

The George Washington University
Trachtenberg School of Public Policy and Public Administration
PPPA 6063.10
Policy Issues in Corporate Social Responsibility and Impact Investing
Summer 2019 Syllabus
As of May 9, 2019

Time: 6:10 p.m. – 8:20 p.m., Tuesdays and Thursdays

Location: Phillips Hall (801 22nd St. NW), Room 217

Professor: Joseph Firschein

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703-731-5992 (cell)

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Office hours by appointment

Course Description:

This course examines the role of the public and nonprofit sectors in supporting corporate and investor activities that are intended to have social and environmental in addition to financial benefits. These activities -- often referred to as “Corporate Social Responsibility” (CSR) and “impact investing” -- have been described as having significant potential to create social benefits in addition to being in the financial best interests of the corporation or investor. At the same time, some critics of these activities have said that they are less about producing social benefits and more about marketing private sector activities that are primarily designed to produce corporate financial gains. The course explores what is meant by these two terms, what steps the public and nonprofit sectors have taken to support the wide range of activities that these terms encompass, and what have been the results of this work both in the United States and in other countries. The course also addresses emerging trends that are likely to affect the public and nonprofit role in CSR and impact investing in the future.

Although the course includes a discussion of financial terms used in the CSR and impact investing fields, no previous finance or investing experience is required. In addition to lectures, in-class discussions, and case studies, the course features interactive discussions with leading practitioners currently working on these issues in the public sector, at nonprofit organizations, and at for-profit firms.

Course Prerequisites: None

Required Texts:

- 1) “The Market for Virtue: The Potential and Limits of Corporate Social Responsibility.” David Vogel, Brookings Institution Press. 2005. ISBN: 978-0815790761.

- 2) Harvard Business Publishing Coursepack. The coursepack includes the eight cases listed below – the first three are focused on CSR and the remaining five are focused on impact investing:
 - a) “Crown Worldwide: Integrating Corporate Social Responsibility in Business.” Asia Case Research Centre. 2010.
 - b) “The New Meaning of Corporate Social Responsibility.” Reich, R. California Management Review, Case CMR099. 1998.
 - c) “Timberland: Commerce and Justice.” Harvard Business School, Case 9-305-002. December 21, 2004.
 - d) “Omidyar Network: Pioneering Impact Investment.” Harvard Business School, Case 9-313-090. January 2, 2013.
 - e) “Frameworks for Dialogue and Research on Social Impact Investing.” Harvard Business School, Case 9-312-091. May 31, 2012.
 - f) “Acumen Fund: Measurement in Impact Investing (A).” Harvard Business School, Case 9-310-011. May 9, 2011.
 - g) “Acumen Fund: Measurement in Impact Investing (B).” Harvard Business School, Case 9-310-017. May 9, 2011.

The coursepack is available from the following Harvard Business Publishing link. The link requires students to register with a username and password (if you don’t have a username, you can create one on the site the first time you register):

<https://hbsp.harvard.edu/import/626278>

For other required readings available for free via the web, see details below under each class. Note that in addition to the required class readings, in some cases there are a number of “additional optional readings.” These readings are for students seeking additional information on a particular topic.

Student Learning Outcomes:

As a result of completing this course, students will be able to:

- 1) Understand the terminology commonly used to describe CSR and impact investing and the activities typically categorized as being part of these fields;
- 2) Identify and understand the public policy issues associated with CSR and impact investing, including steps have been taken to date by the public sector and nonprofit organizations to facilitate CSR and impact investing;
- 3) Understand the available evidence on the effectiveness of public and nonprofit sector actions undertaken to date to facilitate CSR and impact investing and the limitations of these activities to produce social benefits;
- 4) Describe some of the challenges of public sector and nonprofit organizations working to facilitate CSR and impact investing in developing countries; and
- 5) Understand and analyze strategies employed by high performing public and private sector organizations working in the CSR and impact investing fields and describe some of the new approaches being pursued by these organizations.

Class Requirements:

Students are expected to complete the following requirements:

- 1. Class Participation (15%):** Regular course attendance is required. The class participation grade will be based on students' informed participation in the class discussions of the assigned required readings and cases. In class, students may be called on to answer questions or summarize assigned articles and cases. In addition, there may be periodic unscheduled in-class writing assignments on the required readings and these assignments will be considered as part of the participation grade. Note: students will not be expected to read the "additional optional readings" listed on the syllabus. As noted above, those optional readings are for students seeking more information on a particular topic.
- 2. Policy Memo (25%):** Students will write an individual case memo on an assigned policy issue related to CSR and impact investing. Detailed instructions for the memo will be posted on Blackboard.
- 3. Midterm Exam (30%):** The exam will include materials covered in the class sessions prior to the midterm exam. It will focus on items discussed in class and in the assigned readings.
- 4. Final Exam (30%):** The exam will focus on materials covered in the class sessions after the midterm exam.

