

Syllabus

Class Meets:
Tuesday and Thursday
2:10 pm – 3:40 pm.
October 30 – December 11
Room W2740
12 sessions

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Course Overview

While the term sustainable development (or sustainability) dates back to 1968 (see <http://www.iisd.org/rio+5/timeline/sdtimeline.htm>), the most frequently cited definition comes from the 1987 Brundtland Commission report which called for development that "meets the needs of the present without compromising the ability of future generations to meet their own needs." Giving more structure to this definition, sustainability has been described as focusing on the "triple bottom line," the need to balance the three E's in the global economy: (1) economic prosperity, (2) environmental quality and (3) social equity.

But is the issue of sustainable development the new business challenge? Has the third component of the triple bottom line, social equity, entered the sphere of the business system? Proponents like Stuart Hart (*Harvard Business Review*, 1997) argue that "today many companies have accepted their responsibility to do no harm to the environment, products and production processes are becoming cleaner and where such change is under way. The environment is on the mend...But the distance we've traveled will seem small when, in 30 years, we look back at the 1990s. Beyond greening lies an enormous challenge and an enormous opportunity. The challenge is to develop a sustainable global economy: an economy that the planet is capable of supporting indefinitely." And corporate executives can now be heard making proclamations about their responsibilities for sustainable development. Edgar Woolard, while Chairman of DuPont wrote, "Industry, as society's producer has a special role to play in creating sustainable development, and some of us in the industrial community are working on ways to make sustainability a characteristic of industrial programs." Frank Popoff, while CEO of the Dow Chemical Company wrote, "If we view sustainable development as an opportunity for growth and not as prohibitive, industry can shape a new social and ethical framework for assessing our relationship with our environment and each other." William C. Ford, Jr., present chairman of the board of the Ford Motor Company wrote "A good company delivers excellent products and services and strives to make the world a better place. Great companies understand that to fully meet the expectations of consumers, they address the concerns of society. That is the only way to ensure sustainable development and growth. It is also the best way to richly reward shareholders."

Moving beyond rhetoric, several companies have taken action on establishing sustainability strategies. In 1998, Nike announced sweeping improvements in worldwide operations for its half million workers in 350 countries. The company set a minimum worker age of 18 and established a timetable for instituting US air quality standards at all its facilities. The company also created a new Corporate Responsibility Division with 75 employees and helped negotiate an agreement between labor rights groups and the apparel industry to allow independent groups to monitor factories for fair

labor practices. Shell has also taken action on sustainability, developing a new management system with performance metrics to address its financial, environmental and social performance in an integrated and quantifiable manner. In 1998, the company published its first sustainability report, describing how the company's operations in 125 countries are "striving to live up to our responsibilities — financial, social and environmental" and offering the results of an auditor's report, verifying the assertions given in the report.

But, the question remains as to whether there is a business imperative for the sustainability agenda. Is the business environment changing? Are the actions of companies like Nike and Shell indicative of new standards by which other companies will follow? One problem is that companies remain unclear on the definition of sustainable development. Even those who support the concept disagree on its precise meaning. It is being defined by academics, government agencies, activists and corporate officials in diverse and often conflicting ways. The United Nations Commission on Sustainable Development has proposed a set of indicators which are primarily meant as country-level social measures. But, if institutionalized they could act as a guide for the emergent definition of sustainable corporate practice. They include: income inequality; average life expectancy; level of crime; number of homeless; population growth rate; difference between male and female school enrollment rates; per capita consumption of fossil fuels for transportation; the ration of the average house price to the average income; living space (floor area) per person; environmentally adjusted net domestic product; energy consumption; the intensity of materials use; percentage of population with adequate excreta disposal facilities; share of renewable energy resources consumed; annual withdrawals of ground and surface water; the ration of debt service to export earnings; the maximum sustainable yield for fisheries; changes in land use; percent of arable land that is irrigated; energy use in agriculture; emissions of greenhouse gases; waste recycling and reuse; and access to information

The values that underlie these metrics appear to be divergent from the presently accepted measures and objectives of economic growth and business strategy. And integrating the values underlying these notions into the market system poses a serious challenge to business managers trying to understand what is expected of them and their companies. In this course, we will explore how some of them are doing this and consider what more may be expected from business in the present and future business environment.

