

Sustainability and Global Value Chains

(MNGT-E2005, 6 cr)

SYLLABUS

| Instructors' contact information | Course Information |
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| Responsible teacher: Tiina Ritvala E-mail: tiina.ritvala@aalto.fi https://people.aalto.fi/tiina_ritvala Phone +358 40 353 8352 | Status of the course: Elective in Degree Programmes in Management and International Business and Creative Sustainability, CEMS, and AALTO minor in World in Transition |
| Co-teachers: Perttu Kähäri (perttu.kahari@aalto.fi), Iiris Saittakari (iiris.saittakari@aalto.fi) | Academic Year: 2020-2021, Autumn II (27.10.2020-3.12.2020) Location: Online course (in Zoom) The Zoom invitation and link will be sent a few days before the first class (via email) |
| Teaching Assistant: Valentina Arrieta E-mail: valentina.arrieta@aalto.fi | Lecture time: TUE & THU at 13:15-16:00 Language of Instruction: English Course Website: https://mycourses.aalto.fi/course/view.php?id=29587 |

1. LEARNING OUTCOMES

This course provides an overall understanding of how contemporary international businesses are integrating sustainability in their strategies and activities across their global value chains. Upon completion of the course, students are able to understand various ways through which multinational enterprises (MNEs) and smaller businesses can balance the needs of the society, the environment and the business. Students are also able to differentiate between globally integrated, locally adapted and transnational MNE sustainability strategies and evaluate how the UN Sustainable Development Goals affect international business strategies and global value chains.

2. CONTENT

The course offers an overview of theoretical perspectives and topics at the international business-society interface. The themes range from global value chains and international sourcing, and underlying environmental and social/human rights questions, to MNEs' sustainability transformations and shared value creation. The course is highly interactive. Cases are drawn from a variety of industries and geographical contexts. Through a series of participatory lectures and group works, students will be invited to deepen their understanding of sustainable global business and reflect their professional interests and aspirations. Several classes will feature a guest.

3. ATTENDANCE REQUIREMENT AND ONLINE ETIQUETTE

Please note that you must attend the first lecture to ensure your place in the course. This is because the groups are formed during the first class. We also really want to get to know you better during our

introductory round and start to foster positive community spirit in these times of social isolation. **You are expected to attend at least 70% of the online live lectures (8 sessions out of 11), unless there is a severe health issue** (this requirement corresponds Sustainability in Business course).

Please, reserve a quiet, comfortable place to be for the duration of the class and engage in the sessions with your camera on. Seeing your classmates increases engagement in the learning process, enables a fruitful dialogue and supports community building. Please ask for comment via the hand-raising tool in Zoom and use the chat function. When commenting or asking questions, say first who is speaking. Please note that the lecturer may not notice chats immediately. Please keep your microphone muted when you are not participating in a conversation.

Time will be reserved at the end of classes for Q&A in the form of “Meet the teacher(s) session” (at 15:45 [or earlier] -16:00 unless otherwise indicated. A separate Zoom link with the waiting room function will be provided for this (individual consultation).

4. ASSESSMENT AND GRADING

The assessment of this course is based on four separate items that are explained in more detail below:

Individual assignments (70%)

- Participation and contribution (20%)
- Excel assignment (10%)
- Final paper (40%)

Group assignments (30%)

- Shared value analysis (10%)
- Group project (20%)

INDIVIDUAL GRADE (70% of course grade):

PARTICIPATION AND CONTRIBUTION, 20% (max. 20 points)

This course has a considerable number of pre-class assignments. These assignments form a core part of your learning process in the online learning setting. We have replaced some of the traditional lecturing with collaborative peer-learning and designed a supportive, collective learning experience. This approach requires pre-class preparation in order to engage in a meaningful in-class discussion.

You can earn the maximum of two points for those classes with a pre-assignment (7 sessions): one point for returning the pre-class assignment and one point for participating actively in the lecture. You must pass five out of seven pre-assignments. For those sessions without a pre-class assignment (4) you may gain one point. Additionally, you may earn two extra points for your high-quality contributions to the sessions. Altogether, you may thus earn 20 points. The grading criterion will be discussed in the first session.

Pre-class assignments (7 sessions):

Length: About 500 words, 1-2 pages

Format: Font size: 12 Times New Roman, 2.0 line spacing, submit as a Word document

Deadline: Previous night before the session at 22:00/ MyCourses (exception: pre-course assignment, please check 9. Session Details below)

EXCEL ASSIGNMENT, 10% (max. 10 points)

During the course you will perform an assignment that will improve your Excel skills. MNEs actively shape global value chains by moving their operations from one country to another. In this excel assignment you get to analyze what kind of operations Finnish and foreign-owned firms have moved from Finland to other countries and from abroad to Finland over the past two years. You will be given an excel file that contains data on 403 companies in Finland.