Blackboard Site:

A Blackboard course site is set up for this course. Each student is expected to check the site throughout the semester as Blackboard will be the primary venue for outside classroom communications between the instructors and the students.

Background on Instructor:

Joseph Firschein is Deputy Associate Director and Community Affairs Officer at the Federal Reserve Board's Division of Consumer and Community Affairs. He leads the Board's Community Reinvestment Act (CRA) team that is responsible for developing and implementing CRA regulations to support bank lending, investment, and services in low- and moderate-income communities. He also oversees the Board's community development team that engages, convenes, and informs a range of stakeholders on consumer and community development issues and opportunities to promote the economic mobility of low-income and underserved individuals and communities.

Prior to joining the Federal Reserve Board, Joseph served as a Director in Fannie Mae's Housing and Community Development Division where he managed the business segment responsible for financing community development financial institutions and led the company's efforts to sell foreclosed single family homes to public entities and nonprofits. Prior to joining Fannie Mae, Joseph managed lending to community development financial institutions at the U.S. Treasury Department Community Development Financial Institutions (CDFI) Fund and served as lead community development analyst at

the U.S. Office of Management and Budget (OMB) Housing Branch. Joseph has served as a board member of several local nonprofit community development and policy organizations and is an adjunct professor at Georgetown University and George Washington University, where he teaches courses on community development finance and policy. Joseph has an MBA in Finance from the University of Maryland, Robert H. Smith School of Business; a Masters in Public Policy from the University of California, Berkeley, Goldman School of Public Policy; and a B.A. in Psychology from Stanford University.

Class Schedule

(Note: Guest speakers are still being confirmed)

Date	Topic	Reading
May 21 Class 1	<u>Introduction and overview:</u> Review of course organization and assignments. What is meant by the terms “CSR” and “impact investing”? What are examples of how public sector and nonprofit organizations have been involved in facilitating this work? What are some of the challenges facing policymakers and practitioners working in this area? How have the public and private sector roles evolved over time?	<p>1) Vogel, D. “The Market for Virtue: The Potential and Limits of Corporate Social Responsibility.” Chapter 1 (pgs. 1-15).</p> <p>2) Gunther, M. “Unilever’s CEO Has a Green Thumb.” Fortune Magazine. June 10, 2013.</p> <p>3) Friedman, M. “The Social Responsibility of Business is to Increase its Profits.” The New York Times Magazine. September 13, 1970.</p> <p>4) White House blog post on Impact Investing. June 25, 2014.</p> <p><i>Additional Optional Readings:</i></p> <p>1) Benioff, M. “The Social Responsibility of Business.” New York Times. October 24, 2018.</p> <p>2) Goldman Sachs website post on Impact Investing</p> <p>3) Gelles, D. “Unilever Finds That Shrinking Its Footprint Is a Giant Task.” New York Times. November 21, 2015.</p> <p>4) Friedman, John, “Milton Friedman was Wrong,” The Huffington Post, June 12, 2013.</p>
May 23 Class 2	<u>Focus on Impact Investing:</u> How has the impact investing industry defined itself? How does it differ from more traditional community development lending and investing efforts? What is the current size of the industry and how has the public and nonprofit	<p>1) Leonard, H. “Frameworks for Dialogue and Research about Social Impact Investing.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p>2) Pinsky, M. “Impact Investing: Theory, Meet Practice.” San Francisco Federal Reserve Bank. Community Development Investment Review.</p>

