

Copenhagen Business School
EMBA Flexible Program

SYLLABUS

Corporate Social Responsibility
Fall 2016

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Course Overview:

This course looks at how business practitioners can show leadership for corporate social responsibility (CSR). While the course gives an introduction to CSR, it also reaches beyond some of the more traditional debates, as it (a) highlights the regulatory and political context shaping and constraining responsible business decisions and (b) emphasizes how leaders can use management and governance systems to enable responsible conduct. The course is divided into four parts, all of which discuss factors that need to be considered when leading corporations in a responsible manner.

The first part (*day one*) frames the theoretical and practical debate around CSR and distinguishes it from related concepts (e.g. corporate sustainability and citizenship). We discuss why firms engage in CSR and how they align their CSR policies with broader corporate strategy. We also look into different types of actors relevant to the CSR discussion, mostly NGOs, consumers, and investors. The second part (*day two*) contextualizes what we discussed during the first part by looking into a very specific CSR issue: corruption. We discuss what corruption is, why (most) people see it as a problem, and what firms can do to fight corruption.

The third part (*day three*) explores how CSR can be managed within firms. We first discuss the relevance of CSR reporting and review some legal regulations. We then discuss how CSR can be integrated into corporate governance, mostly by debating the role of Boards of Directors. Finally, we explore why firms often sign up to CSR labels and certifications, and how such standards shape internal CSR practices. The fourth part (*day four*) provides a forum to discuss another specific CSR problem: labor rights in global supply chains. It shows that firms often struggle to manage CSR 'beyond' their own corporate borders.

The course is designed in an interdisciplinary way blending insights from management studies, leadership, business law, and international relations.

Access to Materials:

All case studies are handed out via the E-MBA Program Secretariat before the course. All other materials are available via CBS LERN. Please consider the environment before printing.

Learning Objectives:

The aim of this course is to gain an in-depth understanding of the different factors influencing the legal, ethical, and economic responsibilities of business leaders, particularly when considering emerging regulations around social and environmental issues. The course introduces students to a variety of analytical tools and discusses in what ways these tools can enable responsible corporate conduct. After completing this course participants should be able to:

- Understand and explain how a variety of social and environmental factors can come to be interpreted as within a firm's "sphere of influence",
- Analyze the conditions and limitations for how and when social and environmental factors can be seen as relevant for corporate strategy,
- Specify the strengths and weaknesses of alternative theoretical frameworks that explain the distinctive challenges involved in managing CSR,
- Understand the changing boundaries between public and private regulation of CSR,
- Evaluate inherent strengths and weaknesses of the concept of the business case for CSR, and
- Analyze concrete problems within CSR strategy by applying the theoretical concepts discussed throughout the course.

Teaching Style and Methods:

This course blends a variety of pedagogical methods. You learn through interactive lectures combined with case study discussions and group work exercises. We will also use some short video supplements to explore selected issues in more depth. **It is important that you read case studies *prior* to the lecture in which they are discussed. Please answer the case questions, which are listed in this syllabus.**

Exam:

The exam will be based on an individual written project (counting for 100% of the grade). You have to address the following topic: "Analyze the CSR activities of your own organization using the concepts discussed in class. Where do you see strengths and weaknesses of your organization's current CSR strategy? How would you improve the CSR strategy?" Detailed guidance will be given during the final wrap-up lecture. The final project needs to be maximum 12 pages long. The individual written project is to be uploaded to CBS LEARN on *26 September 2016, before 12 noon*. Please follow the Writing Guidelines for exam papers and assignments in the E-MBA program.

