**BUS/ECON/SOC 203 - Introduction to Social Business**

**C*alifornia State University Channel Islands***

**Dr. Claudio Paiva – Fall 2011**

Lectures: TTh 1:30 pm – 2:45 pm at BT 2598. Final Exam: Dec 13 (Tu), 1:00 pm – 3:00 pm

Office Hours: Tu 4:30 pm – 5:30 pm; W 10:50 am – 11:50 am; Th 4:30 pm – 5:30 pm; and by appointment

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**Catalog Course Description**

Interdisciplinary overview of Social Business models and their application to social, economic, technological, cultural, political and environmental issues both locally and globally. Introduction to the finance and planning of Social Businesses, as well as comparisons to traditional and other alternative business models.

**Official Course Learning Objectives**

Students who successfully complete this course will be able to:

1. Define the concept of Social Business.

2. Identify the similarities and differences between Social Business, traditional business and other alternative business models.

3. Describe the key elements of planning, financing and managing a Social Business.

4. Analyze the potential of Social Businesses to address social, economic, technological, cultural, political and environmental issues.

**Course Strategy**

This course is taught at the high level necessary to understand and form a critical opinion about the key issues surrounding the social business concept. I believe my main role as a professor is to help you think through the material rather than to present it to you. The debate and critical analysis of concepts and ideas will therefore be the centerpiece of my teaching.

This course views Social Business as a multi-disciplinary concept that is appealing, complex, ambitious, but still in its early stages of development. Rather than treating this “under construction” feature as a weakness that should be ignored, we will try to replicate this state of affairs in the classroom. To be sure, there are established economic/business principles that must be considered when discussing social business. You will be expected to understand, describe, and explain what these principles imply for traditional business and economic analysis. Only then we shall discuss how the evolving concept of social business is affected by, relates to, or questions these established principles. This latter part is what I referred to as the “under construction” feature of social business. When it comes to “under construction” topics in the course, you will be expected to characterize the debate, describe the arguments on both sides of the issue, and evaluate their possible implications for the social business concept.

**What should you do to succeed in this course?**

1. *Think about and question the material –* Memorizing information will not get you very far. Whether you are reading the recommended literature, studying for an exam, or taking notes during class, make sure you ask and understand “why”, make sure you ask and understand “how.” This is the kind of learning that will get you far in the course (i.e., grades) and in life (i.e., impressing the people who will hire and promote you).
2. *Prepare for class –* Many of our course meetings will consist of a discussion/debate of the assigned readings. If you don’t do the reading and complete the assignment for that class, you will not be able to follow and participate in the discussion. Your grades will suffer accordingly.
3. *Come to Class* *–* I do not take attendance: I believe in freedom of choice and personal responsibility. But if you remember that there is no social business textbook and therefore you will have to rely on the connections made in class between the assigned readings and social business, you should realize that coming to class is extremely important. Furthermore, class participation has a direct impact on your grade.
4. *Don’t Just Show Up; Focus and Participate During Classes* *–*  Make sure you really follow the discussion, understand the arguments, and are able to explain the conclusions.
5. *Learn to Build the Bridges, Not Only to Describe the Islands –* And in this case, by islands I mean individual concepts/principles and by bridges I mean the logical connections among those concepts/principles and their implications for social business.
6. *When Taking Notes and Studying the Material, Focus on the Bridges* *–* For instance: students who think it is sufficient to memorize that “microcredit has been successful for the most part, but also met some failures” will not do well in the course. Students who make sure to understand the arguments and conditions that are associated with success and failure of microcredit will do well in the course.
7. *Ask Questions –* I expect and welcome your questions at any time: before, during and after class; during office hours or special appointments; even through e-mail if they are simple enough to be answered that way. Don’t be shy: contrarily to what many students think, asking questions may suggest that the student is interested, engaged, and thinking about the material rather than “not getting it.” Moreover, because I make myself available to answer questions during the entire course, I am not very sympathetic to students that only speak at the end of the semester to complain about grades.