	sector been involved to date?	<p>3) Wood, D., Thornley, B., and Grace, K. “Impact at Scale: Policy Innovation for Institutional Investment with Social and Environmental Benefit.” Pgs. 1-30.</p> <p>4) “A Shake Up as the Financial World Infiltrates Philanthropy.” New York Times. December 10, 2014.</p> <p>5) Brooks, D. “How to Leave a Mark.” New York Times. January 27, 2015.</p> <p>6) Max, S. “From the Gates Foundation: Direct Investment, Not Just Grants.” NY Times Dealbook. March 12, 2015.</p> <p><i>Additional Optional Readings:</i></p> <p>1) Eisinger, J. “How Mark Zuckerberg’s Altruism Helps Himself.” New York Times. December 3, 2015.</p> <p>2) Madrigal, A. “Against Big Philanthropy.” The Atlantic. June 27, 2018.</p> <p>3) OECD Report: Social Impact Investment: Building the Evidence Base. 2015. Chapters 2 and 3 (pp. 13-41).</p> <p>4) Barkan, J. “Charitable Plutocracy: Bill Gates, Washington State, and the Nuisance of Democracy.” April 2016.</p> <p>5) Global Impact Investing Rating System (GIIRS) Web Page.</p> <p>6) Summary of the 17th Annual Financial Innovations Roundtable on “Donor Advised Funds as Investors in US Community Development.” Federal Reserve and Carsey School of Public Policy. March, 2017.</p> <p>7) Chhichhia, B. “The Rise of Social Stock Exchanges.” Stanford Social Investment Review. January 2015.</p>
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<p>May 28 Class 3</p>	<p><u>The Challenge of Measuring Nonfinancial Impact</u>: What steps have been used to date to measure the community impact of impact investments? To what extent are there standards or independently verified certifications in place to make clear what qualifies as an impact investment and what does not qualify? What are the key takeaways from the Acumen Fund cases?</p>	<p>1) Veldman, P. “Learning Social Metrics from International Development.” Pgs. 71-112. SF Fed Community Development Investment Review.</p> <p>2) Burd-Sharps, S. , Guyer, P., and Lewis, K. “Metrics Matter: A Human Development Approach to Measuring Social Impact.” Pgs. 26-34. SF Fed Community Development Investment Review.</p> <p>3) “Acumen Fund: Measurement in Impact Investing (A and B).” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p><i>Additional Optional Readings:</i></p> <p>1) OECD Report: Social Impact Investment: Building the Evidence Base. 2015. Chapter 6 (pp. 80-110).</p>
<p>May 30 Class 4</p>	<p><u>Focus on CSR</u>: How has the public and nonprofit sector been involved in CSR to date? Is it appropriate for the public sector to support CSR activities? What are some current examples of corporate CSR efforts with a significant public sector and nonprofit component? What are the key takeaways from the Timberland case?</p>	<p>1) U.S. Government Accountability Office Report. “Globalization: Numerous Federal Activities Complement U.S. Business’s Global Corporate Responsibility Efforts.” Pgs. 1-35. August 2005.</p> <p>2) Nelson, J. “CSR and Public Policy: New Forms of Engagement Between Business and Government.” Kennedy School of Government. May 2008.</p> <p>3) Austin, J., Leonard, H., and Quinn, J. “Timberland: Commerce and Justice.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p>4) Sorkin, Andrew R. “BlackRock’s Message: Contribute to Society or Risk Losing Our Support.” New York Times. January 15, 2018.</p> <p>5) Mohn, T. “Howard Schultz, Starbucks and</p>

		<p>a History of Corporate Responsibility.” New York Times. November 15, 2017.</p> <p><i>Additional Optional Readings:</i></p> <p>1) Larry Fink’s Letter to CEOs on Purpose and Profit. BlackRock. 2019.</p> <p>2) Porter, M. “Why Business Can Be Good at Solving Social Problems.” June 2013 Ted talk.</p> <p>3) Karoff, P. “The First Rule of Corporate Social Responsibility Is Not What You Think.” Stanford Social Investment Review. December 2012.</p> <p>4) Kirchner, J. “Three Steps to Making CSR Count.” Stanford Social Investment Review. February, 2013.</p> <p>5) Nike Corporate Responsibility Report and U.N. Global Compact Report.</p> <p>6) Risen, C. “Cummins: An Engine Maker Best on Clean Air – and Wins.” Fortune Magazine. June 8, 2015.</p> <p>7) Gelles, D. “Unilever Finds That Shrinking Its Footprint Is a Giant Task.” New York Times. November 21, 2015.</p>
June 4 Class 5	<u>Midterm Exam</u>	No assigned readings
June 6 Class 6	<u>Pay for Success and Social Impact Bonds:</u> What are some emerging trends in “pay for success” and social impact bonds? How will these trends affect the role of public sector and nonprofit organizations working in this area?	<p>1) Roman, J. et al. “Foundational Concepts and Terms of Pay for Success.” Urban Institute. December 2015.</p> <p>2) Letsinger, E. and Kim, M. “The Story Behind the World’s First Environmental Impact Bond.” Living Cities Blog. December 2016.</p> <p>3) Stid, D. “Pay for Success is not a Panacea.” SF Fed. Community Development Investment Review.</p>