The database contains answers to the following questions:

- Which operations have been moved from Finland to other countries in the past two years?
- Which operations have been moved to Finland from abroad in the past two years?
- Which one of these transfers was the most significant, measured in value (euros)?
- What were the reasons why these operations were moved?
- What were the top investment locations that the company considered other than Finland?

By using pivot tables, please prepare an analysis on what kind of operations have been moved from Finland to other countries and vice versa. Also, analyze what were the reasons for moving these operations and in which location did they end up. Please write a short summary of your analysis and add charts and tables to support it. More detailed instructions and guidance will be given in the excel workshop in lecture 5. Please note that no previous excel skills are needed – the purpose of the exercise is to learn how to apply excel for such analysis.

Length: Excel file with the tables and charts and a summary of about 500 words, 1-2 pages

Format: Summary Font size: 12 Times New Roman, 2.0 line spacing, submit as a Word document

Deadline: November, 20 at 22:00 / The assignments submission box in MyCourses

FINAL PAPER, 40% of course grade

Part 1. Case analysis (max. 30 points)

AstraZeneca (AZ) is one of the pharma giants developing and presumably mass-producing a vaccine to stop the global coronavirus pandemic. The company is also committed to ensuring that its entire value chain is carbon negative by 2030. In this assignment your task is analyze how AZ could enhance sustainability and resiliency of the global health care systems through its strategy, operations and its entire value chain.

In your essay, please reflect, first:

1. How would you characterize AZ's approach to sustainability in a global context by using the frameworks discussed during the course?

Then, pick either the issue of Covid-19 or the climate change and:

2. Describe the primary components of the global value chain of AZ as regards to the selected issue. How is the global value chain coordinated? What is the role of governments? What do you consider the main challenges in achieving its target (delivering Covid-19 vaccine or reaching carbon negative value chain)?

Suggest strategies through which these challenges may be overcome.

3. Consider where AZ should focus on in creating business and societal value in its future strategy? Justify your recommendation through linking it to the UN SDGs.

The following sources will get you started:

1. Kahn, J. 2020. How reborn pharma giant AstraZeneca is taking the lead against COVID-19. *Fortune*, August 10., 2020. Please note that you can also listen this story in our electronic library (<https://aalto.finna.fi/Browse/Journal> -> Fortune International).
2. <https://www.astrazeneca.com/sustainability.html>

Please make reference to relevant literature throughout your analysis and attach a list of references at the end of your essay. The length for the Part 1. is 2000-2500 words.

Part 2. Personal reflection on learning outcomes (max. 10 points)

Please reflect upon the most important take-aways from this course by answering:

1. How has your understanding of sustainability and global value chains evolved during this course? What are the main theoretical concepts that you gained from the lectures?
2. What are the key sustainability related insights that you took with you from the visiting guests? Reflect on one key insight from each guest speaker.
3. How might the knowledge and skills gained from this course be important to the work you do in the future?

Friendly tip: Keep a learning diary during this course! The length for the Part 2. is 1000 words.

Total length (Part 1 and Part 2): 3000-3500 words, without references

Format: Font size: 12 Times New Roman, 2.0 line spacing, submit as a Word document

Deadline: December 22nd, 2020, at 22:00 / The assignments submission box in MyCourses

Grading criteria:

- 1) content and analysis: key elements of the question are covered comprehensively and deeply, reflexive and critical use of the course readings and frameworks, depth of analysis.
- 2) organization and style: logical structure of the essay, including an introduction and a conclusion, clear writing style with complete and concise sentences, proper use of references (including a list of references at the end of the essay).

GROUP GRADE (30% of course grade):

SHARED VALUE ANALYSIS (max. 10 points)

Pick a company either from the 2020 Fortune Change the World list: <https://fortune.com/change-the-world/2020/search/> or the Fortune Impact 20 list (if you want to focus on a smaller firm): <https://fortune.com/impact20/>

1. Which societal problem(s) does the company address as a part of its business strategy? Please link the issue(s) to the SDGs and the COVID-19 crisis when relevant.
2. Based on your analysis, which of the three ways of creating shared value is the company mainly pursuing (Porter & Kramer, 2011)? Can you identify any impacts of this shared value strategy across the company's global value chain?

3. Can you classify the sustainability strategy of the company along the three approaches introduced by Filatotchev and Stahl (2015)? If yes, how? If not, why not?

Format: 3 PowerPoint slides.

