

Sustainability in International Business

(26E03302, 6 cr)

SYLLABUS

November 12, 2018

Instructors' contact information	Course Information
Responsible teacher: Tiina Ritvala E-mail: tiina.ritvala@aalto.fi Office: A5, Main Building, Töölö Campus Office Hours: by appointment https://people.aalto.fi/tiina_ritvala Phone +358 40 353 8352 Course coordinator: Terhi Elomaa https://people.aalto.fi/terhi.elomaa terhi.elomaa@aalto.fi	Status of the course: MSc Degree, elective course in Management and International Business, Global Management, CEMS and Creative Sustainability (6 cr) Academic Year: 2018-2019, Period II (30.10.2018-4.12.2018) Location: Aalto BIZ, C-331 (Fazer-hall, Main building), with the exception of Fazer and Finnair excursions Lecture time: TUE & THU at 13:15-16:00, with the exception of the excursions on Nov. 8th & 22nd) Language of Instruction: English Course Website: https://mycourses.aalto.fi/course/view.php?id=19950

1. OVERVIEW

The course offers an overview of diversity of actors, theoretical perspectives and topics at the international business-society interface. We will focus on the firm level strategies and cross-sector partnership engaging profit and nonprofit actors. Theoretically, we concentrate on institutional and strategic perspectives on sustainability. Topics covered in this course range from corporate social and environmental sustainability programs to internationalization of social enterprises and shared value analysis. The course is highly interactive. Cases are drawn from a variety of issues, industries/sectors, organizations and geographical contexts. Several classes will feature a guest.

Rather than promoting “doomsday scenarios” or looking at corporate scandals, this course will be forward-looking by nature building on cases of how firms can become change-makers. The fundamental question asked is how international firms, large or small, can take sustainability at the core of their strategy and drive change through their businesses. During the course, participants will also engage in personal reflections on how to further sustainable business practice in the global business environment.

2. PREREQUISITES

This course is part of the advanced studies (master level). The student must attend the first lecture to ensure her/his place in the course.

3. LEARNING OUTCOMES

This course dives into the key dynamics of sustainable business practice in the global business environment. Upon successful completion of this course, you will understand how differences in regulations and social norms in different countries influence legitimate organizational behavior. You will also be able to compare and assess social and environmental sustainability activities of both multinational enterprises (MNEs) and smaller firms, and their impact of producing shared value for both business and society. Moreover, the course develops your ability to critically assess the challenges and opportunities of cross-sector partnerships between companies, non-profit organizations and governments. During the course you will also strengthen your group working and reflective skills enabling you to reflect on your understanding and future practice of sustainability.

4. ASSESSMENT AND GRADING

INDIVIDUAL (70% of course grade):

ACTIVE PARTICIPATION AND CONTRIBUTION, 20%

The participation grade is influenced by the quality and quantity of participation in lectures, discussion forum, and for bonus points through a feedback survey.

(i) For each session, you will find required and supplementary readings and preparatory questions. These readings and questions will be discussed during lectures or excursions. If you prefer, you can submit answers to the preparatory questions in writing (1-2 pages). If you are unable to attend a lecture then you must submit the answers in writing. In the case you return a written reflection and also actively participate in class, the better grade will be accounted for. The deadline for written answers to the preparatory questions is before the session. The participation grade is negatively influenced if you miss more than two sessions. Please note that desktop name plates are to be made during the first lecture need to be used throughout the course.

(ii) The participation grade also requires participation in a discussion forum to be found during the course on the course home page in MyCourses. After the lecture on cross-sector partnerships on November 15, the discussion forum will be opened with a couple of guiding questions and further instructions. Students will be expected to participate in discussions on this forum by sharing and commenting on news concerning international cross-sector partnerships. Please keep an international business perspective in mind when selecting the news to share and include full reference to the source. Also, when you comment a posting please refer to a relevant piece of news or literature.