Course Expectations

Because this class depends on our interactive dialogue, **class participation** is essential, both for your and your classmate's learning. If you have reservations about speaking in class, you may wish to carefully consider your taking this class. When you speak in class, your emphasis should be on quality as opposed to quantity. Your comments should be focused on one point and should be backed up with sound reasoning. Comments should transcend the "I feel" syndrome. This is too easy a topic to drift into easy platitudes and reactionary statements. You should build your comments on models, evidence or analysis of inherent tradeoffs. In other words, the comments should demonstrate some reflective thinking.

Generally a high participation grade is difficult to achieve if you are absent. Therefore, class **attendance** is critically important. If you must miss a class, please inform me in advance.

In this course you will be expected to do a lot of **reading**. On such a topical and emergent issue, discussion without solid analysis and evocative case examples would likely digress into a fruitless exchange of unsupported opinions. You will be expected to read the assigned materials and cases. You will also be expected to gather additional readings that are pertinent to the topic of the day. I strongly encourage you to **research** other related articles that can be used to enhance and elevate class discussion.

To aid you in the reflection process inherent in a class such as this, you are encouraged to keep a **journal** of your thoughts as we progress through the semester. This journal will help you sort out issues that the course raises. You will not be asked to actually hand in your journals but the contents would be ideal for our discussion in the final session.

Course Requirements

Requirement #1 – Contributions to Class Learning and Discussion **33%**

Class participation is a very important part of the learning process (as well as an important part of your grade). It is critical not only for your personal learning, but also for the learning of your fellow classmates. Much of the value of the class comes from prepared, thoughtful, and informed dialogue between you and your classmates. You are expected to read all the materials and you should apply the material in those readings to your class discussion. Beyond this requirement, there will be two contributing factors towards your class participation grade. **First**, you will be scheduled to open at least one session, summarizing the important facts of the case and presenting an assessment of the problem, the underlying issues and several possible solutions. A good opening will stimulate discussion by exposing the range of discussion topics and scenarios. Where more than one person is opening a case, I will arrange for you to debate each other over the issues in the case based on some of the criticism articles distributed throughout the syllabus. **Second**, you will be expected to participate in that class discussion in a thoughtful, productive and meaningful way. The following are some of the behaviors we look for as good contributions to class discussions: Raising relevant, insightful questions; Making comments that build on the ideas of others, moving the discussion and analysis forward; Helping other students contribute their ideas; Offering your own ideas to help analyze the case and to develop a sound course of action; Sharing your own personal experiences in a way that adds to our understanding of the topic being discussed; Talking with appropriate frequency (i.e., neither dominating the conversation nor being too quiet).

Requirement #2 – Futures Scenario (Individual) **33%**

The business environment is changing. Sustainable development is emerging as a concern within policy and economic circles. But what does it mean? And what will it mean? Your task in this individual assignment is to play business futures expert. To begin, you will submit a two page statement of what you think is the definition of sustainable development **for session #2**. Then, you will write a **seven page** report on what you think global businesses will be expected to do in the next ten years, and the next 50 years, with regards to sustainable development. Consider, for example, the metrics listed by the United Nations Commission on Sustainable Development mentioned above. Will business really have to care about the literacy of its workers and communities around its facilities? Also, include within your analysis some consideration for what will get us there. Were the Seattle trade riots the beginning of a new social movement that will push business towards more sustainable behavior? Is government the key? Will companies find it in their own strategic interests to adopt sustainability measures? And what will they be? Please be creative and thoughtful about this, but please try to avoid unrealistic prognostications. The packet documents: Davis, G. (1997) *Exploring Sustainable Development: Summary Brochure* (Geneva, Switzerland: World Business Council for Sustainable Development) and Schwartz, P. (1996) *The Art of the Long View: Planning for the Future in an Uncertain World* (Currency Publishers), pp. 1-28. should be helpful as you consider possible futures. Your argument should include specific supporting facts where possible and should be properly cited in footnotes at the end of the text. (Please use the style guide at the end of this syllabus.) Your paper should not be more than 7 pages (not including footnotes and up to two attachments), double spaced, 12 point, times roman font with one-inch margins. You should hand-in and be prepared to discuss your analysis in class in **session #12**.

