

CORPORATE SOCIAL RESPONSIBILITY

COURSE OUTLINE

TEACHING TEAM:

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RWTH Aachen, School of Business and Economics

Winter Term 2019/2020

1 COURSE OVERVIEW

Course Name:	Corporate Social Responsibility
Degree Programmes:	Master BWL (<i>the class is <u>opened only</u> to M.Sc. BWL students, but not to students of any other study program and not to exchange students</i>)
Lecturers:	Prof. Reinhard Madlener (EONERC), Prof. Stefanie Paluch (STM), Prof. Frank Piller (TIM), and Dr. Kathleen Diener (TIM)
Coordinator	Alexander Gladis (CSR@time.rwth-aachen.de) NOTE: Questions will only be answered by email.
Location and Time:	Seven Tuesdays, 08:30-10:00 (Session I) <u>or</u> 10:15-11:45 (Session II) RS 5 (3990 005) Rochusstr. 2-14, EG Hörsaal H218 (1390 218) 13 Kopernikusstr. 14 (Metallurgy) See specific schedule below: Participants will be clustered into 4 groups, each group has a different class schedule, see below! Information on your group allocation follows via email shortly after the introduction session. The first session will take place for all registered participants on 8:30-10:00 am on Tuesday, 8 October, in Room MAGMA-Hörsaal H218 (1390 218) (Metallurgy & Metal Physics Building, Kopernikusstr. 14). This session introduces into the class and shares organizational details on grading and case study evaluation. It is highly recommended that you participate at this introduction class. <i>There will be no case discussions for this intro session, but you need to read the two papers listed under "literature" below.</i>
Content Description:	The course focuses on socially and environmentally responsible leadership along all activities of the value chain. In six case studies, the class will cover issues of corporate social responsibility with regard to the development of business models, supply chain management, customer relationships, marketing, and pricing and revenue management.
Qualification Objectives:	Participants learn how to integrate social and ecological aspects into business models. The case studies emphasize critical decision situations in a manager's work life. The interactive case study course focuses on the discussion of a variety of cases with the following learning objectives: <ul style="list-style-type: none"> • Ethical thinking in critical decision situations. • Application of business methods in semi-structured and ambiguous problems. • Learning how companies deal with real world problems and implement solutions for business success. • Importance of assessing situations using critical thinking and presenting opinions in controversial discussions. • Learning how to precisely argue and defend own points in front of a group.
Literature:	See readings below
Course Examination:	Modus of the examination: (E) 1. Project work: Preparation and presentation of six group assignments (50%, graded) 2. Examination: Written exam (50%, graded, 60min.)
Requirements:	Solid command of English
Type of Teaching:	Case study-based interactive lectures
Language:	English
Credits:	5

2 COURSE ORGANIZATION

In this course, we will discuss a number of case studies that deal with the challenges of socially and environmentally responsible leadership. Since the course is highly interactive, it will be **taught in two consecutive and identical sections**, and the cohort will be split into four **class groups (A to D)**, and each class group again will be divided into **small study groups of six persons. (A-1, A-2, ... D-6).**

You will be allocated randomly by us into the class and the study group after the introduction section and will be informed about which group you have been assigned to via Moodle. **Please note that this allocation is final and that no exceptions will be made! It will not be possible to switch sections for the entire course or for individual sessions** (e.g., going to Section 1 for one week and then going to Section 2 for another week).

In each section, there will be six different case study sessions. **Before each session**, you will meet (at a place of your choice) **in your small study group of six people** to discuss the case assigned to that particular session for about **45 minutes**. To this end, you will get a number of questions that will help you to structure your small group discussions, and that you will have to answer in written form. **It is mandatory** that you come prepared to these meetings and share your ideas and answers about the case with your fellow students. **Please note: Study group coordination is within your own responsibility.**

Come prepared to both the study group and the teaching session. It makes no sense at all to show up in a class without having prepared the session's case. From our experience, each case demands about 3-4 hours of individual preparation before each class!