Teaching Faculty:

Andreas Rasche is Professor of Business in Society at Copenhagen Business School. He regularly contributes to international journals in his field of study and has led executive programs on responsible business practices at different institutions. He co-edited *The United Nations Global Compact: Achievements, Trends and Challenges* (Cambridge University Press) and recently published *Building the Responsible Enterprise* (Stanford University Press). He collaborated with the UN Global Compact in the context of different projects and currently serves on the UN Global Compact LEAD

Steering Committee. He joined CBS from Warwick Business School in August 2012. More information under: www.arasche.com

Søren Larsen (Guest Lecture on 5 August) is Head of Socially Responsible Investment (SRI) at Nykredit Realkredit Group, one of the leading providers of financial services in Denmark. Søren joined Nykredit in August 2008 and has worked with the Nykredit Policy on Sustainable Investments from its initial phase. Since May 2011 Søren has been heading Nykredit's efforts to invest responsibly and develop new solutions for sustainable investments. Prior to Nykredit Søren worked for the Danish liberal party, Venstre, at the Danish Parliament. Here he provided advice on globalization and sustainability among other issues. Søren holds a Master of Political Science from Aarhus Universitet.

Eva Harpøth Skjoldborg (Guest Lecture on 1 September) is an independent consultant and copy writer of CSR and Sustainability reports. Over the past seven years, Eva has authored reports for the Maersk Group, ISS Group, LEGO, Carlsberg and Dansk Supermarked. Prior to life as an independent copy writer, Eva worked with CSR and sustainability in Novo Nordisk, and with the development and communication of ideas for Danish think tank Mandag Morgen. Concurrent with and between reporting assignments, Eva serves as editor of the Danish news site and professional community CSR.dk. Eva is originally cand.merc.int from CBS.

PART I: UNDERSTANDING CSR – CONCEPTS & ACTORS (5 August)

Time	Topic	Core Reading
09:00 – 10:00	Introduction to the Course and Discussion of Expectations	
10:00 – 10:15	Break	
10:15 – 11:15	The Battle of Ideas – CSR and Related Concepts	Rangan et al. (2015)
11:15 – 11:30	Break	
11:30 – 12:30	Why Do Companies Engage in CSR? – The Business Case and Beyond	Porter & Kramer (2011) Prepare Unilever Caselet
12:30 – 13:30	Lunch	
13:30 – 14:30	Business and NGOs – Between Activism and Partnerships	Lawrence (2010)
14:30 – 14:45	Break	
14:45 – 15:45	The Responsible Consumer? – Beyond Boycotting	Bhattacharya, C.B. & Sen, S. (2004)
15:45 – 16:00	Break	
16:00 – 17:00	Guest lecture by Søren Larsen (Head of SRI, Nykredit)	
17:00 – 17:15		
17:15 – 18:00	Responsible Investment – Connecting CSR and Financial Markets	Rangan, V.K., Appleby, S., & Moon, L. (2012).

The Battle of Ideas – CSR and Related Concepts

We start by discussing how CSR is positioned vis-à-vis other concepts, such as: corporate sustainability, corporate accountability, corporate citizenship, and business ethics. This helps us to understand what CSR is and what it is not. Although there is some overlap among these concepts, there are also important differences.

Core Reading:

- Rangan, K., Chase, L., & Karim, S. (2015). [The truth about CSR](#). *Harvard Business Review*, 93(1/2), 40–49.

Further Readings:

- Carroll, A. B. (1999). [Corporate Social Responsibility](#). *Business & Society*, 38(3): 268-295.
- Whiteman, G., Walker, B., & Perego, P. (2013). [Planetary Boundaries: Ecological Foundations for Corporate Sustainability](#). *Journal of Management Studies*, 50(2): 307-336.

- Matten, D. and A. Crane (2005). [Corporate Citizenship: Toward an Extended Theoretical Conceptualization](#). *Academy of Management Review*, 30(1): 166-179.
- Utting, P. (2008). [The Struggle for Corporate Accountability](#). *Development & Change*, 39(6): 959-975.

Why Do Companies Engage in CSR? – The Business Case and Beyond

We discuss why companies are engaged in CSR activities. This discussion reveals certain ‘images’ of CSR. The most dominant image is the business case logic (i.e. engaging in CSR supports a firm’s financial bottom line). However, we also identify other reasons why firms have become engaged in CSR (e.g. competitive pressure, interest by consumers, leaders’ values).

