

EBS Universität für Wirtschaft und Recht

## **Business & Society**

Prof. Dr. Karin Kreutzer & Prof. Dr. Julia Hartmann

### **Course Description**

This course provides an extension to classical theory and practice in strategic management that goes beyond mere profit maximization goals. Of course, business must generate profit for their owners in order to survive. At the same time, however, businesses also serve a public purpose as they create value for society. They are responsible for professional development of their employees, innovative new products for their customers, and generosity to their communities. They must partner with a wide range of individuals and groups in society to advance collaborative goals. They must consider limits of the natural environment. In other words, businesses have a variety of responsibilities and need to consider the interests of a variety of stakeholder groups. At no time have businesses faced greater public scrutiny or more urgent demands to act in a socially and environmentally sound manner than at the present.

This course addresses this complex agenda of issues and their impact on businesses and stakeholders. We will readdress such central issues as the role of business in society, the nature of corporate responsibility and corporate citizenship, business ethics practices, the interaction of businesses with governments, environmental degradation and environmental management.

The course is designed to include a variety of pedagogical means including case studies, practical exercises, analyses of audio- and video material, newspaper reports and the like. The course is highly interactive and students are expected to be prepared for classes and participate in class discussions.

Upon completion, students know

- About various stakeholder groups, their needs and to respond to those needs
- How to master social and environmental problems in the business context
- How to integrate ethics into strategic management

## Course Overview

Session	Date	Topic
1	8 Feb	<b>Course Structure, Business &amp; Stakeholder Relations (Kreutzer)</b> <ul style="list-style-type: none"> <li>· Social and Environmental Responsibility of the Firm</li> <li>· The Corporation and its Stakeholders</li> </ul>
2	10 Feb	<b>Corporate Social Responsibility and Creating Shared Value (Kreutzer)</b> <ul style="list-style-type: none"> <li>· The Emergence of Corporate Social Responsibility</li> <li>· The Triple Bottom Line &amp; Creating Shared Value</li> </ul>
3	18 Feb	<b>Case Study (Kreutzer)</b> <ul style="list-style-type: none"> <li>· NIKE and International Labour Rights</li> </ul>
4	23 Feb	<b>Globalisation &amp; Diversity (Kreutzer)</b> <ul style="list-style-type: none"> <li>· Processes of Globalization</li> <li>· Global Diversity</li> <li>· Business – Government Relations</li> </ul>
5	26 Feb	<b>Corporate Social Responsibility and Compliance (Nietsch)</b>
6	1 Mar	<b>Company and Community (Kreutzer)</b> <ul style="list-style-type: none"> <li>· Civil Society Organizations</li> <li>· Collaborative Partnerships between Business and NGOs</li> <li>· Social Entrepreneurship and Social Business</li> </ul>
7	8 Mar	<b>Business and The Natural Environment (Hartmann)</b> <ul style="list-style-type: none"> <li>· Global environmental issues &amp; Tragedy of the commons</li> <li>· Sustainable development</li> </ul>
8	14 Mar	<b>Managing Environmental Issues (Hartmann)</b> <ul style="list-style-type: none"> <li>· Government and regulation</li> <li>· The ecologically sustainable organization</li> </ul>
9	17 Mar	<b>“Does it pay to be green...?” (Hartmann)</b> <ul style="list-style-type: none"> <li>- Outcomes of sustainability</li> <li>- Individual research on Volkswagen</li> </ul>
10	22 Mar	<b>Sustainable Products and Services (Hartmann)</b> <ul style="list-style-type: none"> <li>· Developing sustainable products</li> <li>· Sustainable services</li> </ul>
11	31 Mar	<b>Sustainability in the Value Chain (Hartmann)</b> <ul style="list-style-type: none"> <li>· Supplier relations</li> <li>· Sustainable supply chain management</li> </ul>
12	5 Apr	<b>Sustainable Marketing &amp; Beyond (Hartmann)</b> <ul style="list-style-type: none"> <li>· Product Labeling</li> <li>· Consumer behavior</li> </ul>

## Required Readings

The major background reading for this course is

- Lawrence, A., Weber, J., 2014: Business & Society: Stakeholders, Ethics, Public Policy, McGraw Hill.

Additional reading materials for the course will be available in CampusNet. For your convenience, the required and recommended readings to prepare each session are indicated in this syllabus.

Each week, make sure you read the assigned reading material and focus deeply on the required reading materials. You are expected to read the discussion questions before class and, ideally, come prepared with some answers. **Coming to class unprepared is not an acceptable excuse.**

## Grading

The final grade will be determined as follows:

Exam	75 points
Case study analysis	15 points
	(90 points in total)

### 1. Exam (75 points)

The course ends with a final exam. All course materials (required readings, lecture slides and materials handed out during sessions) are relevant for the final exam. The written exam takes place on 25<sup>th</sup> April 2016. The exam contains open questions to be answered in essay-form and also multiple choice questions.

