

**Purpose:** This course introduces you to the opportunities, constraints, and pitfalls that firms and industries face in confronting environmental considerations. We will look at different “drivers” of green markets, with a special emphasis at the end of the course on the risks and rewards associated with global warming.

**Grading:** Grades are based on two in-class exams (the latter is cumulative for the entire semester’s work) and a final project (1/3 of the grade for each). *Make-up exams are not given—exceptions are rarely granted.* Details will be given regarding the project later in the semester, but suffice to say that it will be 10-15 pages where you apply what you have learned in the class to a specific green market effort. While many of you may want to apply for a “W” as well, there are a limited number of spots and no more will be created.

**How the course will function:** I begin each class with some time for students (and for me) to discuss relevant events of the day. I encourage students to read widely to observe the world around them and how it is affected by green issues. So please feel free to discuss anything germane that you have noticed in the wider world. We will subsequently continue to the course materials.

Also, while the syllabus provides what materials will be covered on what days, I reserve the right to update things as we progress. The very nature of the course is such that it works best when we have the flexibility to proceed somewhat differently from initial plans.

**NOTE:** I am tentatively planning a three hour night session some time in late March or April, as I will likely be missing a week in April. Details will follow.

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**Readings:** Most readings are available on-line through the library via Blackboard. Instructions will be provided for obtaining additional materials via the web (there will be some cost involved). Ideally, all materials should be read before class. There will be some materials that I will absolutely expect students to have read in advance (I will provide notice).

**Books:** There is only one book for the course that must be ordered separately:

Renato Orsato. *Sustainability Strategies: When Does it Pay to Be Green*.  
ISBN-13: 978-0230212985

I have not ordered this book at the bookstore, as I assume many students would rather order it electronically. Paper versions are readily available on-line.

**Lecture materials:** Summary materials and figures will be provided on-line for students. **Full lectures will not be included: No combination of pleading, logic, yelling, cajoling, etc. will make me change my mind.**

**Office Hours, etc.:** My office hours are Monday, 10-12 in Harkness Hall, Rm. 108. Please feel free to drop by, send e-mails, etc. The TA for the course is Douglas Johnson (e-mail [djohns46@ur.rochester.edu](mailto:djohns46@ur.rochester.edu)), whose office hours are Wednesday, from 10-12 in Harkness Hall, Rm.315A.

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**Week I: Introduction (Jan. 15<sup>th</sup>)**

**Week II: Basic Concepts (Jan. 20<sup>th</sup>, 22<sup>nd</sup>)**

David J. Vogel. 2005. "Is There a Market for Virtue? The Business Case for Corporate Social Responsibility," *California Management Review* 47(4): 19-45.

Graeme Auld, et al. 2008. "The New Corporate Social Responsibility," *Annual Review of Environment and Resources* 13: 413-435.

David Kiron, Nina Kruschwitz, Knut Haanaes and Ingrid von Streng Velken. 2012. "Sustainability Nears a Tipping Point," *MIT Sloan Management Review* 53(2): 69-74.

Orsato, Chs. 1 and 2.

David P. Baron, and Thomas P. Lyon. 2012. "Environmental Governance," in *The Oxford Handbook of Business and the Natural Environment*.

David A. Anderson. 2013. *Environmental Economics and Natural Resource Management*, 4<sup>th</sup> edition. Ch. 3.

Andrew W. Savitz. 2013. *The Triple Bottom Line*, 2<sup>nd</sup> edition. Ch. 2.

*For the adventurous (not required):*

Matthew Kotchen. 2006. "Green Markets and Private Provision of Public Goods," *Journal of Political Economy* 114: 816-845.

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**Week III: The “Porter Hypothesis” and Beyond (Jan. 27<sup>th</sup>, Jan. 29<sup>th</sup>)**

Forest L. Reinhardt. 2000. *Down to Earth*. Chapter 1.

Michael E. Porter and Claas van der Linde. 1995. “Toward a New Conception of the Environment-Competitiveness Relationship,” *Journal of Economic Perspectives* 9(4): 97-118.

Runar Brännlund and Tommy Lundgren. 2009. “Environmental Policy without Costs? A Review of the Porter Hypothesis,” *International Review of Environmental and Resource Economics* 3 (1): 75-117.

Michael E. Porter and Mark R. Kramer. 2011. “Creating Shared Value,” *Harvard Business Review* 89(1/2): 62-77.

Stefan Ambec, Mark A. Cohen, Stewart Elgie and Paul Lanoie. 2013. “The Porter Hypothesis at 20: Can Environmental Regulation Enhance Innovation and Competitiveness?,” *Review of Environmental Economics and Policy* 7(1): 2-22.

