Strategic CSR and Sustainability

1. Course Description and Objectives

Firms are increasingly incorporating social issues in their strategic agenda. This results from the increased awareness of society by phenomena such as climate change, water stress, depletion of natural resources, pollution, shifting demographics, poverty, inequality and so on. The scope and scale of these developments challenge the rules of markets and create new success factors for the survival of individual companies. In this context, corporations need to develop new competitive competencies to recognize and address emerging threats and to leverage emerging opportunities to support society's quest for sustainability and survival on this planet while securing the survival and profitability of their own. Yet, how to create a sustainable competitive advantage remains as the "holy grail" of managerial decision-making. The goal of this intense-reading course is to tackle social issues in management from a strategic perspective.

More specifically, the objectives of this seminar course are to:

- provide an overview of the current state of the art of the field of Strategic CSR and Sustainability
- understand the role of different actors defining social challenges and the strategic processes that firms adopt to respond to them successfully
- understand the managerial implications of looking at "sustainability" from various perspectives.
- critically investigate some of the major conceptual, empirical, and practical works in the field, and
- advance the state of knowledge of strategic CSR and Sustainability by developing a potentially publishable article.
2. Requirements

There are three main requirements for successfully completing this class:

1. Class participation
2. Research idea presentation
3. Theoretical or empirical article

1. This course is organized as a seminar. You will get out of the course what you put in it. Regular attendance and participation are critical to your successful completion of this course. You are expected to come to class prepared to discuss all the material assigned and to contribute to class discussion. In addition to class participation, each student is required to take the lead in presenting and discussing 1 or 2 papers each week. You are welcome to choose a topic/paper that is of particular interest to you. You are responsible for communicating to us in a timely fashion who will be in charge of what for each class. Note however that ALL students are expected to be well familiar with all required readings. As this is a second year (advanced) course, you are expected to go beyond the readings and preparation questions and think about the implications for future research in the specific area. Class participation and lead discussion will count for 30% toward your final grade. In an effort to reduce the amount of paper used for this course, only required readings will be printed. Optional course readings can be easily accessed on-line (or ask the professor directly in case you are not able to find them). You later decide yourself how much and in which format you want to print material for easy reading.

2. You are expected to present and discuss a “research idea”. This need not be a full-blown research proposal, but rather an opportunity for you to choose an issue that is of interest to you, and spend some time thinking about what you need to do in order to accomplish it, and how it would expand the boundaries of the field. The presentation will be similar to the “elevator pitch” format where in a few minutes (about 5) you will have to present in class your research idea considering several aspects such as the importance of the problem, research question, relevant literature, expected results, measures and data sources, etc. Then, a round of Q&As will be carried out by your classmates. These presentations will be scheduled toward the end of the course and will count for 20% toward your final grade.

3. You are expected to write up a theoretical or empirical article. The paper has to be 15-20 (double spaced) page long (without appendixes and references) and include a clear research question, review of the relevant literature, theoretical framework and propositions (if theoretical). If empirical, a clear description of variables, sample and data sources must be included. In both cases, a discussion and conclusion section has to be included. You are welcome to use and develop the idea used in the elevator pitch presentation. You can consider this as a take-home exam; it will count 50% toward the definition of your final grade. Paper is due March, 21st.
Please decide the distribution among yourselves, and let me know who will be in charge of what by **January 9th**. Make sure that ALL papers are assigned and have a leader (this might imply that some of you will be in charge of two papers but remember that you should read ALL papers)

### Required readings

5. Friedman M. 1970. The social responsibility of business is to increase its profits. New York

### Assignment for class preparation:

1. What is CSR and Sustainability?
2. What is the social responsibility of business?
3. Why do firms engage in CSR practices? Why sustain anything?
4. What is the link between CSR and firm’s performance?
5. Is the creation of shared value feasible and recommended or is it a myth?
6. If CSR and sustainability practices are a cost, how should firms manage the trade-off between social initiatives and profitability of firms?
7. If CSR and sustainability practices have a positive impact on firm’s results, why don’t all firms engage in social practices?

**Optional readings**
5. Margolis JD, Elfenbein HA, Walsh JP. 2009. Does it pay to be good...and does it matter? A meta-analysis of the relationship between corporate social and financial performance SSRN.

**Required readings**
Assignment for class preparation:
1. What is the key contribution of social movement theory to understanding Corporate Social Responsibility?
2. What are the mechanisms through which social movements can influence corporate behavior?
3. How can we revisit the debate on the business case for sustainability in the light of these articles?
4. What are the limitations of this perspective and how can we overcome them?

