

MGMT 561
Business – Government Relations
Spring 2017

Professor Doug Schuler

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CLASS: *McNair Hall, Room 312 Tuesday, Thursday - 4:00-5:30 PM*

Office Hours: By Appointment

Course Materials: Digital Course Packet available via Owl-Space

OVERVIEW

Business managers and business schools oftentimes ignore government and public policy. Sometimes this is warranted as public policy is not always that binding over business transactions, especially compared to market factors. At other times, this ignorance is imprudent, as government through laws, regulations, and other instruments exerts itself on business transactions, something that we have seen increasingly at the federal level (i.e., health insurance mandates, off-shore oil and gas permitting, consumer finance protection, etc.).

It is important to understand that these public policies do not come from some “external being” but are created from the pressures brought forth by interest groups, including business firms on public officials. We will learn some tools to analyze political markets and political decision making. We will also study about the incentives of various actors to participate in the public policy arena. Our goal is to be able to construct a reasonable political strategy for a business firm or other organization.

ASSIGNMENTS

Primarily, we read cases and readings that we discuss in class. For this, we need your preparation and participation.

Your class participation grade depends upon the quality of your comments, your enthusiasm, and your respect for the others’ comments.

There is a team presentation and report about a public policy issue on the last day of class, Thursday, April 20. Your audience is the “Mock Houston City Council,” (MHCC) which is composed of several “At Large Members” (that means that each member works for the whole city and not for one section/district of it). Your team will have no more than 3 minutes of floor time with the MHCC to express your argument. You will also have the ability to present a one-

page report (in the trade called “one-pagers”) to the MHCC. You will also prepare a longer report including materials to support the policy position plus recommendations on the best political activities to achieve your policy goals. I will give you the issue and the interest groups (stakeholders) by the first day of class. I will assist you in forming into teams on the second day of class. We will talk about this assignment more during class.

Finally, there is a **final exam** for the course. The exam features a case evaluation of a public policy issue. It will be a take-home exam that will be posted at 10:00am on Saturday, April 22 and will be due Thursday, April 27 at 4:00 p.m. Please upload to Owl-Space by that day and time. You will have 4 hours to complete and submit the exam from the time you download it from Owl-Space.

GRADING

Class participation:	10%
Team Presentation and Report	40%*
Final Examination	<u>50%</u>
	100%

Where applicable, I will use *blind grading* to assess your written work. For these assignments, you will use your Rice ID in lieu of your name and signature.

*I will use a peer evaluation form (see p. 11 of this syllabus) to adjust individual grades on the team presentation and report, if necessary. I will not issue you a final grade for the course (other than “Incomplete”) until I receive your peer evaluation form.

HONOR CODE

All work required in this course is covered by Rice University’s Honor Code. All written assignments submitted to the instructor must carry the signed Honor Code pledge, “On my honor, I have neither given nor received any aid on this assignment.” (Signature)

You are permitted to work with your team members on the Team Presentation and Report. You are also permitted to talk to members of *other* teams as you wish.

You are not permitted to share or compare your responses to the Quizzes or Final Examination with any other students.

Any form of plagiarism or cheating will result in a report filed to the Rice Honor Council about an Honor Code violation.

DISABILITIES

Any student with a disability requiring accommodations in this class should speak with me as soon as possible. All discussions will remain confidential. Students with disabilities should also contact Rice University's Disability Support Services in Allen Center, Room 111.

CELL PHONE CLASSROOM POLICY

It is the policy of the Jones School for students to turn their cell phones off during class.

A faculty member may relax this policy in some situations. For example, if a student talks with a faculty member prior to class and indicates the need to have their cell phone in "vibrate" position, then the faculty member may grant the student's request. An example of such a situation would be if a student had a family member in a serious medical situation.

LAPTOP CLASSROOM POLICY

It is the policy of the Jones School for students to place their laptop computers in the closed position during class.

A faculty member may relax this policy in some situations. For example, if the faculty member wants the students to have computers open for instructional purposes, that is an appropriate use of a laptop computer during a class. I will inform you when the use of laptop computers is permitted.