Core Reading:

- Porter, M.E. and Kramer, M.R. (2011). [Creating Shared Value](#). *Harvard Business Review*, 89, 62-77.
- Caselet: “Sustainability as Opportunity: Unilever’s Sustainable Living Plan” (HIBSP 1001-EC) (available on CBS LEARN). Consider reading the interview with Unilever CEO Paul Polman as a supplement to this caselet (see Ignatius (2012) under Further Readings).

Further Readings:

- Ignatius, A. (2012). [Captain Planet](#). *Harvard Business Review*, 90(6): 112-116.
- Crane, A., Palazzo, G Spence, L., & Matten, D., (2014). [Contesting the Value of “Creating Shared Value”](#). *California Management Review*, 56(2): 130-153.
- Unruh, G., & Ettenson, R. (2010). [Growing Green](#). *Harvard Business Review*, 88(6): 94-100.
- Margolis, J. D., & Walsh, J. P. (2003). [Misery Loves Companies: Rethinking Social Initiatives by Business](#). *Administrative Science Quarterly*, 48(2): 268-305.
- Campbell, J. L. (2007). [Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility](#). *Academy of Management Review*, 32(3): 946-967.
- Hemingway, C. A., & Maclagan, P. W. (2004). [Managers' Personal Values as Drivers of Corporate Social Responsibility](#). *Journal of Business Ethics*, 50(1): 33-44.

Caselet Questions:

1. Why do you think has Unilever created the Sustainable Living Plan? What was the strategic rationale behind creating the Plan?
2. How did Unilever embed the Sustainable Living Plan into the organization? What do you think were critical success factors of integrating the Plan?
3. Are Unilever’s commitments through the Sustainable Living Plan too bold? Does it make sense to have such ambitious goals, considering that it may be hard to fulfill them?

Business and NGOs – Between Activism and Partnership

We discuss the relationship between NGOs and businesses emphasizing the role of activist campaigns. We explore strategies that activists use to target corporations (e.g.,

via social media campaigns) and discuss possible response strategies. Further, we discuss what criteria NGOs use in order to determine whether or not to campaign against a firm. We discuss in what ways corporations and NGOs partner with each other. We look at opportunities and problems of partnerships for both sides. We also explore different types of partnerships, ranging from purely philanthropic engagements to in-depth exchanges of resources.

Core Reading:

- Lawrence, A. T. (2010). [Managing Disputes with nonmarket Stakeholders: Wage a Fight, Withdraw, Wait, or Work It Out?](#) *California Management Review*, 53(1): 90-113.

Further Reading:

- de Bakker, F.G.A., & F. den Hond (2008). [Activists' Influence Tactics and Corporate Policies](#). *Business Communication Quarterly*, 71(1): 107-111.
- Spar, D.L. and L.T. La Mure (2003). [The Power of Activism: Assessing the Impact of NGOs on Global Business](#). *California Management Review*, 45(3): 78-101.
- Austin, J. (2000). [Strategic Collaboration Between Nonprofits and Business](#). *Nonprofit and Voluntary Sector Quarterly*, 29(1), 69-97.
- Yaziji, M. (2004). [Turning Gadflies into Allies](#). *Harvard Business Review*, 82(2), 110-115.

The Responsible Consumer – Beyond Boycotting

We discuss whether consumers have stepped up as major drivers of CSR and sustainability. One key finding is that although sustainable consumption is growing, there is still a lack between consumers' intent to purchase responsibly and their actual purchasing behavior. We discuss how this gap can be explained. We also look at boycotts and buycotts, and debate what makes boycotts work and how firms should respond to them.

Core Reading:

- Bhattacharya, C. B., & Sen, S. (2004). [Doing Better at Doing Good: When, Why, And How Consumers Respond To Corporate Social Initiatives](#). *California Management Review*, 47(1), 9–24.

