Study Center in Barcelona, Spain

Course name:	Sustainability and Corporate Social Responsibility: From theory to practice
Course number:	MGMT 3008 BABC
Programs offering course:	Barcelona Business and Culture
Language of instruction:	English
U.S. Semester Credits:	3
Contact Hours:	45
Term:	Summer 2018

Course Description

The goal of the course is not to train future sustainability or compliance 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 corporate social responsibility (hereinafter CSR) and sustainability could be relevant to their future job responsibilities. Our departing assumption is that learning to effectively manage social and environmental issues can 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 into opportunities to increase firm competitiveness through the development of innovative solutions. The central premise of the course is that sustainability and firm competitiveness are connected through innovation. To achieve that the course is designed as a funnel that mirrors the process companies must follow to understand, frame and integrate these issues in their operations, starting with a discussion of ethics, translating these into values, identifying the material sustainability issues for the company and key stakeholders, and finally discussing innovation and strategy to generate sustainable competitiveness.

Learning Objectives

Different companies use different names and acronyms to refer to the management of social and environmental 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 of 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 the purpose of this course that for us all these terms are synonymous, all of them referring to the management of social and environmental issues. The departing assumption is that the main driver for firms is competitiveness, so that any business policy, in this case sustainability, to be fully embedded in the organization must to be evaluated in terms of how it can enhance or hinder firm competitiveness. This means assessing risks, opportunities, barriers and facilitators. To do that, students should learn central issues such as:

- **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, bluewashing 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. Here some central topics will be:
  - *Social entrepreneurship/ intrapreneurship*
  - *Bottom of the Pyramid solutions*
  - *Frugal innovation*
  - *Nudging for good*
- **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. In order 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

The only prerequisite for the course is interest in the subject, open-mindedness and willingness to learn.

Methods of Instruction

There will be two basic working units in the class: plenary and groups. Previous to each session students will have to individually read a text on the subject of the session, as well as answer a question on the text and send it to the professor. Generally each day we will read one text, article, case study, or do some on-line research (such as looking into a company's sustainability policies or researching a topic, sometimes in the form of newspaper articles or even videos). In two sessions we will go on the field to visit companies or other organizations (such as non-profits). 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, analysing company documents or reading articles. In addition, as a final project students will have to present an innovation sustainability project for a specific company.

Assessment and Final Grade

The course will be evaluated based on three parameters:

1. Class participation: 25%
2. Preparation of readings: 25%
3. Final in-company project: 50%

Course Requirements

Class participation

Students are expected to attend class, to be focused and to participate. That means listening to presentations and to other students' interventions, not using computers, cell-phones or tablets for purposes other that class, and making quality interventions to the debate, which can be through questions, comments, suggestions, criticisms, proposals or other types of contributions which add value to the class. Coming to class and not being focused or doing other things on the computer will count as an absence from class.

Preparation of readings

Each day students will be expected to come to class having read, researched or prepared a specific document, video or website we will discuss in class. Preparation will include not only exploring the assignment, but also submitting an online response to a couple initial questions. The goal is twofold: to make sure we all prepare the assignments (hence enhancing the quality of the debate), and also initiating the discussion before class, as we will all have seen each others' positions on the issues. A blog will be available for that purpose.

Final project

This is the most important learning tool of the course. The course will not include a final exam, but instead an in-company project. Students will be expected to work on a real sustainability challenge presented by a company. The project will be a sort of "sustainability consulting project" where students will visit the company, be in contact with them and present the final results. The final output of the project will be a presentation and a written report between 10 and 20 pages in length detailing the proposal and the field research carried out to back up such proposal. The written report will be expected to follow strict quality standards: theoretical framework, clear hypothesis and goals, structure, references, and so forth.

Attendance and Class Participation

Students are expected to attend all scheduled class sessions on time and prepared for the day's class activities. CIEE does not distinguish between justified or unjustified absences, whether due to sickness, personal emergency, inevitable transport 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 2 class sessions. If students miss up to 3 class sessions, students' final course grade will drop 1 point out of 10 on the Spanish grade scale for each additional absence beyond 2 (for example a 9.5 will become a 8.5 if they reach the 3th absence). Students will automatically fail the course if they miss more than 20% of total class hours (i.e. if they reach the 4th absence).

For students who miss up to 20% of the total course hours due to extenuating circumstances, the RD 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.
Late assignments will be marked down 10% after the first day and 5% every day afterwards.
No coursework will be accepted after the last day of class.

Weekly Schedule

In a globalization context, companies can no longer view themselves as the centre of a small universe surrounded by their shareholders, suppliers and costumers; but rather as parts of large operational networks, where they must take into account 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 in order 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 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.

The course will have 15 sessions, in which we will cover the following issues:

Day 1   Introduction to the course, central concepts and introduction to ethics
First we will discuss the course, methodology and expectations. Then we will focus on understanding the different definitions and approaches that exist to 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 first 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. In the second half of the session we will introduce the concept of ethics, discussing classic ethical cases such as Nestle in Africa, Union Carbide in Bhopal, Big Tobacco or Monsanto among others, in order to see the types of ethical issues that arise. Then, using the Toy Wars case study we will discuss the more subtle and complex management issues of ethics as related to organization, strategy and identity.

