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MGMT3170

Managing CSR (Corporate Social Responsibility)

Overview

Managing CSR (Corporate Social Responsibility) is managing corporate impacts on society. Enterprises should have a process in place to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close cooperation with stakeholders. The aim of CSR management is:

- to identify, prevent and mitigate possible adverse impacts which enterprises may have on society; and
- to maximize the creation of shared value, which means to create returns on investment for the company's shareholders at the same time as ensuring benefits for the company's other stakeholders.[1]

This elective course will focus on the CSR (Corporate Social Responsibility) issues facing companies today and how to practically manage CSR for different types of businesses and in different geographies. Along with changing consumer attitudes, new regulatory CSR related requirements are increasingly putting firms and investors under pressure to demonstrate sound management of environmental and social matters, as well as good corporate governance and business integrity, while maintaining a focus on profitability.

Students will investigate how firms are managing these pressures, considering the needs of different stakeholders while continuing to address the return requirements of shareholders. Understanding international ESG (environmental, social and governance) standards and global initiatives, including the GRI (Global Reporting Initiative), will help students strengthen their knowledge,

Venue: G007, LSK building, HKUST

Time: 3 – 550 pm, Fridays (as per schedule, below)

Benefits to students
- Learn about Corporate Social Responsibility (CSR) and different approaches to managing CSR
- Understand how CSR management relates to corporate strategy, risk-management, stakeholder relations and reporting / marketing
- Learn about CSR management for different industry sectors / geographies
- Learn about CSR management for specific companies through examples provided in lectures and case studies, as well as through individual and team course projects

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[1] EU Policy on CSR, 2014

skills and attitudes towards CSR management and reporting. The course includes individual and team deliverables and a team project, based on analysis of CSR practices by real companies. This will give students practical grounding to understand and work with the challenges and opportunities of sound CSR management in the contemporary business environment.

This course explores CSR challenges and opportunities in a global business environment from a practical, managerial perspective for companies and financial services / investment firms. The course will give answers to questions such as: What are typical environmental, social and governance (ESG) issues facing companies from different industry sectors and active in different geographies (i.e., issues to focus on for their CSR management)? What is the appropriate response of businesses to these ESG issues? Who are the company's stakeholders and their interests? What are the key, material CSR / ESG issues to focus on from a management perspective? How to integrate CSR / ESG considerations into company management systems? How can CSR strategies be developed and implemented to create business and societal value, aligned with overall corporate strategy? How can sound CSR management practices be communicated, truthfully and effectively, to the public, including consumers and other stakeholders, as well as to investors, through CSR / ESG reporting? How can CSR be beneficial for marketing, investor relations and other corporate public relations purposes, without risk for "green-washing"?

The course will show that treating CSR as merely an adjunct to public relations is generally inadequate, if not risky, for many businesses today, while corporate marketing and reporting can benefit greatly from effectively communicating a company's sound CSR practices.

Goals

The objective of this course is for students to learn about approaches to CSR management in Hong Kong, greater China, and internationally, and to consider best practices from a practical, managerial perspective. By the end of the course, students should be equipped with the key tools to manage CSR for different types of businesses, and to understand CSR challenges and opportunities for different industry sectors and for operations in different geographies. Students will learn how sound CSR management relates to corporate strategy, risk-management, stakeholder relations, reporting, marketing, and other important priorities for companies.

Students will have the opportunity to select a company of their own choice for their individual course deliverables, and to work within a team to apply key course learnings on a different company as selected by the team. In this way, the focus of students' learning will be on the type of companies / industry sectors that they the most interested in, while also learning about CSR management for other types of companies through lectures, readings, exercises and class discussions.

Format

Course lectures are delivered by the instructor, with class discussions, exercises and case studies expected to contribute towards student learning. Students will analyse different aspects of CSR management of real companies that they select themselves, as well as of companies assigned by the course instructor, during in-class discussions and exercises. There will also be guest lectures by industry practitioners as well as an external visit to one of the food banks in Hong Kong, which help reduce food waste and hunger in partnership with corporates and other stakeholders.