Further Readings:

- Smith, N.G. (2008). Consumers as Drivers of Corporate Social Responsibility, in: A. Crane et al. (eds.) [The Oxford Handbook of Corporate Social Responsibility](#). Oxford: Oxford University Press, pp. 384-411.
- Öberseder, M., Schlegelmilch, B. B., & Gruber, V. (2011). [“Why Don't Consumers Care About CSR?”: A Qualitative Study Exploring the Role of CSR in Consumption Decisions](#). *Journal of Business Ethics*, 104(4), 449–460.
- BBMG, GlobeScan, & SustainAbility. (2013). [RE:Thinking Consumption: Consumers and the Future of Sustainability](#). New York, NY: BBMG.

Guest Lecture by Søren Larsen

Søren Larsen (Head of Socially Responsible Investment, SRI, Nykredit) will focus on how Environmental, Social, and Governance (ESG) issues can create value for a company and how this relates to the business of financial institutions. Most of all, he will highlight how some material CSR issues are usually not captured by the more “traditional” financial KPIs and what can be done about it.

Responsible Investment – Connecting CSR and Financial Markets

Responsible investment is often discussed under different names, such as Socially Responsible Investment/Investing (SRI) and also Impact Investing. We start by briefly defining the field and revisiting the investment spectrum relevant to responsible investing. We then take a look at the size of the market for responsible investment and distinguish different strategies to responsible investing (e.g. positive and negative screenings).

Core Reading:

- Rangan, V.K., Appleby, S., & Moon, L. (2012). The Promise of Impact Investing. Harvard Business School Background Note 9-512-045 (rev July 2012). (available via CBS LEARN)

Further Readings:

- Sullivan, R., Martindale, W., Feller, E., & Bordon, A. (2015). [*Fiduciary Duty in the 21st Century*](#). New York et al.: United Nations Environment Program Finance Initiative.
- Trelstad, B. (2016). [Making Sense of the Many Kinds of Impact Investment](#). *Harvard Business Review* (Web-Edition).
- Oh, C. H., Park, J.-H., & Ghauri, P. N. (2013). [Doing right, investing right: Socially responsible investing and shareholder activism in the financial sector](#). *Business Horizons*, 56(6), 703–714.
- Revelli, C., & Viviani, J.-L. (2015). [Financial performance of socially responsible investing \(SRI\): what have we learned? A meta-analysis](#). *Business Ethics: A European Review*, 24(2), 158–185.

PART II: FOCUS TOPIC – ANTI-CORRUPTION (6 August)

Time	Topic	Core Reading
09:00 – 10:00	Understanding Corruption – What It Is (and Why It Is a Problem)	Eigen, P. (2013)
10:00 – 10:15	Break	
10:15 – 11:45	“Fighting Corruption at Siemens” – Multimedia Case	Prepare the Multimedia Case (you received a link)
11:45 – 12:15	Lunch	
12:15 – 13:15	Designing an Anti-Corruption Program: Compliance and Risk	Transparency International (2013)

Understanding Corruption – What It is (and Why It is a Problem)

This sessions starts by introducing you to the phenomenon of corruption. We start by discussing what corruption is (and what it is not). We distinguish different types of corruption (e.g. grand and petty corruption) and review some empirical evidence showing how widespread corruption is. We also discuss why corruption is a problem (e.g. the costs associated with corrupt activities to states and corporations) and what corporations can do when fighting corruption.

Core Reading:

- Eigen, P. (2013). [International Corruption: Organized Civil Society for Better Global Governance](#). *Social Research*, 80(4), 1287–1308.

Further Readings:

- Donaldson, T. (1996). [Values in Tension: Ethics Away from Home](#). *Harvard Business Review*, 74(5), 48-62.
- Bentzen, J.S. (2012). How Bad Is Corruption? [Cross-Country Evidence of the Impact of Corruption on Economic Prosperity](#). *Review of Development Economics*, 16(1): 167-184.

Multimedia Case Study – Fighting Corruption at Siemens

We discuss how Siemens managed its corruption scandal. The case puts a lot of emphasis on the role of new the CEO, Peter Löscher, who has the task to “clean up” the company. We discuss the challenges that Löscher is exposed to and also the impact of the change process that he has initiated.