In the **introductory session** of the course on **Tuesday, 8 October 2019 (08:30 – 10:00 am, Room MAGMA-Hörsaal H218 (1390|218))**, the instructors provide a general introduction into the course and the conceptual frameworks that form the backbone of the case discussions. **Thus, there will be no small groups and case discussions for this intro session, but you need to read and know the two papers listed under "literature" below.**

This course will be managed via the e-learning platform Moodle. All lecture slides, case studies, and readings will be deposited here. In addition, we will communicate all relevant information (e.g. group allocation, room changes, and course and exam preparation) only via Moodle. You will also **hand in your group assignments through Moodle. It is hence essential for you to sign up for our course by 9 October (23:59) at the very latest.**

All classes and case study discussions will be in **English language**. Please note that the case study for the exam will be in English and that you will be required to answer in English.

To evaluate your class contributions, we need to know you.
For this, **please send a recent selfie** (headshot, not too artistic, please!)
to CSR@time.rwth-aachen.de before **Oct. 8, 2019.**

Please **use the subject "CSR class book"** and attach the picture in **JPG format** and name the file according to the following pattern: **last-name_first-name.jpg**

Without the picture, it is hard for us to contribute your class participations to the right team!

3 LITERATURE

Basu, K.; Palazzo, G. (2008): Corporate Social Responsibility. A Process Model of Sensemaking. *Academy of Management Review*, 33/1, S. 122-136.

Bénabou, R.; Tirole, J. (2010): Individual and Corporate Social Responsibility. *Economica*, 77, 1-19.

CSR Class WiSe 2019/2020		Introduction: MAGMA-Hörsaal H218 (1390 218) (Kopernikusstr. 14)					
08. Oct. 2019	08:30-10:00	Introductory Session <i>for all groups</i> (Piller) – <i>Read the two papers listed under "3. Literature" before the session!</i>					
		Session I: 08:30 – 10:00		Session II: 10:15 – 11:45			
		Section I RS 5 (3990 005) Rochusstr. 2-14, EG			Section II MAGMA-Hörsaal H218 (1390 218) (Kopernikusstr. 14)		
15. Oct. 2019	Session I (08:30h)	Group A	Case 1: Whole Foods	Piller	Group C	Case 1: Whole Foods	Madlener
	Session II (10:15h)	Group B	Case 1: Whole Foods	Piller	Group D	Case 1: Whole Foods	Madlener
29. Oct. 2019	Session I (08:30h)	Group A	Case 2: Method	Diener	Group C	Case 2: Method	Paluch
	Session II (10:15h)	Group B	Case 2: Method	Diener	Group D	Case 2: Method	Paluch
19. Nov. 2019	Session I (08:30h)	Group A	Case 3: Nuclear Energy	Piller	Group C	Case 3: Nuclear Energy	Madlener
	Session II (10:15h)	Group B	Case 3: Nuclear Energy	Piller	Group D	Case 3: Nuclear Energy	Madlener
26. Nov. 2019	Session I (08:30h)	Group B	Case 4: Scotbar Mining	Piller	Group D	Case 4: Scotbar Mining	Madlener
	Session II (10:15h)	Group A	Case 4: Scotbar Mining	Piller	Group C	Case 4: Scotbar Mining	Madlener
03. Dec. 2019	Session I (08:30h)	Group B	Case 5: HP Imprinting	Diener	Group D	Case 5: HP Imprinting	Paluch
	Session II (10:15h)	Group A	Case 5: HP Imprinting	Diener	Group C	Case 5: HP Imprinting	Paluch
17. Dec. 2019	Session I (08:30h)	Group B	Case 6: Body-Shop	Diener	Group D	Case 6: Body-Shop	Paluch
	Session II (10:15h)	Group A	Case 6: Body-Shop	Diener	Group C	Case 6: Body-Shop	Paluch
22. Jan. 2020	18:15 – 19:45	"Nobel Prize Lecture" <i>for all students</i> (Couvenhalle)					
06. Feb. 2020	11:30 – 12:30	First examination date, ZuseLab (C2, C4, C5, S1) (Prof. Pirlet Street 12, 52074 Aachen).					
18. Mar. 2020	11:30 – 12:30	Second examination date, ZuseLab (C1, C3) (Prof. Pirlet Street 12, 52074 Aachen).					