(iii) In addition to participation in lectures and the discussion forum, you can also get 2 bonus points for responding to the course feedback survey. These points will be awarded at the end of the course.

REFLECTIVE ESSAY, 20%

This essay is submitted one week after the last session of the course. In your essay, reflect upon the most important take-aways from this course by answering:

- How has your understanding of sustainability in international business evolved during this course?
- What are the main theoretical concepts that you gained from the lectures?
- What are the key sustainability related insights that you took with you from the excursions and visiting guests? Please, reflect on one key insight from each guest speaker and link them under the conceptual umbrella of triple bottom line.
- What (if anything) will you think or do differently as a result of this course (e.g. in your professional life)?

Format: 4-5 pages (1000-1200 words, including references)

Deadline: December 11, at 22:00/ The assignments submission box in MyCourses

Friendly tip: Keep a learning diary during this course!

FINAL PAPER, 30%

The final paper is an essay, which analyzes Henkel's Sustainability Report 2017. It should critically reflect the knowledge gained by using concepts, frameworks, tools and insights from this course. The use of additional frameworks and reading as a source of inspiration and guidance is a plus. In your analysis, answer at least the following questions:

- How would you characterize Henkel's approach to sustainability in a global context?
- What are the strengths and potential weaknesses of Henkel's sustainability strategy?

Please make reference to relevant literature throughout your essay.

Format: 6-8 pages (1500-2000 words, including references)

Deadline: December 19, at 22:00 / The assignments submission box in MyCourses

The main evaluation criteria is the depth of insights provided, including reflexive and critical use of the readings and frameworks used in the class. Additional evaluation criteria are the use of supplementary readings and frameworks and clear and logical structure and writing.

GROUP (30% of course grade):

SHARED VALUE ANALYSIS, 10%

Presentation date: Thursday November 15th, 2018.

Pick a company from the 2018 Fortune Change the World list. <http://beta.fortune.com/change-the-world/>

1. Which societal problems do the company address as a part of its business strategy?
2. Which of the three main ways of creating shared value is the company pursuing?
3. Compare your group's case company to this company (listed on the Fortune's Change the World list). What similarities and differences can you identify?
4. Briefly introduce the topic of your self-defined project work to the class.

(This is the chance for you and your group to get feedback on your preliminary ideas about your self-defined group project.)

Format: 3 PowerPoint slides (be prepared to present them at class).

Deadline: November 14 at 22:00/ The assignments submission box in MyCourses

SELF-DEFINED PROJECT, 20% (including project presentation and an executive summary)

Your task is to pick an internationally operating company, which faces a sustainability related challenge or opportunity and to take the role of management consultants to, first, analyze that challenge/opportunity in the global context and, second, propose an action plan for the company. You are expected to use academic literature that guides your analysis and proposal. Publicly available data (e.g. company and industry reports, academic and media research material) is enough for your analysis, but you may use primary data such as interviews if you wish. Note, all literature and piece of information has to be clearly referenced in the text and fully referenced in a bibliography at the end of report. Furthermore, groups must keep a group diary, where they agree on the ways of communication, clarify the role of each team members early in the project, and record all group meetings. The presentations should be 15 minutes long and all group members must be present at class., Discussants will be assigned for each presentation and they are available in MyCourses under the section “Assignments”.

Format: 5-7 slides

Deadline: 28 November at 22:00/ The assignments submission box in MyCourses

In addition to an oral presentation, the group project is documented in an executive summary of Please, include your group diary of 1-2 pages as an attachment (check slides on Session 1).

Format: 7 pages (~1700 words)

Deadline: December 19 at 22:00/ The assignments submission box in MyCourses

5. STANDARD ASSIGNMENT FORMATTING

We will use the standard formatting for the Academy of Management’s journals: <http://aom.org/Publications/AMLE/AMLE-Style---Formatting.aspx>. General principles:

- Double-Spaced
- Times New Roman 12pt font.
- 2.54cm margin

6. GROUP FORMATION AND TEAM MEMBER CONTRIBUTIONS

You will be divided into groups of three-to-four 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 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. GRADING SCALE

Final grades will be on a scale from 0-5. Final grades will be calculated from the results of the above listed assignments, and allocated as per the below table.