During the course, brief team deliverables based on real company examples will track the key learning outcomes expected from the classes. There will not be a formal in-class exam but rather take-home exercises and take-home exam essay questions applied to a company selected by the students individually to demonstrate that students capture the key learnings from this course, as applied to a company of their choice (while not the same company as any of those selected by any of the teams for their course projects). Students will also work in teams on a course project, to be presented at the end of the course in front of the class. In addition to in-class work, team meetings should be arranged outside of classes to advance project work.

Students are expected to attend classes and actively participate in the class discussions, exercises and case studies. Students are not expected to miss more than one class during the semester after the first class without grading penalty, except for exceptional circumstances. Students should notify the course TA about any absences ahead of class, with justification. Normally, there will be a 0.5 grading penalty for each class missed if two or more classes missed, except for exceptional circumstances. There will be no grading penalty for one class missed, if with justification and advance notice.

Students are also expected to follow news media and watch out for CSR related stories that interest them. Students

doing practical team and individual assignments and a team project based on real company examples. Thus, class attendance and participation are very important for this course.

Requirements for CSR / sustainability option for UG Management majors

This course is part of the CSR / sustainability option for HKUST UG Management majors. Requirements for this option as specified, below:
- 3110 (HRM) or 3120 (Leadership)
- 3130 (Decision) or 3140 (Negotiation)
- 4210 (Strategy)
- Electives (9 credits)
- MGMT 3160 (Environmental business strategy) and
- MGMT 3170 (Managing CSR)

Materials
The course materials include:
- Mandatory and recommended readings, case studies, exercises
- Course instructor lecture notes (to be made available after each class)

Teams

Composition
4 students in each team (as far as possible,

should select and share at least one such CSR news piece with the class during the course.

Outcomes

Upon successful completion of this course, students are expected to have demonstrated through their individual deliverables, class participation, and team work:
- An understanding of the key environmental, social and governance (ESG) matters for companies to consider for good CSR management.
- The key components of good CSR management systems.
- Current corporate approaches to managing CSR, and international best practices, for different industry sectors.
- Hands-on knowledge of CSR management practices of companies of their own choice, and as assigned by the course instructor.

Deliverables

Four short team and individual deliverables will track key expected learning outcomes throughout the course and provide students with practical tools for sound CSR management. These deliverables are expected to be brief (1-2 pages word or power-point documents). Grade contribution: 5% per deliverable (20% total for team deliverables; 20% total for individual deliverables)

The team course project should be a focused power-point presentation about the CSR management practices of a company selected by the team (10-15 slides recommended length for a 10 min in-class presentation, plus Q&A). Grade contribution: 15% based on the team project; 5% for individual contributions during presentation and Q&A.

The take-home exam should answer essay questions provided in advance by the course instructor, with ample time for students to prepare answers as applied to a company selected by the individual students (NOT the same company as any team has selected for their team project, or a company that the student would already have covered in-depth in other courses). Grade contribution: 20%.

Students are expected to contribute at least one CSR related news article or other media that they find interesting to be posted on canvas and presented *briefly* in front of the class (2-3 min recommended for this sharing). Grade contribution: 5%.

Students are also expected to participate in a visit to learn about the work of one of the food banks, which work to alleviate hunger, poverty and food waste in Hong Kong, and write a *brief* note about their impressions from this experience (max 0.5 p word document). Grade contribution: 5%.

Team peer review (5%) and class participation, as indicated by quality questions to guest speakers (5%), will account for the remaining components of the course grade.

Class attendance is expected. Absences will be recorded and may result in grading deduction(s) as noted, above.

Please see further details about the individual and team deliverables in the appendix.

New course characteristics

This is a new course and, as such, the course instructor will benefit from experiences during classes and students' feedback to seek to continuously improve upon the course plan and syllabus. The course instructor reserves the right to make changes to this syllabus at any time, and would communicate such changes to students as relevant and at least one week in advance for any material changes that affect classes or deliverables. Any changes to pre-class readings, case studies or other pre-class preparations would be communicated to students at least one week in advance.