		<p>4) Azemati, H., et al. “Social Impact Bonds: Lessons Learned So Far.” Federal Reserve Bank of San Francisco, Community Development Investment Review. Volume 9, Issue 1, 2013.</p> <p>5) Ward, E. and Lakshmanan. “Adapt to Changing Needs and Other Lessons from Living Cities’ Pay for Success Investments.”</p> <p><i>Additional Optional Readings:</i></p> <p>1) U.S. Government Accountability Office Report. “Collaboration among Federal Agencies Would Be as Governments Explore New Financing Mechanisms.” September 2015.</p> <p>2) Anderson, J. and Phillips, A. “What We Learned From the Nation’s First Social Impact Bond.” Huffington Post. July 13, 2015.</p> <p>3) MDRC Statement on the Vera Institute’s Study of the Adolescent Behavioral Learning Experience (ABLE) Program at Rikers Island. July 2015.</p> <p>4) Popper, N. “Success Metrics Questioned in School Program Funded by Goldman.” New York Times. Nov. 3, 2015.</p> <p>5) Godeke, S. “Community Reinvestment Act Banks as Pioneer Investors in Pay for Success Financing.” SF Fed. 2013.</p> <p>6) Roman, J. “Solving the Wrong Pockets Problem.” Urban Institute. September 2015.</p>
June 11 Class 7	<p><u>International Context for CSR and Impact Investing:</u> What are the unique challenges posed by CSR and impact investing outside of the United States? What</p>	<p>1) “Omidyar Network: Pioneering Impact Investment.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p>2) “Crown Worldwide: Integrating Corporate</p>

	<p>are the lessons learned from the international context on the role of public and nonprofit activities that support these activities? What are the key takeaways from the Omidyar Network and Crown Worldwide cases?</p>	<p>Social Responsibility in Business.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p> <p>3) Davis, G. et al. “The Responsibility Paradox.” Stanford Social Investment Review.</p> <p><i>Additional Optional Readings:</i></p> <p>1) OECD Report: Social Impact Investment: Building the Evidence Base. 2015. Chapter 7 (pp. 112-126).</p> <p>2) Karnani, A. “Mandatory CSR in India: A Bad Proposal.” Stanford Innovation Review. May 20, 2013.</p> <p>3) “Impact Investment: the Invisible Heart of Markets. Harnessing the Power of Entrepreneurship, Innovation, and Capital for Public Good.” Report of the G8 Social Impact Investment Taskforce. September 15, 2014.</p>
June 13	<u>No class – office hours available for student questions (by appointment)</u>	
June 18 Class 8	<p><u>Case Study on Benefit Corporations and B Lab; Future Issues in CSR:</u> We will use this class to drill down on the question of whether states should enact Benefit Corporation legislation and the extent to which B Lab fulfils a valuable role in encouraging the development of Benefit Corporations. In addition, we will explore key future issues in CSR.</p>	<p>1) White Paper on the Need and Rationale for the Benefit Corporation. January 18, 2013.</p> <p>2) B Corporations Video: “On Better Business.” December 2010 Ted Talk.</p> <p>3) Freeland, C. “Capitalism, but With a Little Heart.” New York Times. July 18, 2013.</p> <p>4) Vogel, D. “The Market for Virtue: The Potential and Limits of CSR.” Chapter 7 (pgs. 162-174).</p> <p>5) “The New Meaning of Corporate Social Responsibility.” Harvard Business Publishing Coursepack. To purchase, use link under “required texts” section of syllabus.</p>