Case: *Fighting Corruption at Siemens* (HBS 9-112-702)

Case Questions:

1. How did a well-known multinational firm like Siemens get itself into this situation?
2. What would be your concerns if you were Peter Löscher and had just accepted the position as Siemens CEO?
3. Evaluate the change process adopted by Siemens. How effective is Löscher in changing the tone from the top in his meeting with employees (video shown

on the “Tone from the Top” page)? Which of the other changes are important in addressing Siemens’ challenges and Löscher’s concerns identified in question 3?

4. As a Siemens employee working in a country where laws on corruption are not enforced, how would you respond to the changes adopted by the company? Are they adequate? Are they overdone?

Designing an Anti-Corruption Program: Compliance and Risk

This session explores in what ways corporations can fight corruption. We first look into extraterritorial legal instruments that impact firms in Denmark and beyond (mostly US Foreign Corrupt Practices Act and the UK Bribery Act). We then explore what can be done at the firm level to fight corruption, mostly looking into designing compliance programs and installing whistleblower mechanisms.

Core Reading:

- Transparency International (2013). [Business Principles for Countering Bribery](#). Berlin: TI.

Further Readings:

- Hansen, H.K. (2011). [Managing Corruption Risk](#). *Review of International Political Economy*, 18(1), 251-275.
- Beenen, G., & Pinto, J. (2009). [Resisting Organizational-Level Corruption: An Interview With Sherron Watkins](#). *Academy of Management Learning and Education*, 8(2): 275-289.

PART III: MANAGING CSR – REPORTING AND GOVERNANCE (1 SEPT.)

Time	Topic	Core Reading
09:00 – 10:00	CSR Reporting & Materiality Assessments (I)	Pedersen et al. (2013)
10:00 – 10:15	Break	
10:15 – 11:15	CSR Reporting & Materiality Assessments (II)	Eccles & Serafeim (2013)
11:15 – 11:30	Break	
11:30 – 12:30	Guest Lecture – Eva Harpøth Skjoldborg	
12:30 – 13:30	Lunch	
13:30 – 15:00	CSR in the Boardroom – Reassessing Fiduciary Duties	Rasche and Lawrence (2014)
15:00 – 15:15	Break	
15:15 – 16:45	CSR Standards – How Valid are Seals of Approval?	Rasche (2016)
16:45 – 17:00	Break	
17:00 – 18:00	An Exemplary CSR Standard – The UN Global Compact	Prepare Caselet on Global Compact in Rasche (2016)

CSR Reporting & Materiality Assessments I + II

We discuss why firms report on their CSR activities and what reporting standards exist. We highlight differences and commonalities across countries when it comes to regulating CSR reporting. We put special emphasis on the Danish legislation for CSR reporting. This session also discusses how firms increasingly use materiality assessments to identify those CSR issues that have a direct or indirect impact on the organization's ability to create value for itself and its stakeholders.

Core Reading:

- Pedersen, E.R.G., Neergaard, P., Pedersen, J.T., & Gwozdz, W. (2013). [Conformance and Deviance: Company Responses to Institutional Pressures for CSR Reporting](#). *Business Strategy and the Environment*, 22(6): 357-373.
- Eccles, R. G., & Serafeim, G. (2013). [The Performance Frontier](#). *Harvard Business Review*, 91(5): 50-60.

Further Readings:

- Fortanier, F., Kolk, A., & Pinkse, J. (2011). [Harmonization in CSR Reporting](#). *Management International Review*, 51(5): 665-696.
- Buhmann, K. (2013). [The Danish CSR Reporting Requirement as Reflexive Law: Employing CSR as a Modality to Promote Public Policy Objectives through Law](#). *European Business Law Review*, 24(2): 187-216.

- Lydenberg, S. (2012). *On Materiality and Sustainability: The Value of Disclosure in the Capital Markets*. Cambridge, MA: Hauser Center for Nonprofit Organizations at Harvard University.