Required readings

Assignment for class preparation:
- What is the outcome of private regulation? Is it a substitute of traditional regulation, or a complement?
- What are the criteria to define successful private regulation? What are the antecedents of it?
- More broadly, what can we learn from these projects on how to promote sustainability?
- What is the relationship between private regulation, social movements, and corporation?
Does reporting matter? Why? And How does it lead to more sustainable corporate behavior?

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Assignment for class preparation:
- Are the centrality of financial markets and financial institutions a barrier to developing more sustainable corporate practices?
- What led us to the 2008 financial crisis? Was it just greed? Or macro policy decisions? Or just bad models?
- Could financial market become an engine for sustainability? How?
- What prevents responsible investing from diffusing?
- Compare the debate on responsible investing with the broader one on CSR? What are the similarities and differences?

Please decide the distribution among yourselves, and let me know who will be in charge of what by February 6th. Make sure that ALL papers are assigned and have a leader (this might imply that some of you will be in charge of two papers but remember that you should read ALL papers)

Theoretical approaches to CSR and Sustainability

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**Assignment for class preparation:**
- What is the right level of analysis for CSR related issues?
- What are the pros and cons of the different theoretical approaches applied to CSR and sustainability?
- Can be the different approaches blended? What empirical challenges would this represent?
- What are the elements and features of good theorizing in CSR and Sustainability? What are the common errors and features of bad theorizing?
- What empirical questions do these approaches offer as avenues for future research? Any managerial implications?

**Optional readings**

**Please decide the distribution among yourselves, and let me know who will be in charge of what by February 14th.** Make sure that ALL papers are assigned and have a leader (this might imply that some of you will be in charge of two papers. Remember that you should read ALL papers)


Assignment for class preparation:
- What are the relevant institutions when it comes to sustainability issues?
- How do stakeholders cause policies – and boundaries – to change?
- What is the best path to sustainability? Confrontation or collaboration?
- Why is legitimacy important for firms?
- Who grants legitimacy?
- How do firms acquire, maintain, and enhance legitimacy?
- How are stakeholders identified and prioritize?
- How do firms manage conflicting interest of stakeholders?

Optional readings

Please decide the distribution among yourselves, and let me know who will be in charge of what by **February 20th**. Make sure that ALL papers are assigned and have a leader (this might imply that some of you will be in charge of two papers. Remember that you should read ALL papers)


**Assignment for class preparation:**
- What is the causal relation between CSR and Governance structure?
- Which level of governance is the most relevant for CSR related issues?
- What are the pros and cons of rewarding social responsibility at the top?

**Optional readings**


Please decide the distribution of the five topics below among yourselves, and let me know who will be in charge of what by February 27th. Make sure that ALL sections are assigned and have a leader.

I. As an introduction to the literature on Strategies for the BOP:


In the session we will also debate three different approaches business models:

II. Entrepreneurship:


III. Dynamic Capabilities


IV. Industrial Organization

BOP and Business Models

March, 1st
9.30-10:45
11.00-12.15

Prof. Ricart

V. Finally we will focus on business models for the BOP with:


Assignment for class preparation:

- What are the main messages from this literature?
- What are the implications for MNC? And for local companies?
- What is different with respect to the traditional approach to strategies for emerging countries?
- What characterizes business models for the BOP?
- How each approach to business models contributes to strategies for the BOP?
- What are the implications of this literature for business model research?
- What are the general implications for our understanding of strategy?

Please decide the distribution among yourselves, and let me know who will be in charge of what by March 5th. Make sure that ALL papers are assigned and have a leader (this might imply that some of you might be in charge of the same paper. Remember that you should read ALL papers)


**Assignment for class preparation:**
- Are managers passive or active actors in the decision process of social issues?
- What are their motivations?
- How do/should managers prioritize stakeholders demands?

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10. Please decide the distribution among yourselves, and let me know who will be in charge of what by March 9th. Make sure that ALL papers are assigned and have a leader (this might imply that some of you might be in charge of the same paper. Remember that you should read ALL papers)


**Assignment for class preparation:**
- What are the main opportunities for a scholar in the field of CSR and Sustainability?
- Can we really measure CSR reliably?
- What issues are critical to write a top article in the field?

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Good research is made useful by delivering its purpose,
methodology, results, and implications. Thus, communication (both oral and written) is essential to avoid wasting all the effort that went into research. If communication is poorly done, research will never disseminate knowledge nor be used to aid decision making.

During the second part of this session, students will present their “research ideas”. This session is intended to reinforce your communication abilities needed in the research business and get some feedback on your research ideas. Each student will have about 5 minutes (elevator pitch format) to present his/her ideas but should be ready to answer questions from the other classmates and the professor.