**How will you be graded?**

PROJECT FIRST DRAFT = 5% PROJECT SECOND DRAFT = 5% PROJECT FINAL PRESENTATION = 20%

MID-TERM EXAM = 20% QUIZ = 5% FINAL EXAM = 30%

CLASS PARTICIPATION = 5% READING ASSIGNMENT REPORTS = 10%

The final course grade is based on the percentage of total points earned throughout the semester calculated as the ratio of the weighted sum of all points earned to the weighted sum of all points possible. I expect the class average to be a C. **As a general guideline, a weighted-average score of 60 percent should be the minimum needed for a D; 70 percent for a C; 80 percent for a B; and 90 percent or more for an A**. Note that this course will follow the simple ABCDF system: there are no + - grades. Let me emphasize that I want you to learn, and I will be glad to provide you with extra help if needed: please don't hesitate to drop by during office hours or to make an appointment for another time.

**What will the exams be like?**

The exams and the quiz in this course are mainly designed to challenge your ability to explain, interpret, and analyze business principles and real world problems. Simply memorizing concepts and definitions will not get you very far. The format may consist of multiple choice problems, true-false statements, short answer questions, and essay questions. THERE WILL BE NO MAKE UP QUIZZES OR EXAMS.

**What are you supposed to do for the term project?**

Working in groups of three students, you will develop a project for a hypothetical social business throughout the semester. The project shall be prepared in stages and presented at the end of the course, with feedback being provided after each draft is turned in and any time before the final presentation (during class, office hours, or special appointments).

• The first draft of the project will be due on Sep 22, after we discuss the main principles of social business in the course. This paper should be written in less than 1,000 words (about two pages) and contain: a brief description of the problem your social business would seek to address as well as a summary of how and where the business would be set up, where it would operate, what physical and human resources would be needed, and what characteristics and price the product would have. Tables and graphs do not count for the length but can significantly improve your message. Besides a grade, you will get my feedback on this first draft and have the opportunity to incorporatee it on your second draft.

• The second draft of the project will be due on October 11, after we discuss some of the critical views about social business. This draft should be written in less than 1,500 words (about three pages) and include a reflection on the various criticisms levied on social business and how they may flag potential pitfalls for your initial idea for a social business. In this draft, you will also have the opportunity to redefine or refine the initial idea contained in the first draft. Besides a grade, you will get my feedback on this second draft and have the opportunity to improve your final presentation.

• The project final presentation is due at 11:59 pm on December 5. Actual presentations will take place on December 6 or December 8. Besides incorporating formal feedback on your two earlier drafts, I strongly suggest that you come to me at any point during the semester to discuss your project. The final presentation should include at least (1) a brief discussion of the problem to be addressed by your social business; (2) a summary of how and where the business would be set up, where it would operate, what physical and human resources would be needed, and what characteristics and price the product would have; (3) an indication of how the initial investment would be financed; (4) an assessment of potential socio-economic outcomes attributable to your business; and (5) a brief discussion of the main uncertainties/risks associated with your idea. Note that you will have at most 15 minutes to make your presentation.

Important advice: many students think that short papers are easy to write and short presentations are easy to prepare (a few hours before they are due). DO NOT MAKE THAT MISTAKE. Because there are many issues to be addressed, and because I expect a high-quality product, selecting the key points to include in your project is actually quite hard and a crucial part of the project and the learning process. A substantial amount of thought, organization, and analytical effort will be necessary to pack a high-quality product into a small space and time slot. Once again, you are invited to come seek my advice and feedback at any point during the semester.

Late assignments will lose 20 points for each day past the due date.

**What are the reading assignment reports?**

Student participation in class will be particularly important to the success of this course, since many class sessions will consist of a discussion/debate rather than a structured lecture. Hence, you will be asked to individually prepare and turn in a report for each reading marked with an \* in the list below **before** these readings are scheduled to be discussed in class. When two readings marked with an \* are assigned to be discussed on the same day, I may indicate which reading you should use to prepare your report.

The report shall consist of three parts: (1) a summary written in less than 150 words and organized in 5 bullet points or less; (2) a paragraph with less than 50 words indicating the main message of the text or its relevance for social business; (3) at least one and at most three questions related to the text (it is not important whether you know the answers or not).

Reports should be uploaded to CILearn before we start class discussions on that day. NO CREDIT WILL BE GIVEN TO LATE REPORTS, though you are still welcome to discuss them with me during office hours in order to help you prepare for the exams. Note that I will not “grade” these reports, just indicate whether they are satisfactory or not. Reports that are clearly based on the assigned reading and observe the criteria (1)-(3) above will be considered satisfactory and get full credit. Unsatisfactory reports do not get any credit. I suggest you print your reports and bring to class to help your participation and note-taking during our class discussions. Again, you may come to my office hours to discuss your reports at any time during the semester.