4 CASES

A key component of this course is the discussion of the cases with the instructor and your fellow students. In the following, you will find a brief description for each case as well as the questions you will have to prepare for the group assignments. All cases are uploaded onto the Moodle platform.

Case 1 15. Oct. 2019	Whole Foods: Balancing Social Mission and Growth Prof. Piller, Prof. Madlener
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In 2009, Whole Foods stands at a crossroads. Their incredible growth over the past 25 years has vaulted them into the ranks of the largest US supermarkets and they have arguably led to the widespread acceptance of natural and organic foods in the United States. Yet more recently, Whole Foods has come under attack as having abandoned their prior social mission as they have increasingly sought to deliver economic growth. The case begins with their acquisition of Wild Oats, at that time their largest competitor and describes many of the mechanisms they have used to successfully integrate prior acquisitions. Furthermore, the case shows the significant tension between their social mission and their far-flung supply chain, while discussing some of the tradeoffs that exist in the development of the 'industrial organic' model. Finally, the case also allows for students to assess CEO John Mackey's new model of 'conscious capitalism.' Is Mackey's idea a workable model, or just an excuse for Whole Foods extensive growth while avoiding progressive practices such as a unionized workforce?

Pre-Assignment Questions (these questions should be discussed in the written mini paper of your group to be handed-in before class):*

1. ** In what ways do you think that Whole Foods has created value for society? And how have their efforts to create social value led to business results?*
2. ** How has Whole Foods grown while also trying to stay true to its social mission? I.e. what organizational strategies, processes and procedures have enabled them to balance these seemingly conflicting goals?*
3. ** What is your assessment of Mackey's new model of "conscious capitalism"?*
4. *What changes, if any, should Mackey make to Whole Foods' strategy going forward?*

Case 2 29. Oct. 2019	Method: Entrepreneurial Innovation, Health, Environment, and Sustainable Business Design Prof. Paluch, Dr. Diener
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With Method standing at number seven on Inc. magazine's list of the 500 fastest-growing companies in 2006, cofounder Adam Lowry is searching for a biodegradable cleaning cloth to expand Method's line of "green" household products. Sustainable design principles have been a guiding force in Method's strategy, and being bio-friendly is critical. So is sourcing in the United States. But only China can manufacture the corn-based cloth Lowry has in mind, and there is no way to certify that the product is free of genetically modified organisms. In the case we will explore the dilemma of Lowry who has to balance his firm's fundamental commitment to environmental sustainability against the fact that some retailers refuse to carry products containing GMOs.

Pre-Assignment Questions (these questions should be discussed in the written mini paper of your group to be handed-in before class):*

1. *Visit the company Web site at <http://www.methodhome.com>, read and take notes about the products, the company philosophy, and the entrepreneurs themselves.*
2. ** What do you think the buyer of Method products is purchasing?*

3. * Which dilemma is Adam Lowry facing, and what would be a decision strategy to find a solution from this dilemma?

Case 3

19. Nov. 2019

Nuclear Energy: An Answer to Climate Change?

Prof. Piller, Prof. Madlener

Environmental activist groups have traditionally opposed nuclear energy. However, the growing environmental problems associated with global climate change requires major changes to reduce the carbon intensity of electricity generation. Should environmental groups reverse course and support the construction of new nuclear plants--using technology that could be rapidly deployed at scale--to reduce greenhouse gas emissions that are causing global climate change?

This controversy case study will guide a discussion about the positions and incentives of various actors that are promoting or opposing a technology, and allows us to assess how an organization can identify, develop and implement a strategy to attract potential partners. We will also elaborate together how technologies come to be adopted and abandoned, and the role of social perceptions and social movements in that process.