Day 2   Field trip

In this session we will do a field trip around Barcelona, visiting different social entrepreneurs, non-profits and companies to understand the complexity and reality of the problem, which will be later used for the rest of the course.

Day 3   **Managing ethical dilemmas and managing by values**
Departing from the previous session, we will go one step further and discuss the legitimacy of business in the context of the current crisis, looking at different debates such as the ethics of management (for instance as generated through the MBA Oath), and whether it would be possible to devise a code of ethics or conduct for managers. Later we will discuss how managements can develop and integrate ethical frameworks through values, which have a direct impact on policies. Finally we will discuss all these issues through the case of corruption at Siemens

Day 4   *Managing human rights in a corporation and sustainable value chains*
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 or more recent cases such as Catwalk. 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 also look at how some initiatives propose to evaluate and manage human rights practices. Finally we will discuss how human rights are a particularly relevant issues in managing sustainability issues in the value chain. We will use the case of IKEA to illustrate this issues, and the documentary on human rights issues in the Nokia supply chain in China

Day 5   **The stakeholder view of the corporation**
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 from 1984, we will look at how the stakeholder concept has evolved, and how there are some proposals on how to map and prioritize stakeholders. Finally, through the WWF/Lafarge case, we will discuss the opportunities and challenges that can arise when managing and engaging stakeholders.

Day 6   **Engaging stakeholders**
Departing from the previous session, we will focus this class on how companies are developing policies to engage key stakeholders as they realize that effective stakeholder engagement can be a source of competitiveness for the firm. Through the case of Costco we will discuss the particular case of employee engagement as one of the central strategic aspects of managing social and environmental issues. To close the issue of stakeholder engagement, we will carry out in this session a stakeholder simulation exercise in which the class will be divided in groups, and each group will be responsible for putting their selves in the position of a particular stakeholder group, and defending their position with the other groups. The goal is to understand the difficulty each group faces and to learn to put yourself in each other's shoes.

Day 7   **Community engagement: non-profits, communities and governments**

In this session we will look at how companies engage with communities at a local level, and how they can develop global policies that can allow them to design and implement policies locally that can then be replicated. We will look at the particular case of Zara in Tangiers as an example to debate issues such as replicability, scalability, local government and culture among others. Furthermore, we will discuss whether companies are equipped to develop strategic alliances with non-profits. We will look at the challenges and opportunities of collaboration, departing from the theoretical framework of Jim Austin (HBS) and looking at examples such as Heineken (Africa and Cambodia).

Day 8   Socially responsible investment
In this session we will look at 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. In this context we will look at international initiatives such as the Equator Principles, or the Principles for Responsible Investment.

Day 9   Managing environmental issues and greenwashing
In this session we will discuss the main environmental issues relevant today, and why and how companies should manage these issues, through issues such as climate change, water scaricity, soil pollution, deforestation, bee colony collapse, or new compounds to name a few. Furthermore, we will discuss how "green" is become a perverted concept used by many companies for green and blue washing.

Day 10   Social innovation
In this session we will look at the issue of innovation in general and how it may be different from the issue of social innovation (we include in social innovation the idea of environmental innovation). We will look at some examples from Nudge, as well as some classic examples to debate what social innovation is and how can a company foster and manage social innovation. In this session we will discuss issues of open innovation, design thinking and innovation 2.0. We will introduce the concept of social entrepreneurship and intrapreneurship, and the idea of Nudging for good, and we will test that through a practical innovation exercise.

Day 11   Sustainability in emerging markets, 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 or Tetra Pack 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. We will also introduce the concept of Frugal Innovation and we will explore some examples of best practices

Day 12   Sustainability in small and medium size companies

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. In this session we discuss whether there are particular challenges to small and medium size companies. We focus on the case of a Spanish medium company called MRW to discuss CSR issues for a medium size company, and particularly for a franchise company formed by many small and even micro-companies.

Day 13   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, and through this tool we will look at how companies are actually reporting on these issues through an in-class exercise. Students will present in groups an analysis of the accountability practices of an assigned company, and then we will debate the implications in terms of trends and policies. We will discuss the issue of enforcement, particularly through the case of Aeon, a large Japanese retailer.

Day 14   Shared value, blended value and responsible competitiveness
In this session we will aim to put together many of the ideas discussed in the previous 13 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 article from Porter on shared value as a specific proposal in this direction and the debate it has generated with the recent response from Crane et. al. (2014). In this regard, we will focus on the type of changes companies need to develop to adopt shared value or responsible competitiveness strategies. We will look at the proposals of authors such as Prahalad who suggests that social and environmental issues are the new innovation frontier. The central question of the debate will be how can we foster and manage sustainable innovation in order to generate shared value.

Day 15   Final projects and closing
In this last session of the course we will 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. We will also listen to the final project presentations from students, which they will have developed throughout the course. The objective will be to present innovative projects tailored to a specific company and how these projects integrate in practice most of the concepts discussed throughout the course.

Readings

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