Deadline: November 4th, 2020 at 22:00 / The assignments submission box in MyCourses

GROUP PROJECT (max. 20 points)

Your task is to pick an MNE whose business is affected by the COVID-19 crisis. Propose an action plan on how the company can create new forms of post-pandemic shared value in its own operations and across its global value chain. Identify possible challenges in the implementation and integration of your action plan across functions and geographic regions and think about possible ways to solve them.

You are expected to use academic literature or frameworks that guide your analysis and proposal. Publicly available data (e.g. company and industry reports, academic and media research material) is enough for your analysis. Note that all literature and pieces of information must be clearly referenced in the text and fully listed in a bibliography at the end of the report. Furthermore, groups must keep a group diary, where they agree on the ways of communication, clarify the role of each team member early on in the project, and record all group meetings.

Format: Pecha Kucha presentation (20 slides x 20 seconds, see <https://www.pechakucha.com/>)

Deadline: 25 November at 22:00 / The assignments submission box in MyCourses

In addition to an oral presentation, the group project is documented in a brief summary report. Please, include one-page group diary as an attachment.

Length: 1000 words, plus references and possible appendices (only figures or tables)

Format: Font size: 12 Times New Roman, 2.0 line spacing, submit as a Word document

Deadline: December 8 at 22:00 / The assignments submission box in MyCourses

5. STANDARD ASSIGNMENT FORMATTING

General principles for Word files: Double-Spaced text, Times New Roman 12pt font, 2.54cm margin. For references, please follow the guidelines of the Journal of International Business Studies: <https://static.springer.com/sgw/documents/1560273/application/pdf/JIBS+style+guide.pdf>.

6. GROUP FORMATION AND TEAM MEMBER CONTRIBUTIONS

You will be divided into groups of 4-5 students during the first session. We will pursue diversity in the group in order to maximize chances for bringing in different view points and practising cross-cultural (national, disciplinary) teamwork skills. Note that each group member is expected to contribute equally. Team members will grade each other's contributions by using the school 'Teamwork Rubric' at the end of the course (online). If there is a problem in the group work, the group should first try to solve it by itself and if the problem remains unsolved, then contact the course teachers. Note that it is possible that group members get different grades if contributions have not been equal.

7.
SCHEDULE

| # | Date & time (Zoom) | Topic, guest speakers and lecturers | Assignment Due date |
|----|-----------------------------|--|--|
| 1 | Tue 27.10. 13:15 – 16:00 | Introduction Course practicalities and introductions What is sustainability in international business? <i>Tiina Ritvala, Aalto University</i> | Individual pre-course assignment, Oct. 26 at 11:00 |
| 2 | Thu 29.10. 13:15 – 16:00 | What are global value chains? <i>Perttu Kähäri & Iris Saittakari, Aalto University</i> | Readings and preparatory questions Oct. 28 at 22:00 |
| 3 | Tue 3.11. 13:15 – 16:00 | Sustainability and economic efficiency <i>Esko Aho, Executive in Residence, Aalto University</i> | Readings |
| 4 | Thu 5.11. 13:15–16:00 | Sustainability transforming companies <i>Guest speaker: Kaisa Hietala, Partner, Member of the Board, Gaia Consulting</i> Multinational organizations and sustainability strategy <i>Tiina Ritvala, Aalto University</i> | Shared value analysis (in groups) Nov. 4 at 22:00 |
| 5 | Tue 10.11. 13:15 – 16:00 | Economic sustainability through the global value chain <i>Perttu Kähäri & Iris Saittakari, Aalto University</i> Excel workshop <i>Iris Saittakari</i> | Readings and preparatory questions Nov. 9 at 22 |
| 6 | Thu 12.11. 13:15 – 16:00 | Sustainable supply chains: Case S-Group <i>Guest speaker: Nina Elomaa, Senior Vice President Sustainability, S Group & Tiina Ritvala</i> | Readings and a preparatory question Nov. 11 at 22:00 |
| 7 | Tue 17.11. 13:15 – 16:00 | Circular economy in an international business context (title TBA) <i>Guest speaker: Eija Hietavuo, Senior Vice President, Sustainability, Stora Enso, Division Consumer Board & Tiina Ritvala</i> | Readings and preparatory questions Nov. 16 at 22:00 |
| 8 | Thu 19.11. 13:15 – 16:00 | The global energy transition and MNEs <i>Tiina Ritvala</i> The role of financial sector in sustainability <i>Guest speaker: Kati Ihamäki, Vice President Brand and Corporate Responsibility, OP Financial Group</i> | Readings and preparatory questions Nov. 18 at 22:00 |
| 9 | Tue 24.11. 13:15 – 16:00 | Unconventional value chains, purpose-based strategy and cross-sector partnerships <i>Guest speaker: Atte Palomäki, Executive Vice president Communications, Branding & Marketing, Wärtsilä & Tiina Ritvala</i> | Readings and preparatory questions Nov. 23 at 22:00 |
| 10 | Thu 26.11. 13:15-16:00 | Group work presentations | PechaKucha presentations Nov. 25 at 22:00 |
| 11 | Tue 1.12. 13:15-16:00 | Course conclusion and Q&A for the final paper | |

