



**Seminar “MOEC0466”
“Corporate Social Responsibility and Financial Markets”**

Fall Term 2016

Version of April 22, 2016

Short Description

Over the last 30 years, financial firms (e.g., hedge funds) have become more influential and non-financial firms (e.g., car manufacturers) started to focus increasingly on financial markets. Researchers call this trend “financialization.” This seminar explores how financialization may strengthen or weaken the corporate social responsibility (CSR) activities of firms. On the one hand, shareholder pressure often weakens CSR activities by detracting firms’ attention from employees, communities and other non-shareholding stakeholders. On the other hand, the recent rise of socially responsible investing shows that shareholders can also create pressure for CSR.

Learning Outcomes

By the end of the course you should be able to...

1. ...define the concept of CSR
2. ...identify external factors and internal dynamics that foster or undermine the CSR activities of firms
3. ...define the concept of financialization
4. ...delineate how financialization has transformed the bargaining power of different stakeholders
5. ...assess the potential and limitations of socially responsible investing
6. ...write a seminar paper that lives up to scientific standards about research questions and structure

Lecturer

Dr. Emilio Marti, emilio.marti@uzh.ch, www.emiliomarti.org

Dates

1. September 19th (Monday), 2016, 16h15-19h45.
2. September 26th (Monday), 2016, 16h15-19h45.
3. October 3rd (Monday), 2016, 16h15-19h45.
4. October 10th (Monday), 2016, 16h15-19h45.



5. October 17th (Monday), 2016, 16h15-19h45.
6. October 24th (Monday), 2016, 16h15-19h45.
7. October 31st (Monday), 2016, 16h15-19h45.
8. November 7th (Monday), 2016, 16h15-19h45.
9. November 14th (Monday), 2016, 16h15-19h45.
10. December 5th (Monday), 2016, 16h15-19h45.

Location: Seminarraum UNK-E-2, Universitätsstrasse 84, 8006 Zurich
(Tram-Station Winkelriedstrasse, Line 9 & 10).

A maximum of 12 Master students will be admitted. To participate, please send an e-mail to emilio.marti@uzh.ch by August 26, 2016. The mail should explain why you want to participate in the seminar (300 words maximum) and include your CV and a list of the courses you have attended so far. Students will be informed by August 29, 2016, on whether they are admitted. Late applications will only be considered if vacant places are available after August 26, 2016.

Work Load

Students can earn 6 ECTS credit points, and should expect a work load of around 180 hours (1 ECTS = 30 work hours). Grades have three components.

First, participation in class constitutes 25% of the final grade. Each session will be highly interactive: with group works, exercises, case studies, discussions, etc. Students must carefully read some papers (six in total), and should participate actively in class.

Second, presenting ideas for the seminar paper constitutes 25% of the final grade. For students to engage actively and critically with the topics discussed in class, they have to write a seminar paper in groups of three. Each group should develop the seminar paper as the seminar progresses: this procedure creates synergies with the discussions in class and facilitates feedback for the groups. Therefore, each group will present its research question in week 4 of the seminar (10 minutes per group), its methods in week 8 (15 minutes per group), and its preliminary findings in week 12 (20 minutes). The lecturer will evaluate the presentations on an individual basis (that is, students within the same group may receive different grades for the presentations).

Third, the seminar paper constitutes 50% of the final grade. The main text (without title page, list of references, figures, tables, etc.) of the seminar paper should be 35 pages long (based on a 12 point font size, 2.5 cm margins on all sides, and double lined spacing). The deadline for handing in the seminar papers is December 23, 2016. Each member of a group will get the same grade for the seminar paper.

For guidelines on how to write scientific papers, please refer to the download area on our homepage: <http://www.business.uzh.ch/professorships/as/themenliste.html>



Students who are accepted for the seminar have to book this seminar through the module booking system. The successful completion of the seminar gives 6 ECTS points, which can be credited to MA: BWL 5. The students will receive reading material by mail.