Requirement #3 – The Business Case for Sustainable Development (Group)

33%

In this group assignment, you will assess the Annual Sustainability Report of a company of your own choosing. Compare it to the new G3 reporting requirements of the Global Reporting Initiative (<http://www.globalreporting.org/>); use specific comparisons. As the adage goes, you can't manage what you can't measure. Do you like what they are measuring? Do the metrics that are presented lead you to believe that the company is on track towards sustainability as you or others define it? Why? Why not? Do you like this report: (1) as a business person in the company, (2) as an investor, and (3) as an activist? Your argument should include specific data and should be properly cited in footnotes at the end of the text. (Please use the style guide at the end of this syllabus.) Your paper should not be more than **seven pages** (not including footnotes and up to two attachments), double spaced, 12 point, times roman font with one-inch margins. You should hand-in and be prepared to present your analysis in class in **session #8**.

Required Course Materials

There is a course packet of cases and a required text for this course. This reading should be supplemented by steady reading of contemporary environmental issues as published in *The New York Times*, *Wall Street Journal*, *Business Week* etc.

Required:

- Davis, G. (1997) *Exploring Sustainable Development: Summary Brochure* (Geneva, Switzerland: World Business Council for Sustainable Development); Available on the web at www.wbcsd.org.
- Doering, D. et al. (2002) *Tomorrow's Markets: Global Trends and Their Implications for Business* (Geneva, Switzerland: World Business Council for Sustainable Development); Available on the web at www.wbcsd.org.
- Schwartz, P. (1996) *The Art of the Long View: Planning for the Future in an Uncertain World* (Currency Publishers), pp. 3-42, 241-248 *In reading packet*.
- Reading Packet

CSIB 565/SNRE 513: Class Schedule

Session #1	<i>Introduction</i>	October 30
READINGS:	<ul style="list-style-type: none"> • <i>Tomorrow's Markets</i>, Foreword, Preface and Chapter 5, pp. 3-5, 48-55. • Holliday, C., S. Schmidheiny and P. Watts (2002) "The business case for sustainable development," Chapter 1 in <i>Walking the Talk</i> (San Francisco: Berrett-Hohler Publishers): 12-38. • Hoffman, A. (2000) "Environmental strategy and sustainable development," Chapter 11 in <i>Competitive Environmental Strategy</i> (Washington DC: Island Press): 228-242. (<i>available on cTools</i>) 	
	<p style="color: blue; margin-left: 20px;">CRITIQUE Norman, W. and C. MacDonald (2003) "Getting to the bottom of the 'triple bottom line'," <i>Business Ethics Quarterly</i>.</p>	
CASE:	<ul style="list-style-type: none"> • AES Global Values (HBS 9-399-136) 	
QUESTIONS:	<ul style="list-style-type: none"> • Who's environmental values should determine the plant technology AES should specify for its coal plant project in India? Should it meet US standards at a higher price or India's standards at a lower price? What other values are at play in this situation? How do you balance trade-offs among them? With the lower standards, is AES exposing poor people to greater risk? With higher standards, is AES practicing eco-imperialism? In your opinion, is it possible to develop a universal set of ethical standards for business, or do cultural differences make universal standards impractical, if not impossible? 	
Session #2	<i>Sustainable Development and Business Strategy I</i>	November 1
READINGS:	<ul style="list-style-type: none"> • <i>Tomorrow's Markets</i>, Chapter 3, pp. 30-37. • Hart, S. (1997) "Beyond greening: Strategies for a sustainable world," <i>Harvard Business Review</i>, Jan-Feb: 66-76. • Appenzeller, T. (2004) "The end of cheap oil," <i>National Geographic</i>, June: 80-109. • PriceWaterhouseCoopers (2002) <i>Sustainability Survey Report</i>. 	
	<p style="color: blue; margin-left: 20px;">CRITIQUE _____ (2001) "Economics focus: Curse of the ethical executive," <i>The Economist</i>, November 17: 70.</p>	
CASE:	<ul style="list-style-type: none"> • Sustainable Development at Shell (A & B) (HBS 9-303-005 and 9-303-072) 	
QUESTIONS:	<ul style="list-style-type: none"> • What do you think of Shell's efforts at sustainable development? Is it window-dressing or genuine? Why are they doing this? Would you, as an investor, feel pleased with what they are doing? What if you were a Nigerian living near some of their wells in Africa? Can an oil company even be sustainable in the face of concerns over climate change? Is the availability of oil reserves an issue? Should they fund the CIC project? Is it consistent with their values and objectives? 	
DUE:	<ul style="list-style-type: none"> • Individual Assignment (part 1) 	