Course plan
(Subject to change. Readings, exercises & case studies may be added / adjusted with at least one week notice to students, and announced in class / lecture notes)

Class 1
Friday February 2nd, 3 – 550 pm
G007, LSK Building

Introduction of the course and Corporate Social Responsibility (CSR)
- Overview of the course plan and expected student deliverables
- What is CSR? Why do we care about CSR?
- Definition of CSR: from corporate philanthropy to risk management to (shared) value creation.
- Companies typically talk about "CSR" or "sustainability" management while investors typically speak about "ESG" – aligning perspectives for a holistic perspective on CSR management.

Brief team deliverables: 5% each (20% total)
CSR news sharing: 5%
External visit write-up: 5%
Class participation as measured by quality questions to guest speakers: 5%
Course team project: 15% team; 5% individual presentation / Q&A contributions
Team peer review: 5%
Final take-home exam answers to essay questions: 20%

As per the above, team work will represent 35% of the grade for this course, while individual work will account for 65% of the course grade.

Class attendance policy: Students are not expected to miss more than one class during the semester without grading penalty, except for exceptional circumstances. Please notify the course TA about any absences ahead of class, with justification. Normally, there will be a 0.5 grading penalty for each class missed if two or more classes missed except for exceptional circumstances. No grading penalty for the first class missed, with justification and advance notice. Class

- Discussion: Pressing social and environmental issues in Hong Kong and corporate impacts.

Class 2
Friday February 9th, 3 – 550 pm
G007, LSK Building

Introduction to CSR management and ESG (environmental, social and governance) analysis
- What does sound CSR management mean? Key environmental, social and governance (ESG) matters for companies and investors to consider for their management purposes.
- Different types of companies face different environmental and social risks and opportunities for (shared) value creation. Therefore, managing CSR will be different for different industry sectors, while there are common elements that companies need to manage. Introduction to CSR management and ESG analysis.
- Class exercise: Environmental and social analysis for sound CSR management of a company based on readings before class (IKEA case study).

Guest speaker:
Arian Hassani, JP Morgan Global Philanthropy
Please review the website of JP Morgan Global Philanthropy and be prepared to ask relevant questions to our guest speaker: www.jpmorganchase.com/corporate/Corporate-Responsibility/global-philanthropy.htm

Readings before class:
- Review the lecture notes from class 1
- Down-load the template for the class exercise and questions to help analysis of the case study
- Kiefer, A. (2013) *From compliance to CSR as business strategy – the case of IKEA* and IKEA's website, sustainability section www.ikea.com/ms/en_HK/this-is-ikea/people-and-planet/index.html

Additional recommended readings:
- Carrol, A. (1991) *The pyramid of corporate social responsibility*
- McKinsey & Co (2015) *Getting the most out of your sustainability program*

Students should notify the course TA of their selection of team members by February 14. Students who don't self-select into teams will be allocated a team by the course TA and instructor by February 15.

Weekly schedule
(subject to change)

Class 1 (Feb 2): Introduction to the course and Corporate Social Responsibility (CSR).

Class 2 (Feb 9): Introduction to CSR management and ESG analysis.

No class on Feb 16 (Chinese New Year holiday).

Class 3 (Feb 23): Stakeholder analysis. Materiality.

Class 4 (March 2): The business case for sound CSR / ESG management. Creating shared value.

Class 5 (March 9): Visit to one of the Hong Kong foodbanks that help alleviate hunger, poverty and food waste.

Class 6 (March 16): Good corporate governance. Business integrity. CSR policies and management systems.

Class 7 (March 23): International CSR / ESG standards and local laws / practices.

No class on Friday February 16 (Chinese New Year holiday)

Class 3
Friday February 23rd, 3 – 550 pm
G007, LSK Building

Stakeholder analysis. Materiality.
- A key element of sound CSR management is for corporates to understand the interests and rights of their stakeholders, and how these relate to business interests.
- Introduction to stakeholder analysis, corporate responsibilities and materiality.
- Class exercise: Who are the stakeholders of the company your team selected for the course project? What are their interests? How are these interests related to company interests?