Final Grade	Overall Percentage
0	<50%
1	50%-59.99%
2	60%-69.99%
3	70%-79.99%
4	80%-89.99%
5	>90%

8. SCHEDULE

#	Date, time and venue	Topic	Assignment Due
1	Tue 30.10 13:15 – 16:00 (C-331)	Introduction; The expanding role of international business in sustainable development	Pre-course assignment
2	Thu 1.11 13:15 -16:00 (C-331)	Challenges for sustainability in a global context	Readings and preparatory questions
3	Tue 6.11 13:15 – 16:00 (C-331)	MNEs, Social Enterprises and Sustainable Development Goals	Readings and preparatory questions
4	Thu 8.11 13:00 – 16:00 Finnair HQ, Tietotie 9)	Sustainability in the air. Excursion to Finnair Headquarters , Host: Kati Ihamäki , Director, Corporate Sustainability, Finnair	Readings and preparatory questions
5	Tue 13.11 13:15 – 16:00 (C-331)	The human factor in sustainability; Social sustainability, human rights and child rights in business. Guest Speaker: Irene Leino , International Advocacy Advisor, CSR issues, Unicef	Readings and preparatory questions
6	Thu 15.11 13:15 – 16:00	Cross-sector partnerships and shared value creation. Class guest: Irena Bakić , Project Lead, CodeBus Africa, Aalto Design Factory	Readings and group presentations
	Tue 20.11 No lecture	No lecture. Individual feedback sessions.	
7	Thu 22.11 13:15– 17:00 (Fazerintie 6 Vaarala)	Sustainability in the food sector. Excursion to Fazer Experience Visitor Centre , Host: Nina Elomaa , Corporate Responsibility Director	Readings and preparatory questions
8	Tue 27.11 13:15 – 16:00 (C331)	MNEs, climate change and industry renewal. Guest Speaker: Kaisa Hietala , Executive VP Renewable Products, Neste	Readings and preparatory questions
9	Thu 29.11 13:15-16:00 (C331)	Group presentations 1/2	Group project presentations (PPTs for all groups)
10	Tue 4.12 13:15 – 16:00 (C331)	Group presentations 2/2 & course closing with a “Sustainable food buffet”	

9. SESSION DETAILS

SESSION 1: THE EXPANDING ROLE OF INTERNATIONAL BUSINESS IN SUSTAINABLE DEVELOPMENT

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. After this session you will have gained a more fine-grained conceptual understanding of sustainability and its connection to international business. You will also have started to reflect what sustainability means to you personally.

Discussion Questions:

Please search for an academic definition of (corporate) sustainability and pick one multinational enterprise (MNE) which you find interesting from a sustainability perspective or in which you might want to work for after graduation.

1. The academic definition of sustainability you picked.
2. Which MNE did you choose and why?
3. What does sustainability mean to you (personally)?

Required readings/material:

1. 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.

Additional Readings/Videos:

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. Rockström et al. 2009. A safe operating space for humanity. *Nature*, 46: 472-475.
3. Werbach, A. 2009. Build a Strategy for Sustainability. Video interview with Harvard Business Publishing, 23 June. https://www.youtube.com/watch?v=K_usAROt9bc
4. Earley, K. 2017. From reaction to purpose: the evolution of business action on sustainability. *The Guardian*. Oct. 31, 2017. <https://www.theguardian.com/innovative-sustainability/2017/oct/31/charting-the-course-of-sustainability-in-business-from-the-1960s-to-today>

SESSION 2: CHALLENGES FOR SUSTAINABILITY IN A GLOBAL CONTEXT

In this session, we focus on building general understanding on how institutions (regulations, laws, norms and cultural-cognitive understandings) influence sustainability. We discuss how MNEs' organizational complexity and multiple institutional environments that they face challenge management of sustainability across the organization. Furthermore, we address different strategic approaches to sustainability in MNEs, highlighting the possible trade-offs between globally integrated and locally adapted sustainability strategies. After this session you will have gained basic understanding of institutional and strategic approaches to sustainability and are able to use selected key frameworks to analyze strategies used by MNEs.