		<p>6) Kanani, R. “The Future of Corporate Social Responsibility.” Forbes. February 9, 2012.</p> <p><i>Additional Optional Readings:</i></p> <p>1) “Benefit Corporations Aim to Make Profit, With Community Impact.” March 2012 PBS NewsHour clip.</p> <p>2) “Why We Need to Rethink Capitalism.” Paul Tudor Jones Ted Talk. March 2015.</p> <p>3) Honeyman, R. “What’s the Difference Between Certified B Corps and Benefit Corps?” August 26, 2014. Triple Pundit.</p> <p>Policy Memo due in class</p>
June 20 Class 9	<p><u>Small Business Lending and Investing</u>: What are the key challenges associated with small business credit access? How is the small business credit landscape changing? What is the role of Community Development Financial Institutions (CDFIs) in small business lending and how have CDFIs partnered with banks and fintech players? What are the current policy issues associated with small business lending?</p>	<p>1) Start-Up America Impact Investment SBIC Initiative Policy Update. September 2012.</p> <p>2) “Impact Investing Fund Grows Threefold.” SBA Press Release. January 27, 2015.</p> <p>3) Mills, K. and McCarty, B. “The State of Small Business Lending: Credit Access During the Recovery and How Technology May Change the Game.” Harvard Business School. Working Paper. July 22, 2014. Pages 1-44.</p> <p>4) Northrup et. al. “CDFIs and Online Business Lending: A Review of Recent Progress, Challenges, and Opportunities.” Carsey School of Public Policy. November 2016. Pages 1-26.</p> <p><i>Additional Optional Readings:</i></p> <p>1) “2018 Small Business Credit Survey.” New York Federal Reserve.</p> <p>2) Brainard, L. “Community Banks, Small Business Credit, and Online Lending”. September 30, 2015.</p>

<p>June 25 Class 10</p>	<p><u>Fintech</u>: What are the implications for public policy of the proliferation of venture capital-funded technology companies seeking to provide lending and financial services (often referred to as fintech)? In particular, what challenges and opportunities do these firms pose for a range of stakeholders, including banks, regulators, and consumers?</p>	<ol style="list-style-type: none"> 1) Brainard, L. “The Opportunities and Challenges of Fintech.” Dec. 2, 2016. 2) Gandel, S. “Here’s How Citigroup Is Embracing the Fintech Revolution.” Fortune. June 29, 2016. 3) Evans, C. “Keeping Fintech Fair: Thinking about Fair Lending and UDAP Risks,” <i>Consumer Compliance Outlook</i> (Second Issue 2017). 4) Tsai, J. “Fintech and the U.S. Regulatory Response.” July 9, 2017. 5) “McCarthy, B. “Regulation Could Be Blessing in Disguise for Online Lenders.” American Banker. August 4, 2015. 6) Koren, J. “Fintech Firms Notch Win as Regulator Allows Them to Seek Federal Bank Charter.” Los Angeles Times, December 2, 2016. <p><i>Additional Optional Readings:</i></p> <ol style="list-style-type: none"> 1) New York Times Editorial: “Facebook Faces a Reckoning for Redlining”. March 29, 2019. 2) Fair, L. “The Avant Settlement: New Financial Platforms, Established Consumer Protections.” FTC Blog. April 15, 2019. 3) “Supporting Responsible Innovation in the Federal Banking System: An OCC Perspective.” March 2016. 4) Consumer Organization Letter Opposing OCC Fintech Charter. April 14, 2017. 5) “A Smart Loan For People With No Credit History (Yet).” Shivani Siroya Ted Talk on lending to people with no credit history. February 2016.
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		6) Center for Responsible Lending Press Release Opposing OCC Fintech Lending Charter. December 2, 2016.
June 27 Class 12	<u>Final Exam</u>	No assigned readings.

Other Class Information:

Policy Memo Grading Rubric:

- Content – 80%
 - Complexity, depth of the response, and demonstrated understanding of the subject and assigned readings
 - Clarity and accuracy when describing key concepts
 - Making conclusions and/or recommendations that are supported by examples and/or by cited references
- Quality of Writing – 20%
 - Following the page length and/or format requirements
 - Grammar and punctuation, spelling, and sentence structure
 - Organization and coherence of ideas
 - If applicable to the assignment, supporting the writing with references that add value to the analysis and support the conclusions/recommendations

University Policies:

University Policy on Religious Holidays

1. Students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance.
2. Faculty should extend to these students the courtesy of absence without penalty on such occasions, including permission to make up examinations.
3. Faculty who intend to observe a religious holiday should arrange at the beginning of the semester to reschedule missed classes or to make other provisions for their course-related activities.

Support for Students Outside the Classroom

1. **Disability Support Services (DSS):** Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer to: <http://disabilitysupport.gwu.edu/>
2. **Mental Health Services 202-994-5300:** The University's Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental

health consultations confidential assessment, counseling services (individual and small group), and referrals. counselingcenter.gwu.edu/

Academic Integrity Code

Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information. For the remainder of the code, see: studentconduct.gwu.edu/code-academic-integrity

Out of Class Learning

Average minimum amount of independent, out-of- class, learning expected per week: In a 15 week semester, including exam week, students are expected to spend a minimum of 100 minutes of out-of- class work for every 50 minutes of direct instruction, for a minimum total of 2.5 hours a week.