Andrew Crane, Guido Palazzo, Laura J. Spence, and Dirk Matten. 2014. “Contesting the Value of “Creating Shared Value,” *California Management Review* 56(2): 130-153.

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**Week IV: Social Drivers Ia—Citizen and Non-Citizen Demand (Feb. 3<sup>rd</sup>, 5<sup>th</sup>)**

*The GFK Roper Yale Survey on Environmental Issues*. 2008.

Michael Hopkins. 2009. "What the Green Consumer Wants," *MIT Sloan Review* 50(4): 87-89.

Sheila Bonini and Jeremy Oppenheim. 2008. "Cultivating the Green Consumer," *Stanford Social Innovation Review* 6(4): 56-61.

Orsato, Ch. 5.

"Six Critical Conversations about Business and the Environment," *Harvard Business Review*, pp. 3-23.

National Association of Educational Purchasing. 2013. *2013 NAEP Green Purchasing Study*.

Timothy Simcoe and Michael Toffel. 2014. "Government Green Procurement Spillovers: Evidence from Municipal Building Policies in California," *Journal of Environmental Economics and Management* 68(3): 411-434.

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**Week V: Social Drivers II—Environmental NGOs, Investors, and Access to Capital (Feb. 10<sup>th</sup>, 12<sup>th</sup>)**

Geoffrey Heal. 2008. *When Principles Pay: Corporate Social Responsibility and the Bottom Line*. Ch. 4.

Mark P. Sharfman and Chitru S. Fernando. 2008. "Environmental Risk Management and the Cost of Capital," *Strategic Management Journal* 29(6): 569-592.

John Elkington and Seb Beloe. 2010. "The Twenty-First Century NGO," in *Good Cop, Bad Cop*.

"Six Critical Conversations about Business and the Environment," *Harvard Business Review*, pp. 59-72.

Chang Hoon Oh, Jae-Heum Park, and Pervez N. Ghauri. 2013. "Doing Right, Investing Right: Investing and Shareholder Activism in the Financial Sector," *Business Horizons* 56(6): 703-714.

Sonam Gupta and Robert Innes. 2014. "Private Politics and Environmental Management," in *Journal of Environmental Economics and Management* 68(2): 319-339.

Case: Starbucks and Conservation International. Harvard Business School Case 303055-PDF-ENG.

**Special Event February 19<sup>th</sup>: A Voice from the Real World. Guest Speaker—Rachel Madan <http://www.zoominfo.com/p/Rachel-Madan/735671862>**

**Week VI: Political Drivers—Regulation and Beyond (Feb. 17<sup>th</sup>, 24<sup>th</sup>)**

Winston Harrington, *et al.* 2004. *Choosing Environmental Policy*. Overview.

James R. Kahn. 2005. *The Economic Approach to Environmental & Natural Resources*. Ch. 3.

Madhu Khanna, George Deltas, Donna Ramirez Harrington. 2009. "Adoption of Pollution Prevention Techniques: The Role of Management Systems and Regulatory Pressures," *Environmental & Resource Economics* 44(1): 85-106.

Erin Reid and Michael Toffel. 2009. "Responding to Private and Public Politics," *Strategic Management Journal*. 30 (11): 1157-1178.

Daniel C. Esty and Steve Charnovitz. 2012. "Green Rules to Drive Innovation," *Harvard Business Review* 90 (3): 120-123.

**Week VII: Economic Drivers I. Voluntary Programs (Feb. 26<sup>th</sup>, March 3<sup>rd</sup>)**

Orsato, Ch. 4.

Joaquin Canon-de-Francia and Concepcion Graces-Ayerbe. 2009. "ISO14001 Environmental Certification: A Sign Valued by the Market?" *Environmental and Resource Economics* 44(2): 245-262.

Andrew King and Michael Toffel. "Self-regulatory Institutions for Solving Environmental Problems: Perspectives and Contributions from the Management Literature." Ms., Dartmouth University.

Madhu Khanna and Keith Brouhle, "The Effectiveness of Voluntary Environmental Initiatives" in Delmas and Young, *Governance for the Environment*.

**Exam I March (5<sup>th</sup>)**

**Week VIII: (March 17<sup>th</sup>, 19<sup>th</sup>). Economic Drivers II. Supply Chain Management.**

"The Greening of the Supply Chain," 2008. *Supply Chain Management Review* Oct. S61-66.

Hawser, Anita. 2009. "Greening the Supply Chain," *Global Finance* 23(10): 16-19.

Larson, Andrea. 2009. "Green Supply Chains," Darden School of Business.

"Why "Green" Equals Good Business," 2009. *Supply Chain Management Review* July/Aug. 2009 S56-60.