USEFUL LINKS ABOUT GOVERNMENT AND PUBLIC POLICY

U.S. Constitution & other documents	http://lcweb2.loc.gov/const/const.html
U.S. House of Representatives	http://www.house.gov/
U.S. Senate	http://www.senate.gov/
U.S. Supreme Court	http://www.supremecourtus.gov/
U.S. Office of the President	http://www.whitehouse.gov/
Legislative Hearings	http://thomas.loc.gov/
U.S. Federal Election Commission	http://www.fec.gov/
Lobbying Reports	http://soprweb.senate.gov/index.cfm?event=selectfields
Center on Congress Website	http://congress.indiana.edu/
Capitol Hearings	http://www.capitolhearings.org/
Texas Legislature	http://www.capitol.state.tx.us/
Houston City Council	http://www.houstontx.gov/council/index.html
Center for Political Accountability	http://politicalaccountability.net/index <i>[money in politics]</i>
Center for Responsive Politics	http://www.opensecrets.org/ <i>[Great site for money in politics]</i>
Politico	http://www.politico.com/ <i>[politics]</i>
National Journal	http://www.nationaljournal.com/njonline <i>[Great source about politics]</i>

SCHEDULE

Classes are held in Room 312 (unless otherwise indicated)

CLASS #1 INTEGRATED STRATEGY FOR BUSINESS TUESDAY – MARCH 14

Readings:

Baron, D. P. 1995. Integrated Strategy: Market and Nonmarket Components. *California Management Review* 37 (2): 47–65.

Schuler, D.A. 2012. Corporate Political Cycle. 1 p.

Schuler, D.A. 2012. Corporate Political Cycle, Notes. 2 pp.

Schuler, D.A. 2007. Note on Organizational & Behavioral in Politics. 2 pp.

Case: Haley, U. & Schuler, D. 2011. Government Policy and Firm Strategy in the Solar Photovoltaic Industry: Implications for Technology and Production. *California Management Review* 54 (1): 17–39

CLASS #2 PUBLIC AND PRIVATE USES OF REGULATION THURSDAY – MARCH 16

Readings:

Kingsley, A. F., Vanden Bergh, R. G., & Bonardi, J. P. 2012. Political Markets and Regulatory Uncertainty: Insights and Implications for Integrated Strategy. *Academy of Management Perspectives*: August. 52–67.

Edwards, H. S. 2013. He Who Makes the Rules. *Washington Monthly*. March/April. Pp. 27–40.

Case: High, J., & Coppin, C. A. 1988. Wiley and the Whiskey Industry: Strategic Behavior in the Passage of the Pure Food Act. *Business History Review* 62: 286–309.

Assignments: Distracted Driving (DD) interest groups assigned to teams

CLASS #3 [OPTIONAL] GOVERNMENT FOR DUMMIES TUESDAY – MARCH 21 8:30AM-10:00AM Room 312

****NOTE SPECIAL TIME**

This is an *optional* class. It is intended for students who feel unsure about some basic tenets of U.S. government. We will look at such topics as federalism, separation of powers, and legislative process. It is a basic overview. I don't think the overview is necessary in order to take the class, but might make you more comfortable with some of the materials that we cover. If you have specific questions, please send them to me *in advance* so that I might better prepare.

CLASS #4: CONGRESSIONAL SIMULATION

TUESDAY – MARCH 21 4:00PM-6:30PM Room 218

****NOTE EXTENDED TIME AND SPECIAL ROOM**

Videos: Indiana University, Center on Congress Website.

(Click on URLs and watch the three E-Learning Modules).

- What is Congress?
“The Many Roles of a Member of Congress”
URL: <http://www.centeroncongress.org/e-learning-module-the-many-roles-member-congress>
- How does Congress work?
“The Dynamic Legislative Process”
URL: (<http://www.centeroncongress.org/e-learning-module-the-dynamic-legislative-process>)
- How a Member Decides to Vote
(This is a simulation on flag burning. You are the MC).
URL: <http://www.centeroncongress.org/e-learning-module-how-member-decides-vote>

Note that each one of these videos is about 30 minutes

CLASS # 5 PUBLIC POLICY OFFICIALS PANEL

THURSDAY – MARCH 23

Readings:

Glassman, M.E., Straus, J.R., Shogan, C.J. 2013. Social Networking and Constituent Communications: Members’ Use of Twitter and Facebook During a Two-Month Period in the 112th Congress *Congressional Research Service Report R43018*. (March 22, 2013).