### 2. Case Study Analysis (15 points)

In preparation of session 3, please read the case study “Nike and International Labour Rights” carefully and prepare a written answer (2-3 pages) to the following key questions:

1. What were the major concerns /arguments of Nike’s critics?
2. How did Nike react to these accusations?
3. What would you have done in the situation of CEO Phil Knight?

Submit the Case study analysis:

- as PDF
- labelled lastname\_firstname.pdf (e.g. hartmann\_julia.pdf)
- no later than 14. February, 6pm
- to Karin Kreutzer

No late assignments will be accepted.

## Detailed Session Plan

### Session 1

#### Course Structure, Business and Stakeholder Relations (Kreutzer & Hartmann)

This session will serve as an introduction to the course. In the first part of the class, we will discuss details of the syllabus and you will have the opportunity to ask any questions about the course outline and grading. In the second part of the class, we will introduce you to the concepts of social and environmental responsibility of corporations. More specifically, we will address issues of stakeholder accountability and management.

#### Required Reading:

- Lawrence, A., Weber, J., 2014: Business & Society: Stakeholders, Ethics, Public Policy, McGraw Hill: chapter 1 (p. 2-23).

### Session 2

#### Corporate Social Responsibility and Creating Shared Value (Kreutzer)

In this class, we will analyse the circumstances that have led to the emergence of Corporate Social Responsibility and discuss in detail the different aspects that CSR entails. We will also explore different but familiar concepts such as the Triple Bottom Line and Creating Shared Value.

#### Required Reading:

- Porter, M. & Kramer, M. (2006). Strategy and Society. The link between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review*, December, 78-91. (Available on CampusNet)
- Porter, M. & Kramer, M. (2011). Creating Shared Value. *Harvard Business Review*, 89(1/2): 62-77. (Available on CampusNet)
- Lawrence, A., Weber, J., 2014: Business & Society: Stakeholders, Ethics, Public Policy, McGraw Hill: page 153-154.

### Session 3

#### Case Study Nike and International Labour Rights (Kreutzer)

We will dedicate the session to the critical discussion of the case study “NIKE and International Labour Rights”.

#### Required Reading:

- Case Study: NIKE and International Labour Rights

#### Required Preparation:

- Case Study Analysis: Prepare written answer (2-3 pages) to the following key questions and submit it by email to: [karin.kreutzer@ebs.edu](mailto:karin.kreutzer@ebs.edu) (14<sup>th</sup> February 2016)
  1. What were the major concerns /arguments of Nike’s critics?

2. How did Nike react to these accusations?
3. What would you have done in the situation of CEO Phil Knight?

#### **Session 4**

##### **Globalization and Diversity (Kreutzer)**

In this session, different challenges of globalization will be explained. We will discuss benefits and costs of globalization and address the diversity of political regimes in different countries and the resulting challenges for corporations. We will analyse the complexity of business- government relations and get to know different ways to influence political decisions making processes.

#### **Required Reading**

- Lawrence, A., Weber, J., 2014: Business & Society: Stakeholders, Ethics, Public Policy, McGraw Hill: chapter 6 (p. 116-136), chapter 8 (p. 160-180), chapter 9 (p.183-207).

#### **Session 5**

##### **Corporate Social Responsibility and Compliance (Nietsch)**

The session will provide an introduction to both, Corporate Compliance and Corporate Social Responsibility. We will explore, why Corporate Compliance has become increasingly important over the past decades and analyse the main aspects of Corporate Compliance programs. We shall also take a look at countries that do not only have strict domestic policies in place but also tend to enforce them extraterritorially. Furthermore we will understand the differentiation in between Corporate Compliance and Corporate Social Responsibility, the latter of which describes a voluntary commitment of any corporation to strive to contribute positively to the communities they operate in. This will reveal why globalization requires multinational corporations to provide a synthesis of both.

#### **Required Reading**

Lawrence, A., Weber, J., 2014: Business & Society: Stakeholders, Ethics, Public Policy, McGraw Hill: chapter 3 (p. 45 – 65), chapter 8 (p. 170 – 190), chapter 10 (p. 220 – 239), Case Studies p. 453 ff.

#### **Session 6**

##### **The Corporation and the Community (Kreutzer)**

In this session, we will more in detail analyse the complex relations between the community and the corporation. We will discuss collaborative partnerships between businesses and NGOs to tackle social or environmental problems. To understand and manage the relationship to community stakeholders effectively requires a general knowledge about the nature of the players in civil society. We will understand how civil society organizations work and which specific management challenges they face. Furthermore, we will get to know the concepts of Social Entrepreneurship and Social Business which aim at achieving positive social or environmental change through entrepreneurial activities.

#### **Required Reading**

- Lawrence, A., Weber, J., 2014: Business & Society: Stakeholders, Ethics, Public Policy, McGraw Hill: chapter 7 (p. 137-155), and pages 402-425.

