CIEE Barcelona, Spain

Course name: Sustainability and Corporate Social Responsibility: From Theory to Practice
Course number: MGMT 3002 BASP
Programs offering course: Barcelona Business and Culture, Barcelona Economics and Culture, Barcelona Language and Culture
Language of instruction: English
U.S. Semester Credits: 3
Contact Hours: 45
Term: Fall 2019

Course Description

In a globalization context, companies can no longer view themselves as the center of a small universe surrounded by their shareholders, suppliers and customers; but rather as parts of large operational networks, where they must consider not only each of the other key players but understand and manage the network itself. That is, firstly companies have an impact and are impacted by different groups and organizations, such as local communities, workers, competitors, suppliers, governments or NGOs, among others. Secondly, the impact is not only economic, but also social and environmental, and all three types must be accounted and managed equally to be productive and competitive. Traditionally many companies have looked at sustainability and corporate social responsibility as a compliance issue, implementing some programs from a philanthropic perspective as well. However, there is a growing tendency by top performing companies to understand that CSR can be a source of innovation and, therefore, a competitive advantage. This course focuses on the approach from this last group of companies that understand social and environmental issue management as a central strategic asset.

Therefore, in this course we aim to explore how companies can develop and implement alternative and innovative products, services, processes and even business models. To that end, we will look at these issues: (1) from a risk management perspective; (2) from a legitimacy perspective; (3) from an innovation perspective; and (4) from a competitiveness perspective. That is, we will see how some companies have made managing sustainability and maximizing stakeholder value central to their core competencies as well as part of their long-term competitiveness. Our departing assumption is that, as Porter and Kramer suggest in their recent article published in 2011 where they introduced the term “Shared Value”, to be competitive in the long run companies must generate simultaneously private and public value. This is something that many companies have understood and applied for many years, and which has generated divergent business models. Finally, this course aims to discuss how companies transform sustainability into strategies, policies and practices, and the impact this has on the organization.

Learning Objectives

It is important to clarify that the goal of the course is not to train future CSR or sustainability
managers, but rather to train future managers in other functions of the company; such as finance, operations, marketing, sales, human resources or general management; on how CSR and sustainability could be relevant to their future job responsibilities. Our departing assumption is that learning to effectively manage these issues can be produce positive results for the manager as well as for the company. Thus, the central objective of this course is to present students with tools to understand and manage social and environmental issues produced by business activities, and to turn these issues into competitiveness factors for the company through the development of innovative solutions.

Different companies use different names and acronyms to refer to the management of these issues, such as sustainability, compliance, corporate citizenship, corporate social responsibility or social impact, to name but a few. We do not care about the terminology used, but about the ideas behind all these terms: the responsibilities companies have to address social and environmental issues generated as a direct result of their activities, which in classic economic models are often considered externalities, but which modern management and economic models integrate into strategic and competitiveness models. In this regard, it should be clear from the start that for this course that for us all these terms are synonymous, all of them referring to the management of social and environmental issues. Some examples if the issues that we will focus on are:

- **Business ethics**: we will look at issues such as corporate identity, company values, codes of conduct, codes of ethics, enforcement, etc.
- **Social issue mapping**: we will look at management of issues such as employee practices and rights, work-life balance, equal opportunities, diversity, blue washing or social washing, certifications, etc.
- **Environmental issue mapping**: we will look at management of issues such as greenwashing, certifications, carbon emissions, energy management, etc.
- **Stakeholder mapping**: we will look at how companies identify and manage the key stakeholders, such as clients, customers, employees, suppliers, shareholders, governments, communities, non-profits, etc.
- **Stakeholder engagement**: we will look at how some initiatives and companies are proposing to approach and engage different stakeholders, which includes issues such as managing company issues in social forums (what these days are called community managers), employee branding, responsible lobbying, engaging local communities (which is different than community management), etc.
- **Social and environmental innovation**: we will look at how social and environmental issues can be sources of innovation that generate value for the company as well as society, where we will look at issues such as open innovation, design thinking, creativity, etc.
- **Trends in CSR and sustainability**: we will look at how reference organization such as McKinsey, The Boston Consulting Group, the International Standardization Organization, OECD, European Union, or the United Nations, to name a few, are approaching these issues and what sort of soft and hard regulations we can anticipate...
- **Strategic CSR**: we will look at how concepts such as Shared Value (Porter & Kramer), Blended Value (Emerson), Responsible Competitiveness (Zadeck), or Bottom of the Pyramid (Prahalad and Hart) are proposing a strategic approach to social and environmental issues from a management perspective.
- **Metrics for CSR and sustainability**: we will look at some of the proposals to develop measurements to evaluate and manage social and environmental issues, such as the AA1000, the ISO26000, the Global Compact, the ISO14001, EMAS, EFQM, the Balanced Scorecard, etc.

