



# Sustainability

## SHORT COURSE DESCRIPTION

The course Sustainability presents an overview of central concepts in business ethics and corporate social responsibility. It examines the responsibilities of corporations and executives to all its stakeholders, and provides an introduction to how social and environmental problems are incorporated into corporate strategy.

The course will begin by reviewing recent corporate scandals like those of Enron, WorldCom or Arthur Andersen. The course will address the shift towards a new governance where the value creation does not obey exclusively to the classic bottom line criteria but to the triple bottom line i.e. firms need to take into consideration social and environmental criteria to create value as well.

In that sense, the collaboration or the confrontation with the stakeholders acquires a new strategic dimension for which new tools are required. Until recently, CSR was much more defensive in order to prevent any stakeholder offense. Nevertheless, success stories such as Ben and Jerry's, Starbucks or the Bodyshop paved the way to much more offensive ideas to create value.

The course will cover several examples of how different corporations reacted to crisis situations which could damage their medium-long term performance.

Finally, the class participants will study some clusters to analyze the business model and the CSR model of some companies. This issue will enable the course participants to grasp the challenges and current bottlenecks of CSR.

## ADVANCING YOUR KNOWLEDGE

This course has been specifically designed for MBA students due to the following reasons:

- 1- It has the aim to embed CSR into strategy through analysis, decision-making and cases.
- 2- It has the aim to train ethical leaders
- 3- It has the aim to tell those leaders not to focus exclusively on industrialized countries but on emerging countries as well. Indeed, lots of disruptive models come from the BRIC and other high growth emerging countries.

## EVALUATION CRITERIA

25% Active participation at class

25% Exam

50% Oral communication – Presentation of Case Study

**EXAM DATES** (Final exam and make-up exam)

TBC



## REFERENCE BOOKS

- ▶ **Lensen & Smith (2009), Corporate Responsibility mainstreaming**
- ▶ Freeman, E. (1984), "Strategic management: A stakeholder approach", Boston, MA: Pitman.
- ▶ Gómez-Mejía, L.R., Balkin, D.B., Cardy, R.L. (2005), "Management", McGraw-Hill.
- ▶ Austin, J. (2000), "The collaboration challenge" (2000), Jossey-Bass.

## REFERENCE PAPERS

- ▶ Abelson, A. (2002), "Up & down Wall Street: Eruption of corruption", Barron's. 82(26): 79.
- ▶ Byrne, J.A. (2002), "No Excuses for Enron's Board", Business Week. 3793: 50.
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- ▶ Hillman, A.J., & Keim, G.D. (2001), "Shareholder value, stakeholder management, and social issues: What's the bottom line?", Strategic Management Journal, 22: 125-139.
- ▶ Jacopin T., Poisson S. and Fontrodona J, (2007): Iberdrola case: A Utility's Approach to Sustainability and Stakeholder Management – IESE and EABIS Ed.
- ▶ Lewis, M. (2004), "The irresponsible investor", New York Times Magazine. June 6.
- ▶ McWilliams, A., & Siegel, D. (2000), "Corporate social responsibility and financial performance: Correlation or misspecification?", Strategic Management Journal, 21: 603-609.
- ▶ Media Responsable, Anuario empresa responsable y sostenible, 2006-2007
- ▶ Observatorio de la RSC, Anuario 2006
- ▶ Porter, M.E., & van der Linde, C. (1995), "Toward a new conception of the environment-competitiveness relationship", Journal of Economic Perspectives, 9(4): 97-118.
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- ▶ Quelch J. and Laidler-Kylander N. (2006), The new global brands: managing NGOs in the 21<sup>st</sup> Century, Thomson Ed.
- ▶ Sen S. and Batthacharya CB (2004), Doing better at doing good: when, why and how consumers respond to corporate social initiatives, California Management Review vol. 47, no 1, fall
- ▶ Stevens, J.M., Steensma, H.K., Harrison, D.A., & Cochran, P.L. (2005), "Symbolic or Substantive Document? The Influence of Ethics Codes on Financial Executives' Decisions", Strategic Management Journal 26: 181-195.
- ▶ Sustainability, UNEP and Global Compact (2004), The XXI<sup>st</sup> Century NGO
- ▶ The Economist (2005), "The Good Company", 1/22/2005, Vol. 374 Issue 8410,
- ▶ Waddock, S.A., & Graves, S.B. (1997), "The corporate social performance-financial performance link", Strategic Management Journal, 18: 303-319.



## DETAILED PROGRAM OF THE COURSE

- Class 1: From the bottom line to the triple bottom line:  
Definition and evolution of the Concept of CSR, SRI, stakeholders, CSR Report.

**Ethics is not going to be set as a topics in itself but will be taught in all cases.**

Readings: Excerpts Movie: Bakan J. : The Corporation

Cases/Exercises: Eccles E. G. (2013) et al. : Foxconn Technology Group (A) – HBS 112002-PDF-ENG

- Class 2: How to create value with the stakeholder management - NGOs

Readings:

Cases/Exercises: Case: Quelch J. and Laidler-Kylander (2006): WWF - HBS case 503113-PDF-ENG

- Class 3: Impact of the precautionary principle Readings:

Cases/Exercises: Case: Hull S. , Kou J. and Spar D. (1995), Union's carbide Bhopal Plant (A) – HBS case 795070

- Class 4: CSR, sustainability and corporate strategy. Embedding CSR in management and organization Readings:

Cases/Exercises: Case: Jacopin T., Poisson S. and Fontrodona J, (2007): Iberdrola case: A Utility's Approach to Sustainability and Stakeholder Management – IESE and EABIS Ed.

- Class 5: Challenges of the emerging world local multinational  
vs. Subsidiary of a Western multinational

Bottom of the Pyramid (BOP)

From microcredit to microfinance Readings:

Case: Jones and Pinho (2007) Natura: Global Beauty made in Brazil – HBS 9-807-029

Day of the exam: Ppt presentation on a BRIC corporation on CSR