Guest Lecture - Eva Harpøth Skjoldborg

Eva Harpøth Skjoldborg, who is an expert in corporate sustainability reporting, will talk about a practitioner perspective on non-financial reporting and materiality. She will focus on how successful sustainability reports can be launched and what possible pitfalls may exist along the way.

CSR in the Boardroom – Reassessing Fiduciary Duties

This session focuses on how Boards of Directors can show leadership for responsible business practices. We discuss how Directors' fiduciary duty (i.e. their duty to protect and enhance shareholder value) is increasingly seen as being consistent with adopting CSR policies. Further, this session explores how the discussion of social and environmental issues can be integrated into the agenda of Boards, for instance by looking at Board composition and structure, establishing the right incentives, and ensuring regular dialogue with affected parties.

Core Reading:

- Rasche, A., & Lawrence, J. (2014). How Boards Organize Oversight for Corporate Sustainability. Background Note. Hult International Business School Publishing Executive Series (HLT327-14-1003BN). (available on CBS LEARN)

Further Readings:

- Grayson, D., & Kakabadse, A. (2013). Sustainable Business Leadership – Take It from the Top. *Ethical Corporation* (February), pp. 36-39 (available on CBS LEARN).
- Lawler, E., & Worley, C. (2012). [Why Boards Need to Change](#). *MIT Sloan Management Review*, 54: 10-12.
- Wolff, D. (2011). [Listed Companies and Integrating Sustainable Development: What Role Does the Board of Directors Play?](#) *Corporate Governance: The International Journal of Effective Board Performance*. 11(3): 244-255.

CSR Standards – How Valid Are Seals of Approval?

We discuss the role, effectiveness, and limits of voluntary standards (e.g. the Global Reporting Initiative and the Fair Labor Association) that firms have signed up to as part of their CSR efforts. These standards are often described as 'soft law' and influence the way businesses understand their social and environmental obligations.

Core Reading:

- Rasche, A., Waddock, S. (2016). Standards for Corporate Social Responsibility: Legitimacy, Impact, and Critique, in: Rasche, A., Morsing, M., Moon, J. (eds). *Corporate Social Responsibility: Strategy, Communication, Governance*. Cambridge/New York: Cambridge University Press (forthcoming, available on CBS LEARN).

Further Readings:

- Waddock, S. (2008). [Creating a New Institutional Infrastructure for Corporate Responsibility](#). *Academy of Management Perspectives*, 22(3): 87-108.
- Vogel, D. (2010). [The Private Regulation of Global Corporate Conduct: Achievements and Limitations](#). *Business & Society*, 49(1): 68-87.
- Fransen, L., & Kolk, A. (2007). [Global Rule-Setting for Business: A Critical Analysis of Multi-Stakeholder Standards](#). *Organization*, 14(5): 667-684.

An Exemplary CSR Standard – The United Nations Global Compact

We look at how the United Nations (UN) system has engaged with the private sector. We discuss how the UN has moved from a largely confrontational approach towards business to a more collaborative approach based on partnerships. The discussion highlights the UN Global Compact, which is a voluntary CSR initiative.

Core Reading:

- Caselet “The UN Global Compact: Bluewashing Corporate Practices?”, published in: Rasche, A., Waddock, S. (2016). *Standards for Corporate Social Responsibility: Legitimacy, Impact, and Critique*, in: Rasche, A., Morsing, M., Moon, J. (eds). *Corporate Social Responsibility: Strategy, Communication, Governance*. Cambridge/New York: Cambridge University Press (forthcoming, available on CBS LEARN).

Case Questions:

- Do you agree with the critics who argue that participants in the UN Global Compact tend to ‘bluewash’ their corporate image?
- How can the UN Global Compact tackle the problem of having a high rate of delistings?
- Should the UN Global Compact focus on quantitative growth (i.e. attract more participants by keeping entry barriers low) or qualitative growth (i.e. keep only high performing firms and delist the rest)?