- **Implementing responsible competitiveness strategies**: our final goal will be to look at how some companies are integrating social and environmental issues in their business model, embedding it in their strategic thinking process and turning these issues into a competitive advantage.

We will look at all these different issues from a general management perspective, but we will not go deeply into technical development of any of these solutions, where our aim is to acquire a general overview so that we may understand the different topics and issues relevant to this field. Said differently, our goal is NOT to teach students how to develop a detailed technical solution in any of the particular areas described above, but rather to equip students with a general understanding so that as future managers they know what the issues are, they are acquainted with the types of tools and best practices in use, and they can therefore interpret and integrate potential social and environmental challenges into their management practices. To achieve these objectives, participants should have a desire for self-improvement, interest in debating central management, social and environmental issues from different points of view, as well as open mindedness and tolerance toward different ideas.

**Course Prerequisites**

3 semesters of college-level micro- or macroeconomics, accounting, finance, management, or statistics.

**Methods of Instruction**

There will be two basic working units in the class: plenary and groups. Before each session students will have to individually read a text about the session as well as answer a question on the text posted on the course website. Generally, each week we will read one text and one case study, sometimes in the form of newspaper articles or even videos. In class we will discuss the text in plenary and listen to a presentation on the subject. Most days we will also have an additional activity such as a group exercise, discussing a specific case, looking at videos, analyzing company documents or reading articles. Each student will also have to prepare and present two presentations (the task will be developed in pairs) on (1) a business ethics misstep and (2) sustainable innovation. In addition, as a final project student will have to present in groups (of 3 students) an analysis of CSR strategy and innovation sustainability project for a specific company (each group will have assigned/selected a specific company).

**Assessment and Final Grade**

The learning outcomes of the course will be assessed based on the following parameters:

1. In pair Presentations: 20% (10% each one)
2. Class Participation: 20%
3. Written reflections (on cases): 20%
4. Quizzes (mid-term and final): 20% (10% each one)
5. Final project: 20%

Course Requirements

In pair presentations
Each student will have to research, documents and present in pairs a business ethics disaster (misstep) (1st presentation before mid-term quiz; students will identify one example of ethical disaster from a company of their choice; The example can be from any nation, any product/service, any brand); and sustainable innovation (2nd presentation, before final quiz; It has to be something with a wow factor, in the sense that it needs to be creative, innovative and inspiring. The goal is to have every day one inspiring presentation of how sustainable innovations can help solve some of the social and environmental issues we face, while at the same time produce value for the firm).

Class participation
Discussion with peers is one of the key learning methods in this course. As such, students are expected to contribute to a positive learning atmosphere in class. This means paying attention, preparing the readings and materials, doing the in-class activities, and participating in the discussion. It should be noted that for a student to have a good participation grade it is not enough to raise the hand and speak, but that the student needs to be focused and have quality contributions, which can be in the form of affirmations or questions. In that regard at the end each session the professor will assign a number from 0 to 4 to each student for participation:
- 0 means that the student was in class but distracted and not participated;
- 1 means that the student was in class and focused, but did not participate;
- 2 means that the student was focused and participated, but that the instructor can not remember what the student said (hence the contribution was not of quality);
- 3 means that the student was focused and had quality contribution;
- 4 means that there was a clear wow factor, that the student helped take the discussion to a superior level.

At the end of the course, and looking at the overall performance, the instructor will translate these into a grade from 0 to 10 (>1=>5; 1-2=5-7; 2-3=7-9; 3-4=9-10).