READINGS:

- _____ (2003) "Non-governmental organizations and business: Living with the enemy," *The Economist*, August 9: 49-50.
- Williamson, H. (2003) "Signing up to corporate citizenship," *Financial Times*, February 12: 12.
- _____ (1999) "Protests Heard by WTO? Seattle Riot Shocks Delegates," *The Toronto Sun*, December 2: p. 1.
- Ball, D. (2004) "Ex-Activists Find Grass Greener on Corporate Side," *Wall Street Journal*, November 17: A1.
- Hoffman, A. (2006) "The Real Thing: Coca-Cola Learns a Tough Lesson about Corporate Sustainability," *Grist*, September 5.
- CRITIQUE Goldstein, A. (2002) "Too green for their own good?" *Time*, August 26: A58-A60.

CASE:

- Stecklow, S. (2005) "How a Global Web of Activists Gives Coke Problems in India," *Wall Street Journal*, June 7: A1.

QUESTIONS:

- Review the web pages www.killercoke.org, <http://www.indiaresource.org/> and www.cokefacts.org. What do you think of the challenges against Coke? Are they fair, unfair? Does it matter? How should Coke handle these criticisms? Should they deal with Shrivastava directly? On what grounds? Is it in Coke's interests to engage this debate?

READINGS:

- Mulegeta, S. (2004) "Chad's poor await riches: Amid novel plan to use profits to help the impoverished nation, its 9 million remain expectant," *Newsday*, April 9: A27.
- Blustein, P. (2006) "Chad, World Bank Settle Dispute over Oil Money," *Washington Post*, July 15: D1.
- Crossette, Barbara (1998) "Kofi Anna's Astonishing Facts," *New York Times*, September 27: Section 4, p. 16.
- Crossette, Barbara (1998) "Most Consuming More, and the Rich Consuming Much More," *New York Times*, September 13: Section 1, p. 3.
- Peel, M. (2004) "Oil giants face uncertain future as tribal clashes over land grow more violent in Niger Delta: The region has been troubled by long-standing tensions between the Itsekiri and Ijaw over political power," *Financial Times*, May 5: 10.
- Greene, J. & M. France (2005) "Culture wars hit corporate America," *Businessweek online*, May 23, cover story.

CRITIQUE Levitt, T. (1958) "The dangers of social responsibility," *Harvard Business Review*, September-October: 41-50.