<https://www.fas.org/sgp/crs/misc/R43018.pdf>

[OPTIONAL] Straus, J.R. 2015. The Lobbying Disclosure Act at 20: Analysis and Issues for Congress *Congressional Research Service Report R44292*. (December 1, 2015).

<https://www.fas.org/sgp/crs/misc/R44292.pdf>

Speakers:

Annise Parker, Former Mayor, City of Houston

Scott Hochberg, Former Texas State House Representative.

CLASS # 6 ASSESSING POLITICAL INTERESTS

TUESDAY – MARCH 28

Readings:

Bonardi, J.P., Hillman, A., & Keim, G. 2005. The Attractiveness of Political Markets: Implications for Firm Strategy. *Academy of Management Review*, 30 (2): 397–413.

Stone, C. D. 1975. Why the Market Can't Do It (Ch. 10), Why the Law Can't Do It (Ch. 11). *Where the Law Ends: The Social Control of Corporate Behavior*. New York: Harper Torch Books. 88 – 110.

Schuler, D. 2007. Note: Collective Action and Political Participation. 4 pp.

Randall, D. 2010. Book Review of F. Baumgartner, J. Berry, M. Hojnacki, D. Kimball, and B. Leech, *Lobbying and Policy Change: Who Wins, Who Loses, and Why* (2009. U. Chicago Press). *Journal of Health Politics, Policy and Law*, 35 (3): 433–438.

Case: The Rent-to-Own Industry (Ivey B01M046)

CLASS #7 MEDIA PANEL
THURSDAY – MARCH 30

Readings:

Alaimo, K. How companies can gird for a Trump Twitter attack. *Bloomberg.com*. January 23, 2017.

B. White and P. Temple. Traders scheme to cash in on Trump Tweets. *Politico*. December 12, 2016.

Speakers:

Mary Flood, Legal Media Consultant, Androvett Legal Media and Marketing
Brad Olson, Reporter, Dow Jones (WSJ)

Assignment: DD Preliminary Executive Summary (“One-Pager”) due

CLASS #8 EFFECTIVE POLITICAL STRATEGIES
TUESDAY – APRIL 4

Readings:

Schuler, D. 2007. Note on Political Strategies. 4 pp.

Lord, M. D. 2003. Constituency Building as the Foundation for Corporate Political Strategy. *Academy of Management Executive* 17 (1): 112–124.

Zeller, S. Lobbying: Blowout. *National Journal*, 4/28/01, 1-11.

Frank, T. 2008. City of Bought Men (Ch. 8) in *The Wrecking Crew: How Conservatives Rule*: 173–208.

Stempeck, M. 2015. Are Uber and Facebook Turning Users into Lobbyists? *Harvard Business Review*, 93: 7/8. August 11.

McGregor, J. Why we don't see more CEOs endorse presidential candidates. *Washington Post*. 6/3/2016.

Townsend, T. Companies are now taking sides in the Presidential Race. *Inc.* 8/15/2016.

[OPTIONAL] The Conference Board. Handbook on Corporate Political Activity: Emerging Corporate Governance Issues.. 2010. RESEARCH REPORT R-1472-10-RR. 5–17.

Case: The Rent-to-Own Industry (Ivey B01M046) — (continued).

CLASS #9 NGO PANEL
THURSDAY – APRIL 6

Readings:

Yaziji, M. 2004. Turning Gadflies into Allies. *Harvard Business Review*, 82: 2. February: 110–115.

Peterson, K. & Pfitzer, M. 2009. Lobbying for Good. *Stanford Innovation Review*, Winter, 44–49.