Required Readings/Materials

1. Kostova, T. & Zaheer, S. 1999. Organizational legitimacy under conditions of complexity: the case of the multinational enterprise. *Academy of Management Review*: 24, 64–81.
2. Filatotchev, I. & Stahl, G. K. 2015. Towards transnational CSR: Corporate social responsibility approaches and governance solutions for multinational corporations. *Organizational Dynamics*, 44 (2): 121–129.
3. Donaldson, T. & Dunfee, T. W. 1999. When ethics travel. *California Management Review*, 41 (4): 45–63.

Discussion Questions:

1. Why are MNEs vulnerable to crises of legitimacy?
2. How would the MNE you picked for Session 1 position in the framework of global-local-transnational CSR approaches?
3. Give examples of hypernorms, consistent norms, moral free space and illegitimate norms in the industry where the MNE you picked operates.

Additional Readings/Videos:

1. Matten, D., & Moon, J. 2008. “Implicit” and “explicit” CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, 33(2): 404–424.
2. Husted, B. W. and D. B. Allen 2006. Corporate social responsibility in the multinational enterprise: strategic and institutional approaches, *Journal of International Business Studies*, 37: 838–849.
3. Carroll, A. 2004. Managing ethically with global stakeholders: A present and future challenge. *Academy of Management Executive*, 18(2): 114–120.

SESSION 3: MNEs, SOCIAL ENTERPRISES AND SUSTAINABLE DEVELOPMENT GOALS

As we’ve studied during previous sessions some key frameworks of what sustainability in a global context entails, we dig deeper into grand challenges facing businesses, governments, and citizens of the planet. We focus on the 17 Sustainable Development Goals (SDGs) signed by the all the 193 member states of the United Nations in 2015. The implementation of these universal goals depends fundamentally on the type of the organizations undertaking them. This session elaborates how two very different types of organizations with different focus on sustainability on their strategy: MNEs and social enterprises, work to implement the SDGs. We also ask what is the role of individuals within organizations for promoting sustainability? After this session you will have gained understanding of 1) what are the SDGs; 2) How MNEs and social enterprises can contribute to the SDGs; 3) What is the role of individual leaders in furthering the SDGs.

Required Readings/Materials

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*. forthcoming.

2. Santos, F. M. 2012. A positive theory of social entrepreneurship. *Journal of Business Ethics*, 111(3): 335–351.
3. Michael Green: How We Can Make the World a Better Place by 2030, TED Talks: <https://www.youtube.com/watch?v=o08ykAqLOxk>
4. Pless, N., Maak, T., & Stahl, G. 2011. Responsible global leaders through international service-learning programs: the Ulysses Experience. *Academy of Management Learning & Education*, 10(2): 237–260.

Discussion Questions:

1. a. What do you consider is the role of the SDGs? b. What do think are their strengths and limits?
2. Compare and contrast the contributions of an MNE (e.g. one that you picked for Session 1) and a social enterprise (either Seabin <http://seabinproject.com/> or Duara Travels <https://www.duaratravels.com/#book-a-stay>) for implementing the SDGs. Can you make any connections and identify differences?
3. a. What do you think is the connection between leadership and sustainability? b. Find an example of a responsible leader.

