: the California gubernatorial recall -- process and consequences.

[readings TBA]


A. Lecture readings.

"Implementing political strategies." Chapter 8 of David P. Baron, Business and Its Environment. [cases optional]

"GOP lobbyists in demand as business sees its chance." NYT, 1/6/03.

"The unlikeliest scourge." The Economist, 7/13/02.
R. Section readings. Discussion topic: Enron's political strategies.

"Letters show Bush and Lay shared much." NYT, 2/16/02.

"Enron, preaching deregulation, worked the statehouse circuit." NYT, 2/9/02.

"Influence lost, ex-Enron chief faces Congress." NYT, 2/3/02.


A. Lecture readings.

"Regulation: law, economics, and politics. Chapter 10 of David P. Baron, Business and Its Environment. [cases optional]

R. Section readings. Reforming American business law.

"In stormy time, SEC is facing deeper trouble." NYT, 12/1/02.

"New accounting oversight panel gets a chief." NYT, 1/9/03.

"Negotiators agree on broad changes in business laws." NYT, 7/25/02.

"Broken system? Tweak it, they say." NYT, 7/28/02.


A. Lecture readings.

"Antitrust: economics, law, and politics." Chapter 9 of David P. Baron, Business and Its Environment. [cases optional]

"Europe votes to overhaul antitrust regulations." NYT, 11/27/02.

"As competition heats up, so does the threat of collusion." NYT, 10/25/00.
B. Section readings. Discussion topic: the Microsoft antitrust case.

Microsoft case in Baron, pp298-306.

"For Microsoft, ruling will sting but not really hurt." NYT, 11/2/02.

"Life with Microsoft still stifling for rivals." NYT, 11/3/02.

"Microsoft eases licensing under pressure from US." NYT, 7/4/03.


A. Lecture readings.


B. Section readings. Discussion topic: [TBA]

[readings TBA]

NOTE: CASE WRITE-UP #2 IS DUE [at beginning of section]
CONCLUSION

[12/1] WEEK 15. FUTURE DIRECTIONS AND COURSE REVIEW

A. Lecture readings.


B. Section readings. Discussion topic: Course review and summary.

[no readings]