**Academic Honesty**

*1. Academic dishonesty includes such things as cheating, inventing false information or citations, plagiarism and helping someone else commit an act of academic dishonesty. It usually involves an attempt by a student to show possession of a level of knowledge or skill that he/she does not possess.*

*2. Course instructors have the initial responsibility for detecting and dealing with academic dishonesty. Instructors who believe that an act of academic dishonesty has occurred are obligated to discuss the matter with the student(s) involved. Instructors should possess reasonable evidence of academic dishonesty. However, if circumstances prevent consultation with student(s), instructors may take whatever action (subject to student appeal) they deem appropriate.*

*3. Instructors who are convinced by the evidence that a student is guilty of academic dishonesty shall assign an appropriate academic penalty. If the instructors believe that the academic dishonesty reflects on the student's academic performance or the academic integrity in a course, the student's grade should be adversely affected. Suggested guidelines for appropriate actions are: an oral reprimand in cases where there is reasonable doubt that the student knew his/her action constituted academic dishonesty; a failing grade on the particular paper, project or examination where the act of dishonesty was unpremeditated, or where there were significant mitigating circumstances; a failing grade in the course where the dishonesty was premeditated or planned. The instructors will file incident reports with the Vice Presidents for Academic Affairs and for Student Affairs or their designees. These reports shall include a description of the alleged incident of academic dishonesty, any relevant documentation, and any recommendations for action that he/she deems appropriate.*

*4. The Vice President for Student Affairs shall maintain an Academic Dishonesty File of all cases of academic dishonesty with the appropriate documentation.*

*5. Student may appeal any actions taken on charges of academic dishonesty to the "Academic Appeals Board."*

*6. The Academic Appeals Board shall consist of faculty and at least one student.*

*7. Individuals may not participate as members of the Academic Appeals Board if they are participants in an appeal.*

*8. The decision of the Academic Appeals Board will be forwarded to the President of CSU Channel Islands, whose decision is final.*

# Disability Accommodations:

# *Cal State Channel Islands is committed to equal educational opportunities for qualified students with disabilities in compliance with Section 504 of the Federal Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) of 1990. The mission of Disability Accommodation Services is to assist students with disabilities to realize their academic and personal potential. Students with physical, learning, or other disabilities are encouraged to contact the Disability Accommodation Services office at (805) 437-8510 for personal assistance and accommodations.*

**Notice**

Information contained in this syllabus, other than that mandated by the University, may be subject to change with advance notice, as deemed appropriate by the instructor.

**Course Outline and Tentative Schedule**

1. **The Instrument – Social Business: concept, ideas, actions, and challenges**
2. Preliminary thoughts: class discussion; brain storming; initial proposals by students (Sep 1st)
3. Filling a void: traditional capitalist institutions and the role of social businesses (Sep 6 – 8).
   1. \* Creating a World Without Poverty (Chapter 1)
4. Developing the concept of social business; microcredit and Grameen Bank (Sep 8 – 13)
   1. \*Creating a World Without Poverty, by Muhammad Yunus (prologue; pp. 1-9; pp 21-28);
   2. \* Creating a World Without Poverty (pp.21-32)
5. Summary and examples: 7 principles of social business; changing lives around the world (Sep 15)
   1. **\* http://www.muhammadyunus.org/Social-Business/seven-principles-of-social-business/**
   2. **http://www.grameencreativelab.com/news/0330pm-cet-video-from-heal-the-soil-village-kitchen-garden-project-in-tamilnadu-india.html**
   3. **Micro-credit in the US: http://www.tocatchadollar.com/the-film/our-characters/**
6. **Recent advances in social business: guest lecture by Maria Ballesteros (Sep 20)**

**Social Business Concept Paper – First Draft due Sep 22**

1. **Think again: “class trials” of ideas that are not as good - or as bad - as they seem (Sep 22 - 27)**
2. **Lessons from the class trials: the concept of opportunity costs, implicit economic trade-offs, and the hidden consequences of noble actions (Sep 27 - 29)**
   1. **\* Essentials of Economics, N. G. Mankiw (Chapter 1: Principles 1, 2, and 4)**
   2. **The minimum wage, in Essentials of Economics, N. G. Mankiw (pp. 119–121)**
3. **Critical assessment: challenges to social business, microcredit, and the “fair trade” claim (Oct 4 - 6)**
   1. **To profit or not to profit. Is that the question?, by R. Greenland**