Guest speaker:
Garance Wattez-Richard, Head of Emerging Customers, AXA. *Please review this short video and be prepared to ask relevant questions to our guest speaker:*
https://www.youtube.com/watch?v=cRQ2yutiwIc

Readings / pre-class preparations:
- Review the lecture notes from class 2
- P. 21-48 in *the Stakeholder Engagement Manual,* Stakeholder Research Associates UNEP, AccountAbility, 2005
- ***The first team assignment on E&S analysis applied to selected team company is due before class. Teams should be ready to share their work in class***

Class 4
Friday March 2nd, 3 – 550 pm
G007, LSK Building

The business case for sound CSR / ESG management. Creating shared value.
- Sound CSR / ESG management is aligned with several key business success factors. Explanations and examples.
- There are profitable opportunities for companies to support social and environmental causes: creating shared value

Guest speaker:

International supply chain management.

No classes on March 30 and April 6 (Easter holiday)

Class 8 (April 13): CSR reporting. Compliance with HKEX reporting regulations. Use of CSR for marketing purposes without "green-washing"

Class 9 (April 20): Managing CSR for different industry sectors. Reporting on student team projects.

Class 10 (April 27): Managing CSR for different industry sectors. Reporting on student team projects (continued)

Class 11 (May 4): Summary of key take-aways from the course. CSR: what is the future?

Elsa Hung, Assistant Director, Hong Kong SAR Government's Efficiency Unit *Please review the website of the SIE Fund and be prepared to ask relevant questions to our guest speaker:* www.sie.gov.hk/sharedvalue/2015forum/index.html

Readings / pre-class preparations:
- Review the lecture notes from class 3
- McKinsey & Co (2015) *Getting the most out of your sustainability program*
- Michael E Porter and Mark R Kramer, *Creating Shared Value,* Harvard Business Review, Jan-Feb 2011.
- ***The second team assignment on stakeholder analysis applied to selected team company is due before class. Teams should be ready to share their work in class***

Class 5
Friday March 9th, 3 – 5:50 pm

Company visit to learn about the work of one of the Hong Kong foodbanks that help alleviate hunger, poverty and food waste: Feeding Hong Kong, St James Settlement Hot Meal Service or Grand Hyatt hotel (partner organization of Foodlink). *Each organization can receive a maximum number of students so the class will be split between these visits. Sufficient time will be allowed for students to get back and forth to campus during regular class hours.*

Class 6
Friday March 16th, 3 – 5:50 pm
G007, LSK Building

Good corporate governance. Business integrity. CSR policies and management systems
- Good corporate governance and business integrity are essential for sound overall management of companies, and part of the holistic understanding of CSR.
- Effective CSR management is not done in isolation, but an important element of company strategy, risk-management, stakeholder relations, reporting, sourcing, etc. Companies also have opportunities to use sound CSR management practices as part of their marketing to consumers and investors.

Guest speaker:
Brian Lim, Partner, Pantheon
Please review the website of Pantheon and be prepared to ask relevant questions to our guest speaker:

www.pantheon.com/responsible-investors

Readings / pre-class preparations:
- Review the lecture notes from class 4
- Check whether the company your team selected has a CSR policy (or "sustainability" or otherwise named relevant policy / policies). Read it and bring it to class.
- Read *at least one* industry sector chapter for an industry you are interested in in the KPMG report: *CSR sector risk assessment: Considerations for dialogue*

Class 7
Friday March 23rd, 3 – 5:50 pm
G007, LSK Building
International CSR / ESG standards and local laws / practices. International supply chain management.
- Environmental and social standards and law enforcement differ between different regions and countries. Companies that operate, produce and / or source in markets, where standards and sometimes also law enforcement is weaker than in other countries, have to manage the environmental and social challenges involved. Corruption is prevalent in certain emerging markets.
- International standards have been established to align norms and expectations for global companies and investors. Many countries have incorporated such international standards into national laws.
- Companies should consider whether they wish to incorporate international standards into their CSR management or "only" follow local laws. Production, sourcing (supply chains) and sales in emerging markets have to be managed accordingly.
- Class case discussion: *Joint CSR Efforts in the Supply Chain: Three Chinese Companies Describe Their Experiences*

Guest speaker:
Dorothy Chan, Senior Manager – Corporate Responsibility, MTR Corporation *Please review the website of MTR and be prepared to ask relevant questions to our guest speaker:* www.mtr.com.hk/en/corporate/sustainability/our_approach.html

Readings / pre-class preparations:
- Review the lecture notes from class 6
- Review reference materials about international standards as prepared by the course instructor: *International standards,* Rosencrantz & Co.