Pre-Assignment Questions (these questions should be discussed in the written mini paper of your group to be handed-in before class):*

1. * Should the CASEnergy Coalition target a leading environmental NGO to encourage it to promote nuclear power?
2. * Presuming it decides to do so, which organization(s) should the Coalition target? How should CASEnergy convince the organization(s) to agree?

Case 4

26. Nov. 2019

Scotbar Mining

Prof. Piller, Prof. Madlener

Scotbar Ltd. from Queensland, Australia, developed a process to convert sandstone to sand, a technique that large multinational mining companies failed to perfect. The stakes could not have been higher, with global environmental disaster looming and the world quickly depleting its reserves of construction sand, severely affecting coastal communities and destroying marine ecosystems in the process. Today, Scotbar appeared to have a process to produce construction sand, although more expensive than natural sand. Scotbar decided not to patent its process in hopes that more companies would adopt it. But was this really the right approach to sustainability through innovation?

Pre-Assignment Questions (these questions should be discussed in the written mini paper of your group to be handed-in before class):*

1. How much influence can Scotbar have on sustainable mining practices?
2. * Considering the idea of the triple bottom line, how is Scotbar different from other mining companies?
3. * What role does intellectual property play in sustainable business practices? Discuss the potential benefits and harms that copyrights and patents can have on sustainability, and evaluate Scotbar's decision not to patent its process.

Case 5
03. Dec. 2019

HP: Imprinting the Global Health Sector
Prof. Paluch, Dr. Diener

Hewlett-Packard (HP) had a long history of engaging in corporate citizenship, dating back to its founding. By 2009, however, under the leadership of its latest CEO, Mark Hurd, the company had lost its focus on corporate social responsibility (CSR). Hurd instead focused on undertaking a financial turnaround and overcoming other reputational challenges; he viewed CSR and philanthropic efforts as costs rather than as strategic levers.

The HP case focuses on a strategic transformation from traditional, cost-center CSR to business-aligned social innovation. It outlines the details of the board's approval of the new strategy, and then discusses how HP employees worked to reorganize their CSR activity. The new team, the Office of Global Social Innovation (OGSI), had to devise a pilot project to demonstrate the new approach. The project under consideration was an engagement that would improve the early infant diagnosis process for testing infants for HIV in Kenya—an area virtually unknown to HP.

Pre-Assignment Questions (these questions should be discussed in the written mini paper of your group to be handed-in before class):*

1. *Put yourself in Paul Ellingstad's shoes. Think about the presentation that you would give to HP management to convince them that this project fits with the company's new approach to CSR.*
2. ** How does this new approach of social innovation create new opportunities for the business? How can you tie the outcomes back to the objective of the business?*
3. ** How was HP's approach to social innovation different from what it was doing before?*
4. ** Consider what you know about CSR, do you think the social innovation work is significantly different? How would you review HP's partnership work with Volans, CHAI, and Kenyan Ministry of Health? How else might HP's team approach this project?*

Case 6
17. Dec. 2019

The Body Shop: Social Responsibility or Sustained Greenwashing?
Prof. Paluch, Dr. Diener

This case is about the issue of sustainability rhetoric and greenwashing. In March 2006, The Body Shop International Plc, a retailer of natural-based and ethically-sourced beauty products, announced that it had agreed to an acquisition by the beauty care giant L'Oreal SA in a cash deal worth £652 million (US\$1.14 billion). The announcement brought in its wake a spate of criticism against Body Shop and its founder, Dame Anita Roddick. This case discusses the reactions of consumers, activists, and corporate social responsibility (CSR) experts to the acquisition of Body Shop by L'Oreal. The acquisition throws up questions such as: Is Body Shop guilty of greenwashing? Does it have the influence to extend its values to L'Oreal. The case also looks into the issue of whether L'Oreal was trying to improve its own image and to buy CSR through this deal.

