

BUSINESS IN SOCIETY: CREATING SHARED VALUE

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| Course code | <i>GRAL004</i> |
| Level of studies | <i>Graduate</i> |
| Number of credits | <i>6 ECTS; 36 class hours, 124 hours of self-study, 2 hours of consultation</i> |
| Course coordinator (title and name) | <i>Assoc. prof. dr. Virginija Poškutė, e-mail: virpos@ism.lt</i> |
| Prerequisites | <i>Undergraduate diploma</i> |
| Language of instruction | <i>English</i> |

THE AIM OF THE COURSE

Social context in which business operates in XXI century is very complex and uncertain. Businesses are expected and asked to be responsible more and more nowadays for a welfare of a society, engage in the pursuit of public value, make positive impact not only on economic performance but also on social development of a country. Thus roles and responsibilities of a business in a global economy and society are changing. Furthermore, the relationship between business and society is becoming even more complex in an economy that is increasingly integrated and interdependent. Globalisation of business, emergence and strengthening of civil society organisations around the world, development of information technologies, increasing governmental regulations and international agreements add additional challenges to managers of businesses and their strategic decision-making.

The course aims at raising awareness and enabling future entrepreneurs and leaders from private and public sectors to see the unique obstacles and challenges of business as opportunities. Business competences of dealing with its stakeholders, sensitivity to its ecosystem and abilities to address creatively existing challenges might inspire sustainable business practices and enable it to identify sources of competitiveness. In discussing changing roles of and opportunities for business, framework of creating shared value (CSV) is applied: policies and practices that enhance competitive advantage and profitability of a company while simultaneously addressing societal needs and challenges. Shared value is not corporate social responsibility, philanthropy, or even sustainability, but a way to achieve economic success. When businesses act as businesses - not as charitable donors - they can improve profitability while also improving environmental performance, public health and nutrition, affordable housing and financial security, and other key measures of societal wellbeing. Most often only business can create economic prosperity by meeting needs and making a profit, creating infinitely scalable and self-sustaining solutions.

The course is about framework of thinking: theories and academic readings are analysed with help of case studies and real life situations. The cases of the course illustrate various challenges and opportunities for businesses from different industries and different countries.

LEARNING OUTCOMES

| Course learning outcomes (CLO) | Study methods | Assessment methods |
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| CLO1. To analyse and evaluate changing roles of business in a global economy and society | Lectures, readings, case studies, self-study, in class discussions | Participation, case summaries, team project |
| CLO2. To analyze and evaluate the role of stakeholders in sustainable business development and apply stakeholder theories in practice | Lectures, readings, case studies, self-study, in class discussions | Participation, case summaries, team project |
| CLO3. To enable future leaders to identify and evaluate sources of competitiveness and opportunities to make an impact in society in creating economic and social value | Lectures, readings, case studies, self-study, in class discussions | Participation, case summaries, team project |
| CLO4. To equip future business and society leaders with capacities to understand and develop sustainable profitable business with social dimension in its strategy | Lectures, readings, case studies, self-study, in class discussions | Participation, case summaries, team project |

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| CLO5. To understand and challenge discussion on relationship between business, state, civil society and others who impact and inspire sustainable business practices | Lectures, readings, case studies, self-study, in class discussions | Participation, case summaries, team project |
| CLO6. To develop critical thinking and problem-solving skills | Lectures, readings, case studies, self-study, in class discussions | Participation, case summaries, team project |
| CLO7. To apply the knowledge in a team project | Lectures, self-study, group work | Team project |

ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism, is fully applicable and will be strictly enforced in the course. Academic dishonesty and cheating will lead to a report to the ISM Committee of Ethics.

COURSE OUTLINE

| Session | Topic | In-class hours | Readings |
|---------|---|----------------|---|
| 1 | Introduction to the course and assignments. Changes in perception of business role in society | 4 | Friedman, M. (2007). Handy, Ch. (2002). Freeman, R. E. & Mcvea, J. (2001). A Stakeholder Approach to Strategic Management. Porter, M. E. and Kramer, M. (2011). Creating Shared Value. |
| 2 | Competitive strategy: sources of competitiveness (for businesses and countries). | 4 | Porter, M. E. (1996). What is a strategy? Taticchi, P., Demartini, M. (2021). <u>Case:</u> • Discovery Limited (715-423) |
| 3 | Creating Value for Stakeholders | 4 | Documentary "Fishing with Dynamite" (2019) Porter, M. (2008). On Competition. Chapters 2, 6 <u>Case:</u> • Rubicon Global (816-015) |
| 4 | Identification of opportunities for creating shared value | 4 | Pfizer, M. W., Bockstette, V. and Stamp, M. (2013). Innovating for Shared Value. <u>Case:</u> • Intercorp (718-417) |
| 5 | Sustainability as a competitive advantage: Sustainable Human Resources | 2 | Guests in the class: Ms. R. Ratavičiūtė, Partner / Head of Recruitment at People Link and Ms. Akvilė Sabaliauskaitė, Senior IT Recruitment & Personnel Assessment Consultant at People Link |
| | Different stages of CSV | 2 | Porter, M. (2008). On Competition. Chapter 7 <u>Case:</u> • Social Business at Novartis: Arogya Parivar (715-411) |
| 6 | Business transformations as a response to sustainability expectations and regulations | 2 | Guests in the class: Moody's representatives (TBA). |
| | Critical perspectives and limits of CSV approach | 2 | Giridharadas, A. (2018). Crane, A., Palazzo, G., Spence, L. J., & Matten, D. (2014). <u>Case:</u> • Nestle's Creating Shared Value Strategy (716-422) |
| 7 | CSV approach – source of innovations and profitability | 2 | Kramer, M. R. and Pfizer, M.W. (2016). The Ecosystem of Shared Value. |