Written reflections on cases/papers
Each week students will be assigned different readings that they will have to prepare before class. On the selected cases during the semester they will have to submit a reflection in writing on the course website. All students must turn in their written reflections before the start of the session for which the writing needs to be submitted. Even if the student misses the sessions, he/she needs to read the assigned text and submit their paper. The professor will post a question or questions on the case or paper, which should be the basis for the written reflection. Late submissions will be penalized, but it will always be better to submit the thread late than not to do it, which will be a zero.

Final project
Each student will be assigned to a team (of a team of 3 students), and each team will have to analyze the current CSR strategy and design and develop a sustainable innovation for a specific company or organization. That is, teams will develop real projects for a company or companies. Projects should
include: analysis of the company (business model, value proposition, sustainability strategy, etc.); benchmark; issue mapping; materiality analysis; stakeholder mapping; innovation strategy; implementation (includes feasibility, impact, resources, financing, etc.); and strategic recommendations. The goal is for students to learn in practice how to design a real sustainable innovation project for an organization.

**CIEE Barcelona Attendance Policy**

Students are expected to attend all scheduled class sessions on time and be prepared for the day’s class activities. CIEE does not distinguish between justified or unjustified absences, whether due to sickness, personal emergency, inevitable transportation delay and/or other impediments. You are considered responsible of managing your own absences. Please keep in mind that exams, paper submission dates, presentations and any other course work deadlines cannot be changed.

No academic penalty will be applied if students miss up to 3 class sessions. If students miss up to 5 class sessions, students’ final course grade will drop 5 points out of 100 on the CIEE grade scale for each additional absence beyond 3 (for example a 95 will become a 90 if they reach the 4th absence, and an 85 if they reach the 5th absence). **Students will automatically fail the course if they miss more than 20% of total class hours (i.e. if they exceed 5 absences).**

For students who miss up to 20% of the total course hours due to extenuating circumstances, the Academic Director may allow for exceptions to the local attendance policy based on documentation such as proof of bereavement, religious observances, hospitalization etc.

Students arriving more than 10 minutes late to the class will be considered absent for a day.

**Weekly Schedule**

**Week 1**

1.1 **Course, professor & students’ presentation**

Students will discover the course outline, class organization, group work exercises and presentations. We will start by discussing students’ motivation to take this course as well as their current understanding of the main concepts (sustainability, CSR, business ethics, etc.). Students will be challenged by Kahoot game, where they will discover their learning outcomes after finishing the course.

1.2 **Giving the definition to multi-interpretable concepts**

This session will focus on understanding the different definitions and approaches that exist within concepts of CSR and sustainability. The departing point will be to distance our understanding of CSR and sustainability as a management issue from the classic approach from a purely philanthropic and charitable focus to a strategic understanding rooted in sound management practices. The goal of this session is not to come up with a definition, but to understand the complexity of the issue and the need for each company to come up with their own interpretation and definition, based on some common ideas.

**Readings:** (Montiel and Delgado-Ceballos; Elkington, 2014)
Week 2

2.1 Evolution of Corporate Sustainability
During this session we will look at the advancements in the field of research of Corporate Sustainability, focusing on the micro-and macro-level models of stages of development from literature in corporate sustainability, corporate social responsibility, environmental management, and sustainable development. Then we will discuss research paper by Landrum (2018) on a new unified model of stages of corporate sustainability as well as understanding and differences between weak and strong sustainability.

Reading: (Landrum, 2018)

2.2 Theories for CSR
Topics: Stakeholder view of the firm, Stakeholder mapping
In this session we will look at how companies have changed their approach in recent years from focusing solely on generating shareholder value, toward understanding the need for generating stakeholder value. Departing from the work of Edward Freeman, we will look at how the stakeholder concept has evolved, and how there are some proposals on how to map and prioritize stakeholders.

Reading: (Friedman, 1970)

Week 3

3.1 Business Ethics Dilemma Game by UN Global Compact and KPMG
Before discovering the codes of conduct and theories of business ethics, students will be challenged by real life ethical dilemmas multinational companies are facing on a day to day basis. Students will play business ethics dilemma game developed by KPMG and UNGC, where they will be able to experience the pressure of decision making from different stakeholder perspective.