Pre-Assignment Questions (these questions should be discussed in the written mini paper of your group to be handed-in before class):*

1. ** The Oxford English Dictionary defines greenwashing as "disinformation disseminated by an organization so as to present an environmentally responsible public image." Do you believe that The Body Shop was guilty of greenwashing, under the leadership of Dame Anita Roddick? Justify.*

2. *The Body Shop was considered a pioneer in modern corporate social responsibility. Can its sale to L'Oréal be considered a sellout of its values and principles or is it an attempt "to spread human values wider in business"? Or has it just found a strategic partner to help its products reach a larger market?*
3. ** Discuss the importance of CSR and brand values as factors that need to be considered during mergers and acquisitions vis-à-vis financial parameters. Some critics opine that many multinationals are keen to acquire an ethical company as they hope that it may influence how they themselves are perceived. Do you agree with the critics that L'Oréal was trying to buy CSR through its acquisition of The Body Shop? Discuss.*

5 COURSE GRADING

Modus of examination: (E)

1. **Project work: Preparation and presentation of six group assignments (50%, graded)**
2. **Examination: Written exam (50%, graded, 60min.)**

A maximum of 60 points can be obtained for each of the elements. The final points and grade is the weighted average of the elements, and you need 50 percent of all points to pass.

1. Project work: Preparation and presentation of six group assignments

Each small study group will have to prepare written answers to the pre-assignment questions (marked * in this syllabus) for each of the six cases in form of a brief mini paper. Each paper should comprise a **maximum of two pages** (A4, Times 12, 1.5 line spacing), and must be **handed in as a group via Moodle before 8am on the day of the respective lecture session**. The presentation of your group work will be in form of the case discussion. While we will have individual contributions to the discussions by the participants, your performance will be evaluated as one team. The assignment and group contribution to the class will be rewarded with **up to 10 points per session**.

You will be evaluated as a team – so act as a team: everyone should give their best! Hence: Come prepared and use the small group sessions for getting a start on the case and polishing your arguments! This course offers a great chance to learn how to overcome uncomfortableness in situations of defending one's own opinion as well as precisely argue own point of views. Don't miss the opportunity to build up or improve your own argumentation skills.

However, there is **no obligation or a penalty for not showing up in class** (and you also do *not* need to send an email when you cannot come!), but given that the exam is based on the discussions during the class sessions, **you should not miss too many sessions**. This also would be non-sustainable behaviour as you would free-ride on your peers' contributions.

More details on the grading process will be given in the introduction setting.

2. Examination: Written exam

The final exam will be based on a **case study**, which **you will receive 24 hours before the exam starting time through Moodle. Read the case carefully before the exam!!** You are also advised to bring a **printed copy of your case** with **highlighted / underlined text** – **but no verbal or graphical comments are allowed!**

The exam questions, which you will get when the exam starts, will reflect the topics that were covered in the course and will refer to **both the exam case and the six case studies** discussed

in class. In addition, the **basic literature** (papers assigned to the opening session) is part of the **relevant exam content**.

You will have **60 minutes** to answer all the questions. The case study as well as the questions will be formulated in English and you will also need to answer the questions in English. More details on the exam and the procedure will be provided in the first session on 8 October 2019.

The **exam (first examination date)** will take place on **Thursday, 06 February 2020** between **11:30 and 12:30** in the **ZuseLab (C2, C4, C5, S1)** (Prof. Pirlet Street 12, 52074 Aachen). The ZuseLab is a working room with individual computer stations for each student. Each computer is equipped with special exam software that enables you to execute the whole exam on the computer.

The second examination will take place on **Wednesday, 18 March 2020** between **11:30 and 12:30** in the **ZuseLab (C1, C3)**. Requirements and timings equal the first examination date.

To evaluate your class contributions, we need to know you.
For this, **please send a recent selfie** (headshot, not too artistic, please!)
to CSR@time.rwth-aachen.de before **Oct. 8, 2019**.

Please **use the subject "CSR class book"** and attach the picture in **JPG format** and name the file according to the following pattern: **last-name_first-name.jpg**

Without the picture, it is hard for us to contribute your class participations to the right team!

We hope you will enjoy the course and look forward to working with you!