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| | Measuring Shared Value. | 2 | Case: <ul style="list-style-type: none"> Yara International: Africa Strategy (715-402) Measuring Shared Value, FSG. |
| 8 | Team project presentations | 4 | |
| 9 | Team project presentations | 4 | |
| | | Total: 36 hours | |

FINAL GRADE COMPOSITION

| Type of assignment | Self-study hours | % of the total grade |
|--|------------------|----------------------|
| Participation | 40 | 35% |
| Case summaries / answers to case questions | 24 | 20% |
| Team project (paper and presentation) | 60 | 45% |
| Total: | 124 | 100 |

DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

Assessment 1. Participation (35%)

Students are expected to actively participate in class discussing and analysing cases as well as materials read before the class. Attendance is compulsory and is to be taken at each class. The students are evaluated based on the knowledge shown during the analyses and discussions (frequency and quality of contributions to class discussion).

Criteria for evaluating class contributions

- The course about a framework for thinking
- Analytical rigor is highly valued
- No outside-of-case data is allowed or rewarded
- Build on previous contributions
- Being concise; marshal evidence; show your logic
- Integrate across facts, issues, and cases
- Take a constructive approach and tone
- Be prepared for follow-up questions
- Participate while not speaking

Assessment 2. Case summaries/answers to questions (20%)

It is required to present a half page (max one page) summary / answers to specified case questions before the relevant class.

Assessment 3. Team project (paper and presentation) (45%)

Students will work in small groups (max 3-4 people depending on the class size) to prepare a presentation and a short paper (9-10 pages, 3700 – 4200 words). Detailed information on the issues to be covered in the presentation and the paper will be presented in a separate document and introduced during the first class. Final version of the paper will have to be uploaded to e-learning system by the end of the course.

Presentations of the Team project will be delivered in two final classes of the course.

The final evaluation for the team project will be distributed as following: 60% for the paper and 40% for the presentation.

RETAKE POLICY

In case of a negative final grade, students are allowed to resubmit Team project/final paper. All the requirements are the same as for the Team Project, but it shall be an individually prepared paper. The weight of a re-take (paper without presentation) is 45%. Case summaries/answers to case questions cannot be retaken but its evaluation (if positive) is not annulled.

REQUIRED READINGS

- Crane, A., Matten, D., Glozer, S., & Spence, L. (2019). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization*. Oxford University Press.
- Crane, A., Palazzo, G., Spence, L. J., & Matten, D. (2014). Contesting the value of “creating shared value”. *California management review*, 56(2), 130-153.
- Giridharadas, A. (2018). *Winners Take All: The Elite Charade of Changing the World*. Knopf.
- Handy, Ch. (2002). What’s a Business for? *Harvard Business Review*.
- Freeman, R. E. & Mcvea, J. (2001). A Stakeholder Approach to Strategic Management. SSRN Electronic Journal. 10.2139: https://www.researchgate.net/publication/228320877_A_Stakeholder_Approach_to_Strategic_Management
- Friedman, M. (2007). The social responsibility of business is to increase its profits in *Corporate ethics and corporate governance* (pp. 173-178). Springer, Berlin, Heidelberg.
- Kramer, M. R. and Pfitzer, M. W. (2016). The Ecosystem of Shared Value. *Harvard Business Review*. October 2016.
- Pfitzer, M. W., Bockstette, V. and Stamp, M. (2013). Innovating for Shared Value. *Harvard Business Review*. September 2013.
- Porter, M. (2008). *On Competition (Updated and Expanded Edition)*. Boston: Harvard Business School Press.
- Porter, M. E. and Kramer, M. (2011). Creating Shared Value. *Harvard Business Review*. January-February 2011.
- Porter M. E., Kramer M. R. (2006). Strategy and society: the link between competitive advantage and corporate social responsibility. *Harvard Business Review*. 2006 December; 84(12):78-92, 163.
- Porter M. E., Kramer M. R. (2002). The competitive advantage of corporate philanthropy. *Harvard Business Review*. 2002 December, 80 (12):56-68, 133.
- Porter, M. E. (1996). What is a strategy? *Harvard Business Review (November-December)*: 61-78.
- Taticchi, P., Demartini, M. (2021). A Modern Definition of Corporate Sustainability. In: Taticchi, P., Demartini, M. (eds) *Corporate Sustainability in Practice. Management for Professionals*. Springer, Cham.
- The Economist (2005). The good company. *The Economist*, 374(8410).

Cases provided by Harvard Business School.