Additional Readings/Videos:

1. Kolk, A., Kourula, A., & Pisani, N. 2017. Multinational enterprises and the Sustainable Development Goals: What do we know and how to proceed? *Transnational Corporations*, 24(3): 9–33.
2. O’Rourke, D. & Strand, R. 2017. Patagonia: Driving Sustainable innovation by embracing tensions. *California Management Review*, 60(1): 102 –125.
3. Slavin, T. 2018. Paul Polman: ‘I feel like it’s my first day at Unilever, and there is a lot to do’. *Ethical Corporation*, May 1, 2018. <http://www.ethicalcorp.com/paul-polman-i-feel-its-my-first-day-unilever-and-there-lot-do>
4. Visser, W. & Courtice, P. 2011. *Sustainability Leadership: Linking Theory and Practice*. SSRN Working Paper Series, 21 October 2011. Cambridge Institute for Sustainability Leadership. <https://www.cisl.cam.ac.uk/resources/sustainability-leadership/sustainability-leadership-linking-theory-and-practice>.

SESSION4: EXCURSION TO THE FINNAIR HEADQUARTERS

Sustainability in the air. Host: Kati Ihamäki, Director of Corporate Sustainability

Note that we leave as a group at 13:00 from the lobby of the main building. You may also come on your own to Finnair’s HQ (please let Tiina or Terhi know). The session with Kati Ihamäki is booked from 14:15-15:45.

The goal of this excursion is to provide the students with real-life experience of dealing with sustainability issues on a daily basis in an industry which plays an important role in furthering environmental, social and economic sustainability across the world.

Required Readings/Materials

1. Finnair Annual Report 2017. https://investors.finnair.com/~/_/media/Files/F/Finnair-IR/documents/en/reports-and-presentation/2018/annual-report-2017.pdf

2. Flying in formation. Air transport and the sustainable development goals. https://aviationbenefits.org/media/166149/inside_abbb2017_atag_web_fv.pdf

Discussion Questions:

1. What kind of manifestations of sustainability can you identify in air travel?
2. What should airlines take into account when trying to improve their sustainability efforts?

SESSION 5: THE HUMAN AND SOCIAL FACTORS IN SUSTAINABILITY

This session is dedicated to deepening understanding on social sustainability in a global context. We will cover how organizational activities and practices affect the well-being of the employees and the broader communities in which they operate. We particularly focus on discussing how global supply chains often involve multiple tiers of suppliers, making transparency and ensuring authenticity as major challenges. The second part of the session concentrates on the children's rights in business. After this session, you will have gained an overall understanding of human factor in sustainability.

Guest Speaker: Irene Leino, International Advocacy Advisor, CSR issues, Unicef: Social sustainability, human rights and child rights in business

Required Readings/Materials:

1. Pfeffer, J. 2010. Building sustainable organisations: The human factor. *Academy of Management Perspectives*, 2:34-35.
2. Alamgir, F. & Banerjee, S.B. 2018. Contested compliance regimes in global production networks: Insights from the Bangladesh garment industry. *Human Relations*, forthcoming DOI: 10.1177/0018726718760150.
3. Williams, M. 2017. Numbers take us only so far. *Harvard Business Review*, Nov.-Dec. 2017: 142-146.

Discussion Question:

1. Human rights in business is a theme that is increasingly on the agenda of especially globally operating companies. Think of 1-3 examples of different types of (positive or negative) human rights impacts companies can have.

Additional Readings/Videos:

1. Cumenal, F. 2017. Tiffany's CEO on creating a sustainable supply chain. *Harvard Business Review*, Mar/Apr2017, 95 (2): 41-46.

SESSION 6: CROSS-SECTOR PARTNERSHIPS AND SHARED VALUE CREATION

In this session we focus on international cross-sector partnerships for sustainability. International firms increasingly need to collaborate with NGOs and public sector organization, as discussed in the previous sessions. The objective of this session is to understand diverse forms of cross-sector partnerships and challenges associated with such complex forms of collaboration. The session includes an introductory talk by Irena Bakić, lecture and group presentations of the shared value analysis (see p. 3 above).