Further Readings:

- Rasche, A. (2012). [The United Nations and Transnational Corporations: How the UN Global Compact Has Changed the Debate](#). In J. Lawrence and P. Beamish (eds.) *Globally Responsible Leadership: Business According to the UN Global Compact* (pp. 33-49). Thousand Oaks: Sage.
- Kell, G. (2013). [12 Years Later: Reflections on the Growth of the UN Global Compact](#). *Business & Society*, 52(1): 31-52.
- Berliner, D., & Prakash, A. (2012). [From norms to programs: The United Nations Global Compact and global governance](#). *Regulation & Governance*, 6(2): 149-166.

PART IV: FOCUS TOPIC – CSR IN GLOBAL SUPPLY CHAINS (2 Sept.)

Time	Topic	Core Reading
09:00 – 10:00	Managing Labor Rights Global Supply Chains	Locke & Romis (2007)
10:00 – 10:15	Break	
10:15 – 11:45	Case Study – “IKEA’s Global Sourcing Challenge (A)”	Prepare the Case Study
11:45 – 12:15	Lunch	
12:15 – 13:15	‘Getting Personal’ – CSR and You (incl. Class Wrap-Up)	Paine (1994)

Managing Labor Rights in Global Supply Chains

We discuss how firms have used CSR standards to govern their supply chains (e.g. to improve working conditions in developing countries). We discuss two ways to govern CSR in global supply chains: (a) a self-regulatory approach and (b) a civil regulatory approach. We contrast both approaches and discuss their limits.

Core Reading:

- Locke, R., & Romis, M. (2007). [Improving Work Conditions in a Global Supply Chain](#). *MIT Sloan Management Review*, 48(2): 54-62.

Further Readings:

- Zadek, S. (2004). [The Path to Corporate Responsibility](#). *Harvard Business Review*, 82(12): 125-132.
- O'Rourke, D. (2006). [Multi-stakeholder Regulation: Privatizing or Socializing Global Labor Standards?](#) *World Development*, 34(5): 899-918.
- Fung, A. (2003) . [Deliberative Democracy and International Labor Standards](#). *Governance*, 16(1): 51-71.

Case Study – IKEA’s Global Sourcing Challenge

We discuss how IKEA dealt with the challenge to enforce CSR standards in its global supply chain. The case highlights (a) how to respond to immediate public pressure due to alleged misconduct by a supplier and (b) how to develop long-term responses to CSR challenges related to global supply chains.

Case: *IKEA’s Global Sourcing Challenge (A)* (HBS 9-906-414)

Case Questions:

1. What actions should Marianne Barner take regarding the IKEA supply contract with Rangan Exports?
2. How should Marianne Barner respond to the invitation for IKEA to have a representative appear on the upcoming broadcast of the German TV program?
3. What long-term strategy would you suggest Barner should take regarding IKEA’s continued operation in India? Should the company stay or exit? (Be

- prepared to describe the impact of such a decision and how you would manage it.)
4. For those recommending that IKEA should continue to source carpets in India, would you suggest:
 - a. that the company continues its own monitoring and control processes or signs up to Rugmark?
 - b. that the company focuses only on eliminating the use of child labor in its own supply chain or engage in broader action to address the root causes of child labor as Save the Children is urging?

‘Getting Personal’ – CSR and You

Leading a corporation in a responsible way often requires courage. Blowing the whistle or making decisions that enhance responsibility but impede short-term financial gains call for courageous actions. In this last session we discuss the very personal nature of some decisions related to CSR. We also discuss organizational details related to the final exam.

Core Reading:

- Paine, L.S. (1994). [Managing for Organizational Integrity](#). *Harvard Business Review*, 72(2): 106-117.

Further Reading:

- Perlow, L. A., & Williams, S. (2003). [Is Silence Killing Your Company?](#) *Harvard Business Review*, 81(5): 52-58
- Reardon, K. K. (2007). [Courage as a Skill](#). *Harvard Business Review*, 85(1): 58-64.