- Lawrence, A., Weber, J., 2014: Business & Society: Stakeholders, Ethics, Public Policy, McGraw Hill: p. 60, pages 131-133.

### **Recommended Further Reading**

- Volkmann, C. and K. O.Tokarski / K. Ernst (Eds) (2012). Social Business and Social Entrepreneurship. Springer Gabler. Wiesbaden. Pages: 5-10; 20-22; 32-43.

### **Session 7**

#### **Business and The Natural Environment (Hartmann)**

The world faces severe environmental challenges in the 21<sup>st</sup> century. Many political and business leaders have embraced the idea of sustainable development, calling for economic development without destroying the natural environment or depleting the resources on which future generations depend. A critical task in coming decades will be to find ways to meet simultaneously both economic and environmental goals. In this session, major global environmental problems will be identified and explained. The concept of the tragedy of the commons will help us understand the mechanisms that ultimately lead to the environmental problems we are currently facing. Finally, the key ideas of sustainable development will be presented and discussed.

### **Required Reading**

- Lawrence & Weber, chapter 11 “Managing environmental issues”
- Hardin (1968). The tragedy of the commons. Science, 162, 1243-1248.

### **Session 8**

#### **Managing Environmental Issues (Hartmann)**

Growing public concern about the health of the Earth’s ecosystems has prompted political, corporate, and civil society leaders to become increasingly responsive to environmental issues. Government policymakers have moved toward greater reliance on economic incentives, rather than command and control regulations, to achieve environmental goals. At the same time, many businesses have become increasingly proactive and have pioneered new approaches to effective environmental management. These actions have often given firms a competitive advantage by cutting costs, gaining public support and spurring innovation. In this session, we will examine types of environmental regulation and their main features. Then, we will look into the stages through which firms progress as they become more sustainable.

### **Required Reading**

- Lawrence & Weber, chapter 11 “Managing environmental issues”
- Nidumolu, R., Prahalad, C. K., & Rangaswami, M. R. (2009). Why sustainability is now the key driver of innovation. Harvard Business Review, 87, 56-64.

## **Session 9**

### **Does it pay to be green? (Hartmann)**

Investments in sustainability and environmental management are costly. Hence, decision makers wonder about the outcomes of “greening” efforts are. In this session, we review empirical findings of the “Does it pay to be green...?” literature. But, based on the recent example from Volkswagen, we will also critically reflect on other outcomes of sustainability.

#### **Required Preparation**

- Individual research on the Volkswagen scandal

## **Session 10**

### **Sustainable Products and Services (Hartmann)**

Firms provide value in the form of products and services and the previously identified challenges and opportunities urge firm to integrate environmental concerns in the design of products and services. In this session, we will examine the concepts and methods for sustainable product design such as life-cycle-analysis, sustainable packaging, sustainable services and closed loop supply chain management. We will also discuss opportunities and threats of product labelling including an introduction to the seven sins of greenwashing

#### **Required Reading**

- Lawrence & Weber, chapter 11 “Managing environmental issues”

#### **Recommended Further Reading**

- Delmas, M. A., & Burbano, V. C. (2011). The drivers of greenwashing. *California Management Review*, 54, 64-87.
- Vezzoli, C. (2014). The "Material" Side of Design for Sustainability. In E. Karana, O. Pedgley & V. Rognoly (Eds.), *Materials Experience*. Kidlington, UK: Elsevier.

## **Session 11**

### **Sustainability in the Value Chain (Hartmann)**

Sustainable development is a concerted effort for multiple actors including consumers and suppliers apart from other players. Firms have multiple powerful means to engage both customers and suppliers for sustainability. In this session, we will discuss consumer behaviour and consumer responsibility. In addition, we will tackle the downstream supply chain by looking into ways of to make suppliers “greener”.

#### **Required Reading**

- Lawrence & Weber, chapter 11 “Managing environmental issues”
- Lee, H. L. (2010). Don't tweak your supply chain--Rethink it end to end. *Harvard Business Review*, 88, 62-69.

#### **Recommended Further Reading**

- Carter, C. R., & Easton, P. L. (2011). Sustainable supply chain management: Evolution and future directions. *International Journal of Physical Distribution & Logistics Management*, 41, 46-62.

<b>Session 12</b> <b>Sustainable Marketing &amp; Beyond (Hartmann)</b>
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This last session will shed light on strategies to communicate about corporate environmental management. We will ponder on risks and opportunities that may arise from communication. Lastly, we will discuss consumer perspectives on corporate environmental engagement.

**Required Reading**

- Lawrence & Weber, chapter 11 “Managing environmental issues”

**Recommended Further Reading**

- van Doorn, J., & Verhoef, P. C. (2011). Willingness to pay for organic products: Differences between virtue and vice foods. *International Journal of Research in Marketing*, 28, 167-180.