8. SESSION DETAILS

The readings and pre-class assignments are available through the MyCourses site before each session: <https://mycourses.aalto.fi/course/view.php?id=29587>).

Below, you can find the details for the first two sessions so that you can start preparing for the first week of the course already now.

SESSION 1: INTRODUCTION

This session provides an overview and practicalities of this course, including the group division. During the second part of the session, we start to develop a collective understanding of what sustainability in international business entails by linking it to the UN Sustainable Development Goals. After this session you will have gained a more fine-grained conceptual understanding of sustainability and its connection to international business.

Pre-course assignment:

Search academic definitions for (corporate) sustainability and global value chain (GVC). Then pick one multinational enterprise (MNE) which you find interesting from the perspective of sustainability in global value chains. Please reflect (in one page):

1. Which definitions of sustainability and GVC did you pick?
2. Which MNE did you choose and why?
3. Has the COVID-19 pandemic changed the MNE's sustainability and GVC? If yes, how?
4. What does sustainability mean to you (personally)?

Length: About 500 words, 1-2 pages

Format: Font size: 12 Times New Roman, 2.0 line spacing, submit as a Word document

Deadline: Monday October 26 at 11:00 (am)/ MyCourses

Required material:

1. van Zanten, J.A. & van Tulder, R. 2018. Multinational enterprises and the Sustainable Development Goals: An institutional approach to corporate engagement. *Journal of International Business Policy*, 1(3-4): 208-233.
2. Kramer, M., Agarwal, R. & Srinivas, A. 2019. Business as usual will not save the planet. *Harvard Business Review*. June 12, 2019.
3. Johan Rockström. 2018. 5 transformational policies for a prosperous and sustainable world. TED talk: https://www.youtube.com/watch?v=Rv-tDrv_mc&t=374s

Additional Readings:

1. Bansal, B. & Song, H-C. 2017. Similar but not the same: differentiating corporate sustainability from corporate responsibility. *Academy of Management Annals*, 11(1): 105–149.
2. Kolk, A. 2016. The social responsibility of international business: From ethics and the environment to CSR and sustainable development. *Journal of World Business*, 51: 23–34.
3. Rockström et al. 2009. A safe operating space for humanity. *Nature*, 46: 472-475.

SESSION 2: WHAT ARE GLOBAL VALUE CHAINS?

The goal of this session is to understand what global value chains (GVC) are. We focus on understanding how GVCs are governed, and how they differ by industries. We also discuss the ‘smile curve of value creation’ and the risks and opportunities GVCs present to both developed and developing countries.

Required Readings:

1. Gereffi, G., Humphrey, J., & Sturgeon, T. (2005). The governance of global value chains. *Review of international political economy*, 12(1), 78-104.
2. Mudambi, R. (2008). Location, control and innovation in knowledge-intensive industries. *Journal of Economic Geography*, 8(5), 699-725.
3. Short cases assigned closer to the lecture once groups are formed.

Additional Readings/Material:

4. Gereffi, G., & Luo, X. (2014). *Risks and opportunities of participation in global value chains*. The World Bank.
5. Gereffi, G. (2019). Global value chains and international development policy: Bringing firms, networks and policy-engaged scholarship back in. *Journal of International Business Policy*, 2(3), 195-210.

Pre-class assignment to be added on the MyCourses site.

9. ONLINE RESOURCES

Updates to the syllabus, session details, supplemental information, class announcements, and assignment guidelines can be found on the Mycourses site. Use the electronic library for accessing the readings (<https://aalto.finna.fi/Browse/Journal>). For copyright purposes, pdfs of articles are not available through MyCourses.

10. COURSE WORKLOAD

| | |
|---|---------------|
| Lecture hours | 30h |
| Class preparation and Excel assignment | 30h |
| Group work | 40h |
| Final paper | 60h |
| Total | 160h (6 ECTS) |

11. ETHICAL RULES AND READINGS

Aalto University Code of Academic Integrity and Handling Thereof:

<https://into.aalto.fi/display/ensaannot/Aalto+University+Code+of+Academic+Integrity+and+Handling+Violations+Thereof>