**http://www.guardian.co.uk/social-enterprise-network/2011/jun/28/social-business-day-yunus-centre-seven-principles-of-social-business**

* 1. **\* Making Microfinance Work for the Poor: The Grameen Bank of Bangladesh, in Economic Development, Todaro and Smith (pp. 763–767)**
  2. **\* Microfinance Misses its Mark, by Aneel Karnani, in the Stanford Social Innovation Review** <http://www.ssireview.org/articles/entry/microfinance_misses_its_mark/>

1. Refining ideas: class discussion and critical assessment of the initial proposals by students (Oct 6)

**Social Business Concept Paper – Second Draft due Oct 11**

1. **The Problem – Poverty, underdevelopment, and inequality around the world**
2. The faces of the poor, and how they live: a virtual tour of poor households around the world (Oct 11)
3. Who and where are the poor? Minorities, urbanization and poverty; the gender gap (Oct 11)
4. Economic Development, Todaro and Smith (pp. 236–241)
5. Economic Development, Todaro and Smith (pp. 373–377)
6. Beyond low-income: social and political exclusion of the poor (Oct 13)
7. \* Economic Development, Todaro and Smith (Chapter 1)
8. \* She Could be Living in Italy Now…, in Betweener Talk, M. Diversi and C. Moreira (pp. 138-142)
9. \* Betweeness in Identity, in Betweener Talk, M. Diversi and C. Moreira (pp. 52-53; 57-58)
10. International trends in income growth and inequality: the tide does not lift all boats (Oct 18)
11. The Millenium Development Goals – 2010 Report
12. Poverty, Capitalism, and Growth, in The Economics of Macro Issues, by R. Miller and D. Benjamin
13. Economic Growth and Income Inequality: Reexamining the Links, by Deininger and Squire (World Bank)
14. Pollution and “poverty traps”: when free markets fail. (Oct 20)
    1. The Case for Taxing Carbon, in **Essentials of Economics, N. G. Mankiw (pp. 216-217)**
    2. **The Bloomberg Plan,** in **Essentials of Economics, N. G. Mankiw (pp. 234-235)**
    3. **Underdevelopment as a coordination failure, Todaro and Smith (pp.156-159)**

Mid-term Exam (Oct 25)

1. **The Implementation – Business operations principles and social welfare**
2. Market demand, prices, and consumer surplus; marginal costs, prices, and businesses’ profit-maximizing decisions (Oct 27)
3. **Essentials of Economics, N. G. Mankiw (Chapter 7, pp. 137-146)**
4. Marginal costs and producer surplus in the context of business operations; efficiency and welfare implications of competitive vs. monopolistic markets (Oct 27 – Nov 1)
5. **Essentials of Economics, N. G. Mankiw (Chapter 7, pp. 147-154):**
6. Lessons for social businesses; application to Grameen-Danone pricing strategy (Nov 3)

Quiz (Nov 8)

1. **The Implementation –Business management strategies**
2. Lessons from non-profit institutions: converting good intentions into results; effective strategies for marketing, innovation, and fund development (Nov 10)
3. \* Managing the Non-Profit Organization, by Peter Drucker (pp. 53-58)
4. \* Managing the Non-Profit Organization, by Peter Drucker (pp. 99-103)
5. Lessons from non-profit institutions: defining and measuring performance (Nov 15)
6. \* Managing the Non-Profit Organization, by Peter Drucker (pp. 107-112)
7. \* Managing the Non-Profit Organization, by Peter Drucker (pp. 139-144)
8. Lessons from Grameen-Danone: obstacles, management strategies, and a blue print for business ventures (Nov 17)
9. \* God is in the Details, in Creating a World Without Poverty, by Muhammad Yunus (130-147)
10. An integrated approach to measuring performance: the Social Return on Investment (SROI) framework. Illustration: a SROI prepared by Impact Arts (Nov 22 – Nov 29)
11. A guide to Social Return on Investment (2009), by the SROI network <http://www.thesroinetwork.org/publications>
12. Social Return on Investment – an introduction
13. Impact Arts - SROI
14. **Social Business Revisited – course summary and the critical assessment of ideas (Dec 1 - 8)**

Social Business Concept – Presentation materials due Dec 5

Social Business Concept - Final student presentations (Dec 6 – 8)