Reading: (Xin, 2011) – Written reflection due

3.2 What stands behind Business Ethics
In this session we will focus on ethical issues inherent to business. We will discuss classic ethical cases in order to see the types of ethical issues that arise. Then, using the Corruption at Siemens case study we will discuss the more subtle and complex management issues of ethics as related to organization, strategy and identity. We will also learn about different philosophical approaches to business ethics.

Green and blue washing
It seems that nowadays it is almost impossible to turn on the TV or look at a magazine or newspaper without seeing a company or a brand claiming to generate some type of environmental and/or social value with their products and services. We will look at different examples, such as BP, Shell, Samsung, Toyota, Coca Cola, Ben & Jerry’s to try to differentiate between washing and genuine, trying to understand the risks inherent to cosmetic social and environmental strategies.

Reading: (Hamilton and Eckardt, 2011)
Week 4

4.1 Corporate Political Responsibility
During this session we will focus on political role of the firm and corporate political actions such as lobbying. We will discuss possible metrics for political actions from the side of multinational companies as well as debate on the issue of transparency.
Readings: (Lyon et al. 2018; Gitsham, 2018)
Presentation due: Business Ethics Misstep Pair 1

4.2 CSR Instruments
During this session we will focus on the concept of soft law and soft law instruments available for the companies to help them integrated CSR into their management. Our special focus will be on UNGC and ISO 26000.
Readings: (Zinenko, Rovira, and Montiel, 2015)
Presentation due: Business Ethics Misstep Pair 2

Week 5

5.1 Engaging Shareholders
In this session we will look at how companies can manage and engage their shareholders in their sustainability strategies, and we will discuss how there are some investors who integrate social and environmental issues in their investment evaluation criteria. We will look at the growth of ethical and ESG funds, the growth of rating agencies and organizations such as the Dow Jones Sustainability Index and FOTSE4Good, and the increase of shareholder activism. We will debate the role of institutional investors and the risks posed by some investment.
Readings: (Hafenbraedl, and Waeger, 2018; Flammer, 2018; Burchman, 2018)
Presentation due: Business Ethics Misstep Pair 3

5.2 UN Sustainable Development Goals
In this session we will look at how frontrunner companies are embedding social innovation and entrepreneurship in the organization, transforming corporate culture and therefore turning sustainability and CSR into a key strategic asset central to the business model. Additionally, we will learn about SDGs and how companies approaching them.
Reading: (Zelleke and Billaud, 2017)
Presentation due: Business Ethics Misstep Pair 4

Week 6

6.1 Accountability, reporting and assurance: concepts and initiatives
In this session we will look at the issue of transparency and accountability. We will discuss the Global Reporting Initiative guidelines for sustainability reporting as a potential tool to report and perhaps manage some of these issues. We will also analyze the database of GRI to see what kind of companies are adapting this prominent framework.
Research: Students will review the guidelines from the Global Reporting Initiative
Integrated Reporting
Following the discussion on sustainability reporting we will learn about first steps of Integrated Reporting and the work of the International Integrated Reporting Council (IIRC). Additionally, we will see how frontrunner companies are preparing and producing their integrated reports.
Reading: (Eccles and Krzus, 2013)
Presentation due: Business Ethics Misstep Pair 6

Week 7
7.1 Tentative date – Guest Speaker #1 (Sustainability consulting field)

7.2 Mid-term Quiz (10% of a final grade)
Presentation due: Business Ethics Misstep Pair 7 & 8

Week 8
8.1 Managing Human Rights in a corporation
In this session we will first discuss what human rights are and how they are relevant to management. We will discuss some classic examples such as Nike and their supply chain in the 1990’s and more recent cases. We will look at the type of issues generated by human rights in companies such as the complexity of developing global policies in multinational organizations, or the growing trend of international directives from organizations such as the ILO or the WTO. We will look at some of the difficulties and complexities by viewing the documentary “The Dark Side of Chocolate”.
Documentary: The Dark Side of Chocolate (2010)
Presentation due: Sustainable Innovation Pair 1