Guest Speaker: Irena Bakić, Project Lead, CodeBus Africa, Aalto Design Factory

Required Readings/Materials

1. Porter, and Kramer. 2011. Creating Shared Value: How to reinvent capitalism and unleash a wave of innovation and growth. *Harvard Business Review*. 89. 1/2. 62-77.

Discussion Questions (Group work):

See instructions on shared value analysis p. 3

Supplementary Readings/Materials:

1. Selsky, J.W., and Parker, B. (2005). Cross-Sector Partnerships to Address Social Issues: Challenges to Theory and Practice. *Journal of Management*, 31: 849–873.
2. Ritvala, T., Salmi, A. & Andersson, P. 2014. MNCs and Local Cross-Sector Partnerships: The Case of a Smarter Baltic Sea. *International Business Review*, 23 (5), 942-951.

SESSION 7: EXCURSION TO FAZER EXPERIENCE VISITOR CENTRE

Sustainability in the food sector. Host: Nina Elomaa, Corporate Responsibility Director

Required Readings/Materials:

1. de los Reyes, G., Scholz, R., & Smith, N. C. 2017. Beyond the 'win-win': Creating shared value requires ethical frameworks. *California Management Review*, 59(2): 142-167.

Discussion Question:

1. Managers are increasingly facing complex situations that are characterized by inadequate regulations and norms to guide business conduct. In those situations norm-making (de los Reyes et al., 2017) by companies may be required. However, meaningful norm-making requires the participation of potentially wide range of corporate stakeholders. How could consumer goods companies such as food manufacturers develop norm-making approaches that are able to gain the trust of their stakeholders?

SESSION 7: MNEs, CLIMATE CHANGE AND INDUSTRY RENEWAL

This session focuses on the question of how can MNEs integrate sustainability issues right at the core of their business. The first part of the session discusses MNEs and climate change more broadly, while the second part focuses on transport, which generates nearly a quarter of global CO2 emissions. With an industry guest, we will gain practical insights on how a company may act as a change-agent in its industry. We will also touch upon the question of how visionary individuals may create change inside out towards more sustainable future.

Guest Speaker: Kaisa Hietala, Executive VP Renewable Products, Neste

Required Readings/Materials

1. Pinkse, J., & Kolk, A. 2012. Multinational enterprises and climate change: Exploring institutional failures and embeddedness. *Journal of International Business Studies*, 43(3): 332–341.

2. The UN Global Compact-Accenture Strategy CEO Study 2016.
https://www.accenture.com/t20180404T213323Z_w_us-en_acnmedia/PDF-74/Accenture-Transforming-Partnerships-for-the-SDGs-UNGC-Accenture-Strategy.pdf#zoom=50

Discussion Questions:

1. How can MNEs respond to institutional failures of climate change?
2. How do Neste contribute to the implementation of SDGs?
3. How can business leaders take tangible implementation measures for the SDGs?

Supplementary Readings/Materials:

1. Scherer, A.G. & Palazzo, G. 2011. The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy. *Journal of Management Studies*, 48(4), 899-931.

10. ONLINE RESOURCES

Updates to the syllabus, supplemental information, class announcements, and assignment guidelines can be found on the online course site.

11. COURSE WORKLOAD

Classroom hours	30h
Class preparation (pre-readings and)	30h
Assignments (group work)	40h
Final papers	60h
Total	160h (6 ECTS)

12. ETHICAL RULES

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>

The final paper, the reflective essay and the group report are submitted through the Turnitin submission box in the Assignment section of MyCourses.

13. OTHER ISSUES

Registration to course: via Weboodi, closes one week before the start of the course.

Retrieving Course Materials: MyCourses and the electronic library (lib.aalto.fi). For copyright purposes, pdfs of articles are not available through MyCourses.