All questions concerning the seminar can be directed to the lecturer: emilio.marti@uzh.ch

A Note on Plagiarism

Plagiarism is defined as the use of another person's ideas, knowledge, or language without appropriate crediting of the source. Plagiarism is theft of intellectual property, and therefore is a serious offense. It cannot be tolerated in academic work. Any evidence of plagiarism in a student paper will result in a failing grade for the course. It is also inappropriate to use very long quotes from an author even if the material is properly cited and enclosed in quotation marks. Such a practice raises the possibility that students do not really understand the material they are quoting. Ideas should be expressed in the students' own words except for the occasional use of quotations from other sources to highlight or support specific points. For further information see the *Harvard Guide for Using Sources* and its guidelines on avoiding plagiarism:

<http://isites.harvard.edu/icb/icb.do?keyword=k70847&tabgroupid=icb.tabgroup106849>

Overview over Sessions

Week 1 (September 19, 16h15-19h45): Overview and forming groups for seminar papers

In Session 1, I will give an introductory overview over the topics and sessions of the seminar. We will also discuss how to write a good seminar paper. Toward the end of the class, we will form the groups for the seminar paper.

Week 2 (September 26, 16h15-19h45): Introduction into CSR

Corporate social responsibility (CSR) has become a very active research field over the last 20 years. In Session 2 we want to develop a detailed understanding of CSR. Specifically, we need to distinguish normative approaches to CSR (why companies should behave responsibly) from explanatory approaches (under what conditions companies behave responsibly). The paper by Garriga and Melé (2004) offers an ideal starting point to disentangle different variants of CSR research. They distinguish between: (1) instrumental theories; (2) political theories; (3) integrative theories; and (4) ethical theories.

Mandatory reading (we will work with this paper in class):

- Garriga, E., & Melé, D. 2004. Corporate Social Responsibility theories: Mapping the territory. *Journal of Business Ethics*, 53(1-2): 51–71.



Further literature:

- Matten, D., & Moon, J. 2008. “Implicit” and “explicit” CSR: A conceptual framework for a comparative understanding of Corporate Social Responsibility. *Academy of Management Review*, 33(2): 404–424.
- Scherer, A. G., & Palazzo, G. 2007. Toward a political conception of corporate responsibility: Business and society seen from a Habermasian perspective. *Academy of Management Review*, 32(4): 1096–1120.

Week 3 (October 3, 16h15-19h45): Introduction into financialization

Financial markets have become more important for how the economy functions since the 1970s. Researchers describe this trend as the financialization of the economy or as the rise of a “finance-centered economy” (Davis 2009, 27). In Session 3 we use the paper of Davis (2009) to analyze the reasons that led to financialization and discuss its implications for the economy and society.

Mandatory reading (we will work with this paper in class):

- Davis, G. F. 2009. The rise and fall of finance and the end of the society of organizations. *Academy of Management Perspectives*, 23(3): 27–44.

Further literature:

- Krippner, G. R. 2005. The financialization of the American economy. *Socio-Economic Review*, 3(2): 173–208.
- Marti, E., & Scherer, A. G. 2016. Financial regulation and social welfare: The critical contribution of management theory. *Academy of Management Review*, 41(2): 298–323.

Week 4 (October 10, 16h15-19h45): Presentation of research questions

Each group will present its research question (in a 10 minutes presentation) and receive feedback from the other students and myself. I will also present some further insights into how to write a good seminar paper. Toward the end of the session there will be time for individual feedback for each group.

Week 5 (October 17, 16h15-19h45): How financialization reshapes the institutional conditions behind CSR

In Session 5 we bring together the topics of financialization and CSR. We first use the paper of Campbell (2007) to discuss the institutional conditions under which firms will engage in CSR. We then discuss in small groups how financialization influences these conditions. Our goal of this session is to develop a framework that outlines mechanisms through which financialization undermines or strengthens CSR.



Mandatory reading (we will work with this paper in class):

- Campbell, J. L. 2007. Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review*, 32(3): 946–967.

Further literature:

- Fox, J., & Lorsch, J. W. 2012. What good are shareholders? *Harvard Business Review*: 48–57.
- Kacperczyk, A. 2009. With greater power comes greater responsibility? Takeover protection and corporate attention to stakeholders. *Strategic Management Journal*, 30(3): 261–285.