8.2 Community engagement
During this session we will focus on the role of NGOs and strategic cooperation with companies. We will proceed by focusing on a specific NGO from Barcelona #HomelessEntrepreneur. After learning about its commitments, students will be proposing possible new strategies for cooperation and engagement with companies.
Reading: (Janus, 2018)
Research: #HomelessEntrepreneur.
Presentation due: Sustainable Innovation Pair 2

Week 9
9.1 Managing Environmental Issues
In this session we will look at how the environment is a key strategic stakeholder for companies, but how companies need to proactively design a strategy to identify, mitigate and remediate their environmental impacts. We will first discuss the key environmental tendencies, such as climate change, pollution, or water scarcity. At the same time, we will look at some solutions such as the concept of Cradle-to-Cradle,
and how sustainable innovation is become a strategic issue for more companies.

**Reading:** (Markman, 2018)

**Presentation due:** Sustainable Innovation Pair 3

### 9.2 Open Innovation in Environmental Issues

Continuing the discussion on environmental issues, we will learn about open innovation and how sustainability can be a powerful motivator to drive open innovation efforts. Through the case of Carlsberg in a Nordic context we will observe how open innovation driven by sustainability is being used to address a grand societal challenge of a plastic waste.

**Reading:** (Chesbrough, Bogers, and Strand, 2018)

**Presentation due:** Sustainable Innovation Pair 4

### Week 10

#### 10.1 Sustainable Innovation

Our focus will be sustainable innovation. Though the case of Patagonia we will illustrate Patagonia’s corporate challenges and tensions within its mission of performance, durability, profitability, and sustainability.

**Reading:** (O’Rourke and Strand, 2016)

**Presentation due:** Sustainable Innovation Pair 5

#### 10.2 Sustainable Sourcing/ Responsible Supply Chain

In this session we will focus on the risks and opportunities that are being generated in the supply chain in terms of managing social and environmental issues. We will use the case of IKEA as an example to understand the complexity of designing a responsible supply chain, including issues of enforcement and accountability.

**Reading:** (Rangan et al., 2014)

**Presentation due:** Sustainable Innovation Pair 6

### Week 11

#### 11.1 Social Entrepreneurship

It seems that most publications and initiatives on CSR and sustainability revolve around large multinational companies, preferably global players. However, these larger international companies represent a very small percentage of companies in terms of number of forms, employment, revenues, etc. Change more often than not comes from entrepreneurs. In this session we will focus on the concept of social entrepreneurship, and how some social entrepreneurs are creating real change.

**Reading:** (Rangan and Lee, 2016)

**Presentation due:** Sustainable Innovation Pair 7

#### 11.2 Doing business at the bottom of the pyramid

In this session we will look at how companies are targeting business in emerging markets and how business in these markets often require new approaches not used in more developed markets such as Europe of the U.S.A. We will look at examples such as Hindustan Unilever, Tata, Tetra Pack or Grameen-Danone to discuss whether these markets generate different challenges in terms of social and environmental practices. We will introduce the concept of Bottom of the Pyramid as a particular
innovative proposal for business to develop new revenue streams. In this session we will aim to put together many of the ideas discussed in the previous Reading: (Simanis and Duke, 2014)
Presentation due: Sustainable Innovation Pair 8

Week 12
12.1 Tentative date – Guest Speaker #2

12.2 Shared Value
In this last session of the course we will review previous sessions by discussing the idea of strategically integrating all these different issues into a coherent business strategy embedded in the business model. We will look in particular at the recent article from Porter on shared value as specific proposal in this direction. We will also try to come up with some takeaways in terms of learnings. The goal will be to review the different sessions, reading and case studies and to reflect on what sort of strategic assets, strategic focus and corporate attributes must a company develop in order to integrate social and environmental issues as a core competitiveness factor.
Reading: (Porter and Kramer, 2010)

Week 13
13.1 Final Quiz
Final Project presentations (3 groups)
In this session the students will present in groups their final projects, which they will have developed throughout the course. The objective will be to present innovative projects tailored to a specific company.

13.2 Final Project presentations (3 groups)
In this session the students will present in groups their final projects, which they will have developed throughout the course. The objective will be to present innovative projects tailored to a specific company.

Course Materials

Readings


All mandatory readings are detailed in the previous section. Additionally, the instructor will provide students with additional readings for each session if they are interested in learning further about the topic.