CASE:**QUESTIONS:**

- Shell Oil in Nigeria (*Business & Society*)
- What arguments did Shell make in defending its actions in Nigeria? How would Shell's critics counter these arguments? Do you believe Shell could or should have done anything differently in Nigeria? What internal and external factors contributed to the emergence of this crisis for Shell? What, if anything, should Shell do next? When you fast forward to 2004, you can see by the readings that the political situation has not stabilized? Could this have been avoided? Do companies owe anything more than paying their taxes when they enter a developing country? And what if the taxes go to a corrupt regime, should they pull out or get involved with internal politics as Exxon did in Chad? What do you think of Theodore Levitt's warning about the implications if they do?

Session #8 *Defining Sustainable Development in Practice* **November 27**

- READINGS:** ^{CRITIQUE} Davis, I. (2005) "The biggest contract," *The Economist*, May 26, 69-71.
- DUE:**
- EXERCISE:**
- Group Assignment
 - Students will present the results of their group assignment. This will lead to a discussion of an encompassing definition of corporate sustainable development.

*Technological Solutions
and the Corporation*

Session #9 **November 29**

- READINGS:**
- *Tomorrow's Markets*, Chapter 2, pp. 20-29.
 - Magretta, J. (1997) "Growth through global sustainability: An interview with Monsanto's CEO, Robert B. Shapiro," *Harvard Business Review*, January-February: 78-88.
 - Rejeski, D. (2004) "The next small thing," *The Environmental Forum*, March/April: 42-49.
- QUESTIONS:**
- What do you think of Monsanto's aspirations for a life sciences strategy of "Food, Health, and Hope?" Why the European backlash? Why is there none in the United States? How does European resistance differ from the concerns of the developing world? As a fund manager, would you add Monsanto's stock to your portfolio in June 1998? Why or why not? Can genetically modified food help bring about a sustainable world? What about nanotechnology? In general, can technology bring about a sustainable world?
- VIDEO:**
- *Harvest of Fear* (120 minutes).

*Sustainable Development and
the Global Workforce*

Session #10 **December 4**

- READINGS:**
- Brown, D. (2004) "US urged to monitor global labor policies group: Publicity key to ensuring good practices," *Washington Post*, January 12: A15.
 - _____ (2004) "Sweating for fashion: Labour comes cheap, and will get cheaper," *The Economist*, March 4.
 - _____ (1996) "Share the wealth with the workforce." *Business Week*, April 22, p. 158,
- CASE:**
- QUESTIONS:**
- Nike's Dispute with the University of Oregon (*Business & Society*)
 - Who do you believe has a social and ethical responsibility for the wages and working conditions of the employees who produce Nike's shoes and apparel, Nike or its subcontractors? Why do you think so? What might Profs. Meckling and Jensen (reading in session #6) have to say about the involvement of labor rights groups in Nike's business affairs? The Fair Labor Association (<http://www.fairlabor.org/>) and the Workers Rights Consortium (<http://www.workersrights.org/>) differ on how to establish and enforce fair labor standards. Which approach, if either, do you favor, and why? Consider how you would answer this question if you were representing the following: Nike shareholders, a human rights organization, a US labor union, or the government of a developing country. If you were CEO of Nike, what would you do next in this situation? If you were the president of the University of Oregon, what would you do next?
- VIDEO:**
- Nike Sweatshops, *48 Hours*.

Session #11	<i>Sustainable Development and Access to Capital</i>	December 6
READINGS:	<ul style="list-style-type: none"> • Sevastopulo, D. (2003) "IFC may add human rights to lending criteria," <i>Financial Times</i>, November 4. • Lazarus, S. (2004) "The Equator Principles: A milestone of just good PR?," <i>Global Agenda</i>: 106-107. • Armstrong, G. (2003) <i>Measuring Sustainability: A Framework for Private Sector Investments</i>, (Washington DC: International Finance Corporation). • Gunther, M. (2002) "Investors of the world, Unite!" <i>Fortune</i>, June 24: 78-86. 	
CASE:	<ul style="list-style-type: none"> • Sustainable Development and Socially Responsible Investing: ABB in 2000 (HBS 9-701-082) 	
QUESTIONS:	<ul style="list-style-type: none"> • Does it pay to be sustainable? How do you define sustainability? Does your definition for a fund manager differ from your own ideas about what is expected of a corporation in the 21st century? 	