Week 6 (October 24, 16h15-19h45): CSR in a financialized economy

In Session 6 we explore the question of how financialization shapes CSR on a different level of analysis, as we move from the industry level (Session 5) to the organizational level (Session 6). Our starting point is a paper in which Jones and Nisbet (2011) scrutinize the CSR activities of four multinational firms. Jones and Nisbet (2011) are skeptical of the possibility of real CSR engagement under the conditions of a financialized economy. Based on this paper we bring forth differences between today's CSR activities and the "industrial welfare" that prevailed some 50 years ago. To conclude, we relate these insights to the framework developed in the previous session.

Mandatory reading (we will work with this paper in class):

- Jones, B., & Nisbet, P. 2011. Shareholder value versus stakeholder values: CSR and financialization in global food firms. *Socio-Economic Review*, 9(2): 287–314.

Further literature:

- Ezzamel, M., Willmott, H., & Worthington, F. 2008. Manufacturing shareholder value: The role of accounting in organizational transformation. *Accounting, Organizations and Society*, 33(2–3): 107–140.
- Lazonick, W., & O'Sullivan, M. 2000. Maximizing shareholder value: A new ideology for corporate governance. *Economy and Society*, 29(1): 13–35.

Week 7 (October 31, 16h15-19h45): SRI firms as hybrid organizations

Socially responsible investing (SRI) has risen in lockstep with financialization. SRI describes investment strategies that integrate environmental, social and governance (ESG) criteria into their investment decisions. Investors engage in SRI for a variety of different reasons: to reduce risks, to increase profits, to reduce environmental degradation, to pressure corporations to protect stop violating human rights, etc. We use "hybrid organizations", which integrate competing worldviews or logics, to start to understand SRI firms. Reconstructing the argument of Battilana and Dorado (2010) will help us gain a detailed



understanding of hybrid organizations. We then do a group work to think about SRI firms as hybrid organizations.

Mandatory reading (we will work with this paper in class):

- Battilana, J., & Dorado, S. 2010. Building sustainable hybrid organizations: The case of commercial microfinance organizations. *Academy of Management Journal*, 53(6): 1419–1440.

Further literature:

- Markowitz, L., Cobb, D., & Hedley, M. 2012. Framing ambiguity: Insider/outside and the successful legitimation project of the socially responsible mutual fund industry. *Organization*, 19(1): 3–23.
- Slager, R., Gond, J.-P., & Moon, J. 2012. Standardization as institutional work: The regulatory power of a responsible investment standard. *Organization Studies*, 33(5–6): 763–790.

Week 8 (November 7, 16h15-19h45): Presentation of revised research question and methods

Each group will present its revised research question and its methods for analyzing the data (in a 15 minutes presentation). Again, each group will receive feedback from the other students and myself. Toward the end of the session there will also be time for individual feedback for each group.

Week 9 (November 14, 16h15-19h45): Mainstreaming of SRI

As a niche phenomenon, SRI can hardly create pressure on corporations to engage in CSR activities. Researchers therefore agree that SRI will only reshape the economy if it becomes mainstreamed, that is, widely used in the financial sector. In Session 9 we use the paper by Dumas and Louche (2016) to assess how far SRI has become mainstreamed and what dynamics researchers should expect in the process of mainstreaming.

Mandatory reading (we will work with this paper in class):

- Dumas, C., & Louche, C. 2016. Collective beliefs on responsible investment. *Business & Society*, 55(3): 427–457.

Further literature:

- de Colle, S., & York, J. 2009. Why wine is not glue? The unresolved problem of negative screening in socially responsible investing. *Journal of Business Ethics*, 85(1): 83–95.
- Slager, R., Gond, J.-P., & Moon, J. 2012. Standardization as institutional work: The regulatory power of a responsible investment standard. *Organization Studies*, 33(5–6): 763–790.



Week 10 (November 21): Time to work on the seminar paper (no session)

Week 11 (November 28): Time to work on the seminar paper (no session)

Week 12 (December 5, 16h15-19h45): Presentation of preliminary findings

Each group will present its preliminary findings (in a 20 minutes presentation). Each group will receive feedback from the other students and myself and there will, again, be time for individual feedback for each group.

Week 13 (December 12): Time to work on the seminar paper (no session)

Week 14 (December 19): Time to work on the seminar paper (no session)