Speakers:

Brandt Mannchen, Forestry Chair, Houston Chapter; Big Thicket Chair, Lone Star Chapter, Sierra Club

Robert Sanborn, President and CEO, Children at Risk,
http://childrenatrisk.org/content/?page_id=60

CLASS #10 RESPONDING TO NGOS

TUESDAY – APRIL 11

Readings:

Spar, D. L., & La Mure, L. T. 2003. The Power of Activism: Assessing the Impact of NGOs on Global Business. *California Management Review* 45 (3): 78–101.

Berry, J. M. 1999. The Power of Citizen Groups (Ch. 4) in *The New Liberalism: The Rising Power of Citizen Groups*. Washington, DC: Brookings Institute. pp. 61–86.

Lindblom, C. E. 1977. The Privileged Position of Business (Ch. 13) in *Politics and Markets: The World's Political-Economic Systems*. New York: Basic Books. pp. 170–177.

Tricks, H. 2017. The end of Brent. *The Economist* (World in 2017): 89

Case: Sunk Costs: The Plan to Dump the Brent Spar (A) (HBS 9-903-010).

CLASS #11 GOVERNMENT AFFAIRS PANEL

THURSDAY – APRIL 13

Readings:

[OPTIONAL] Judd, E. 2013. Building and Managing a Global Public Affairs Function. *Foundation for Public Affairs Report #4473*. 38 pp.

[OPTIONAL] 2015. The 2015 CPA-Zicklin Index of Corporate Political Disclosure and Accountability Available at: [http://files.politicalaccountability.net/index/CPA-Zicklin Index Final with links.pdf](http://files.politicalaccountability.net/index/CPA-Zicklin%20Index%20Final%20with%20links.pdf)

Speakers:

- Jennifer Cutaia, Vice President, Government Relations, Baker Hughes
- Nicole Barber, Advisor, Policy, Government, and Public Affairs, Chevron North America Exploration and Production

Assignment: DD Executive Summary (“One-Pager”) due

CLASS #12 DEALING WITH POLITICAL CORRUPTION/ BRIEF REVIEW
TUESDAY – APRIL 18

No readings!

Speaker:

Dr. Peter Rodriguez, Dean, Jones Graduate School of Business

CLASS #13 MOCK HOUSTON CITY COUNCIL

THURSDAY – APRIL 20 (Special time: 4:00PM–6:00PM) - Note special locations below:

Prior to 4:00PM meet up in room 312, then when instructed, proceed to room 318

Team Presentations before MHCC.

Mock City Council Members:

Mollie Schall

Todd Curry

Nathan Cook

Sylvia Okechukwu

Elliot Marks

Assignments: Team Presentation today. Political strategy report and Peer Evaluations due Friday, April 21, 1:00 PM

FINAL EXAM

AVAILABLE ON: APRIL 22 at 10:00 AM

DUE BEFORE: April 27 at 4:00 PM

Download from/Upload to Owl-Space.

Four hours from download to upload.

PEER EVALUATION FORM: TEAM PROJECT
(Upload to Owl-Space by 1:00pm, Friday, April 21, 2017)

YOUR NAME: _____ TEAM: _____

Note: Due to the sensitive nature of your comments, they will be available only to me and my faculty assistant, Carol Richter.

Note: You will not receive a grade for your team project unless I have this form in hand from you.

1. Please list the members of your team (First and Last Names, including yourself) and rate each on this scale: 5 (highly satisfactory contributor); 4 (satisfactory contributor); 3 (marginal contributor); 2 (unsatisfactory contributor); 1 (highly unsatisfactory contributor)

2. In your opinion, does everyone in your group deserve the same grade? YES / NO
If you answer YES, you are done. If you answer NO, please continue to Q3 and Q4.

3. If you answered NO to Q2,
a) Have you or your team members communicated your concerns to that person(s), who, in your opinion, does not deserve the same grade? YES / NO
b) Have you or your team members attempted to address the concerns? YES / NO
c) Have you or your team members communicated these concerns to the Professor prior to this Peer Evaluation Form? YES / NO

4. Please tell me the reasons, illustrated by detailed examples and evidence, that this person(s) deserves a different grade. Please indicate when and how this team member was made aware of your concerns about his or her performance. You can use the back of this sheet or include another sheet.