Session #12	<i>Cooperation Toward a Sustainable World</i>	December 11
READINGS:	<ul style="list-style-type: none"> • Cavanaugh, G. (2004) "Global business ethics: Regulation, code or self-restraint," <i>Business Ethics Quarterly</i>, 14 (4): 625-640. 	
CASE:	<ul style="list-style-type: none"> • 	
DUE:	<ul style="list-style-type: none"> • Individual Assignment (part 2) • Be prepared to discuss your individual assignment regarding the present and future expectations on business regarding sustainable development. 	

Style Guide for References

Please use endnotes for all references in your papers. The form of entries should fit the following format.

Book entries follow this form: Authors' or Editors' Last Names, Initials. Year. *Title of book*. (Italic, lowercase except for the first letter of the first word and the first word after a long dash or colon). City Where Published, with abbreviation for state or province (North America) or full name of country, only if needed to identify a small city: Name of Publisher. Examples:

Granovetter, M.S. 1965. *Getting a job: A study of contracts and careers*. Chicago: University of Chicago Press.

Kahn, R. L., & Boulding, E. (Eds.). 1964. *Power and conflict in organizations*. Glencoe, IL: Free Press.

R. Harbridge (Ed.) *Employment contracts: New Zealand experiences*. Wellington, New Zealand: Victoria University Press.

National Center for Education Statistics. 1992. *Digest of education statistics*. Washington DC: National Center for Education Statistics.

Periodical entries follow this form: Authors' Last Names, Initials. Year. Title of article or paper (in lowercase letters except for the first letter of the first word and the first word after a long dash or colon). *Name of Periodical*, volume number (issue number, *if needed*—see below): page numbers. Examples:

Shrivastava, P. 1995. The role of corporations in achieving ecological sustainability. *Academy of Management Review*, 20: 936-960.

Nonaka, I. 1991. The knowledge-creating company. *Harvard Business Review*, 69(6): 96-104.

Include an issue number *only* if every issue of the referenced periodical begins with a page numbered 1. (Look at more than one issue to check.)

If an article has no author, the periodical or producing body is referenced:

BusinessWeek. 1998. The best B-schools. October 19: 86-94

Chapters in books (including annuals) follow this form: Authors' Last Names, Initials. Year. Title of chapter (in lowercase letters except for the first letter of the first word and first word after a colon). In Editors' Initials and Last Names (Eds.), *Title of book*: page numbers. City Where Published, State or Country (only if necessary to identify the city): Name of Publisher. Examples:

Levitt, B., & March, J.G. 1988. Organizational learning. In W.R. Scott & J.F. Short (Eds.), *Annual review of sociology*, vol. 14: 319-340. Palo Alto, CA: Annual Reviews.

Dutton, J., Bartunek, J., & Gersick, C. 1996. Growing a personal, professional collaboration. In P. Frost & S. Taylor (Eds.), *Rhythms of academic life*: 239-248. Newbury Park, CA: Sage.

For *unpublished* papers, dissertations, and papers presented at meetings:

Duncan, R. G. 1971. *Multiple decision-making structures in adapting to environmental uncertainty*. Working paper no. 54–71, Northwestern University Graduate School of Management, Evanston, IL.

Smith, M. H. 1980. *A multidimensional approach to individual differences in empathy*. Unpublished doctoral dissertation, University of Texas, Austin.

Wall, J. P. 1983. *Work and nonwork correlates of the career plateau*. Paper presented at the annual meeting of the Academy of Management, Dallas.

For an *electronic document*, include the author's name, if known; the full title of the document; the full title of the work it is part of; the ftp, http, or other address; and the date the document was posted or accessed.