- Case study: *Joint CSR Efforts in the Supply Chain: Three Chinese Companies Describe Their Experience*
- ***The third team assignment on CSR policy analysis of selected team company is due before class. Teams should be ready to share their work in class***

No class on March 30 and April 6 (Easter holiday)

Class 8
Friday April 13th, 3 – 5:50 pm
G007, LSK Building

CSR reporting. Compliance with HKEX reporting regulations. Use of CSR for marketing purposes (without "green-washing")

- Regulators, including in Hong Kong, increasingly require disclosure on material ESG matters from companies. Consumers, investors and other corporate stakeholders also increasingly wish to see transparency around CSR management. CSR reporting is therefore becoming an established, key component of corporate publications and websites, whether included in the standard corporate annual reports, or through free-standing publications.
- International standards for CSR reporting have been established, and are increasingly becoming the norm for global companies.
- Class exercise: Does the annual reporting of your team project company fulfil the ESG disclosure requirements of the Hong Kong Exchange? If not, what should be added? (using template from HKEX)

Guest speaker:
Amy Zhang, PWC sustainability team and HKUST MBA graduate

Readings / pre-class preparations:
- Review the lecture notes from class 7
- Review and bring to class the CSR report of the company selected for your team project.
- Review: *CSR reporting: The Global Reporting Initiative (GRI);* Rosencrantz & Co Ltd 2016 See also www.globalreporting.org
- Review the guidance on ESG disclosure of the Hong Kong Exchange: www.hkex.com.hk/eng/rulesreg/listrules/listsptop/esg

Additional recommended reading:
- HKEX ESG reporting guide, 2016

Class 9
Friday April 20th, 3 – 5:50 pm
G007, LSK Building

Managing CSR / ESG for different industry sectors.
Reporting on student team projects
- Managing CSR for different industry sectors, e.g., financial services / investment firms, manufacturing companies, industrials, consumer goods, health care & pharmaceuticals, telecom, media, retail or other industry sectors.
- Team presentations of course team projects. 10 min presentations, followed by Q&A.
- The course instructor and students will pose questions to the presenting teams. Instructor will give constructive feedback to each team.
- Class exercise: ESG risk ratings for team project companies.

Readings / pre-class preparations:
- *Complete team project presentation, which is due before class*
- *Forth team assignment on analysis of CSR report of selected team company is also due before class.*

Class 10
Friday April 27th, 3 – 5:50 pm
G007, LSK Building

Managing CSR / ESG for different industry sectors.
Reporting on student team projects (continued)
- Managing CSR for different industry sectors, e.g., financial services / investment firms, manufacturing companies, industrials, consumer goods, health care & pharmaceuticals, telecom, media, retail or other industry sectors.
- Team presentations of course team projects. 10 min presentations, followed by Q&A.
- The course instructor and students will pose questions to the presenting teams. Instructor will give constructive feedback to each team.
- Class exercise: ESG risk ratings for team project companies.

Class 11
Friday May 4th, 3 – 5:50 pm
G007, LSK Building

Key course take-aways. Managing CSR: what is the future?

- Summary of key course take-aways.
- Managing CSR: what is the future? Will the global trend of increased focus on CSR management converge in similar expectations of corporate standards across geographies? How can companies more actively contribute to solutions to major global social and environmental problems, including, e.g., climate change and water scarcity? "Do less harm" vs. "do good and do well" vs. companies as agents for social / environmental causes. How will investor trends influence corporate behaviour? What roles can different stakeholders be expected to play (government regulators, general public, companies, investment firms, NGOs, etc.)

Friday May 25: *Take-home exam with essay questions and individual, brief assignments due*

Individual answers to essay questions and brief individual deliverables, as applied to an individually selected company, are due to be submitted on canvas by COB May 25. Students can choose to submit earlier if they wish. Essay questions will be pre-announced by the course instructor, with ample time for preparation. The brief, additional individual deliverables are the same as those for the brief team assignments, but have to be applied to a different company, individually selected, which should be the same as the company used to answer the essay questions. *Students are not allowed to select a company for their individual deliverables that has been selected by any of the teams for their course team deliverables.*

Appendix: Details of course deliverables

Details of team course deliverables

Brief team deliverables Due: Feb 23, March 2, March 23, and April 20. Grade contribution: 5% for each deliverable; collectively 20% of the total grade. Identification of key ESG issues (Feb 23); stakeholder analysis (March 2); analysis of CSR policy / policies (March 23); and analysis of CSR report(s) (April 20) for a company selected by the team. Teams should submit their deliverables on canvas before class and bring a hard-copy to class for the course instructor. *Please note that students should NOT select a company that they have already worked on in other courses or the same as they will select for their individual assignments / take-home exam essay questions. Please note that the brief, team assignments are the same as those assigned for individual submission, while applied to a different company. This is intended to facilitate individual learning through*

team collaboration for the first submissions, which can then be applied for the individual assignments.

Course team project presentation Due: 20th April. Grade contribution: 15% for the quality of the team project; 5% for individual contributions to the presentation and Q&A. Teams will present in front of the class on April 20 or 27 as per random draw. Teams should apply local and international best practices for CSR management to a company of their choice. How well is the company managing the material CSR / ESG issues of relevance for its business operations? Any recommendations for improvement? Actual or potential opportunities for (shared) value creation? *Please note that students should NOT select a company that they have already worked on extensively in this course or other courses, or the same company as for their individual assignments / the take-home essay exam.*

Student teams are recommended to select Hong Kong based companies for their course project, but could also opt to analyse an international company with operations in Hong Kong and / or mainland China. Comparisons should be made to local and international CSR / ESG standards and best practices, as well as local / global industry leaders in terms of sound CSR management. If relevant, as students analyse current corporate CSR practices, they may identify and recommend improvement(s) to current CSR policies and practices (and opportunities for "creating shared value") based on information gathered and analysed from the selected company's website, annual report, media coverage and other appropriate public sources of information.

Student teams should inform the course TA about the composition of their team and their selected company by Feb 14. Students who have not self-selected into teams will be allocated teams by the course TA and instructor by Feb 15.

Student teams will present their course projects for questions and constructive feedback from the course instructor and fellow students towards the end of the course on April 20 and 27 (date for team presentations by random draw). All course team projects are due for submission before class on April 20. Students should post their presentations on canvas before class on April 20 and bring a hard-copy to class for the course instructor.

Details of individual course deliverables

News sharing Due: any class as scheduled with the course TA. Grade contribution: 5%. Each student should select at least one CSR related news article or other media that interests them to share in front of the full class. A couple of students will present during each class. Students should register to share during a class as per the registration organized by the course TA. Students should post on canvas their selected piece at least two days before the class when they are scheduled to share. 2-3 min is the recommended length for the in-class sharing; no power-point presentation or other visuals. Quality rather than quantity with brief, to-the-point sharing is appreciated.

Food bank visit Due: March 16. Grade contribution: 5%. Students will have the opportunity to visit one of the organizations that help alleviate food waste as well as hunger in Hong Kong on March 9. Students should submit a brief (maximum 0.5 page, word) note about their key take-aways from this experience, and are invited to share their

thoughts with the class. Students should submit their deliverables on canvas before class on March 16, and bring a hard-copy to class for the course instructor.

Brief individual deliverables Due: latest May 25; can be submitted earlier. Grade contribution: 5% for each deliverable; collectively 20% the total course grade. Identification of key ESG issues; stakeholders analysis; analysis of CSR policy / policies; and analysis of CSR report(s) for individually selected company. *Students should NOT select a company that they have already worked on in other courses or which any of the teams have selected for their course projects. The brief, individual assignments are the same as those assigned for team work, while applied to a different company. This is intended to facilitate individual learning through team collaboration for the first submissions, which can then be applied for the individual assignments.*

Take-home exam with essay questions Due: latest May 25. Grade contribution: 20%. Students will receive essay questions well in advance of the submission date. These essay questions should be answered as applied to a company of the students' own choice (the same as the company students select for the brief, individual deliverables). *Students should NOT select a company that they have already worked on in other courses or which any of the teams have selected for their course projects.*