"Six Critical Conversations about Business and the Environment," *Harvard Business Review*, pp. 24-40.

Schell, Orville. 2011. "How Walmart is Changing China," *The Atlantic* Dec., 80-98.

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Jira (Fern) Chonnikarn and Michael W. Toffel. 2013. "Engaging Supply Chains in Climate Change," *Manufacturing & Service Operations Management* 15(4): 559-577.

Andreas Wieland and Robert Handfield. 2013. "The Socially Responsible Supply Chain: An Imperative for Global Corporations," *Supply Chain Management Review* 17(5): 22-29.

Case: "Wal-Mart's Sustainability Strategy (A)," GSB No. OIT-71-A.

**Week IX: (Mar. 24<sup>th</sup>, 26<sup>th</sup>). Economic Drivers III. Looking Inside the Firm**

Peter Clarkson, et al. 2008. "Revisiting the Relation between Environmental Performance and Environmental Disclosure: An Empirical Analysis," *Accounting, Organizations, and Society* 33(4-5): 303-327.

Deloitte. 2010. *Sustainability in Business Today: A Cross-Industry View*.

John Peloza, Moritz Looock, James Cerruti and Michael Muyot. 2012. "How Stakeholder Perceptions Differ from Corporate Reality," *California Management Review* 55(1): 74-97.

Robert G Eccles, Kathleen Miller Perkins and George Serafeim. 2012. "How to Become a Sustainable Company," *MIT Sloan Management Review* 53(4): 43-50.

Suzanne Fallander. 2012. "Integrating Sustainability into Strategy, Governance and Employee Engagement," *MIT Sloan Management Review* 53(4): 1-3.

Auger, Pat., et al. 2013. "How Much Does a Company's Reputation Matter in Recruiting?" *MIT Sloan Management Review* 55(3): 78-88.

CERES. 2014. "The Road to 2020: Corporate Progress on the CERES Roadmap for Sustainability."

BSR/GlobeScan. 2014. *State of Sustainable Business Survey*

**Week X: Greenwashing. (Mar. 31<sup>st</sup>, Apr. 2<sup>nd</sup>).**

"The Six Sins of Greenwashing."

Magali Delmas and Vanessa Cuerel Burbano. 2011. "The Drivers of Greenwashing," *California Management Review* 54(1): 64-87.

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Eun-Hee Kim and Thomas P. Lyon. Forthcoming. "Greenwash vs. Brownwash: Exaggeration and Undue Modesty in Corporate Sustainability Disclosure," *Organization Science*.

Case: "Fiji Water and Corporate Social Responsibility," Ivey Case 909A08-PDF-ENG.



**Week XI: Trade. (Apr. 7<sup>th</sup>)**

Herman E. Daly. 1993. "The Perils of Free Trade," *Scientific American* 269(5): 24-29.

Michael M. Weinstein and Steve Charnovitz. 2001. "The Greening of the WTO," *Foreign Affairs* 80(6): 147-156.

Jadish Bhagwati. 2004. *In Defense of Globalization*. Ch. 1.

Jennifer Clapp. 2014. "International Political Economy and the Environment," in *Advances in International Environmental Politics*.

Daniel Esty. 2014. "Free Trade and Environmental Protection," in *The Global Environment*, 4<sup>th</sup> ed.

Shrimp-Sea Turtle and Tuna-Dolphin Cases.  
[www.wto.org/english/tratop\\_e/envir\\_e/edis00\\_e.htm](http://www.wto.org/english/tratop_e/envir_e/edis00_e.htm)

**Week XII: The 800 lb. Gorilla: Climate Change. (Apr. 9<sup>th</sup>, 14<sup>th</sup>)**

Sir Nicholas Stern. 2009. "Stern Review: The Economics of Climate Change: Executive Summary."

S. Pacala and R. Socolow. 2004. "Stabilization Wedges: Solving the Climate Problem for the Next 50 Years with Current Technologies," *Science* 305: 968-972.

Robert Socolow. 2011. "Wedges Reaffirmed," *Bulletin of the Atomic Scientists*

Kiron, et al. 2013. "How Relevant is Climate Change for Business?" *MIT Sloan Management Review* 55(1): 74-76.

Lowitt, Eric. 2014. "How to Survive Climate Change and Still Run a Thriving Business," *Harvard Business Review* 96 (2):86-92.

Case: "Global Climate Change and BP," HBS Case 9-708-206.

**Week XIII: Conclusions and the Future of Green Markets. (Apr. 21<sup>st</sup>, 23<sup>rd</sup>)**

“Six Critical Conversations about Business and the Environment,” *Harvard Business Review*, pp. 51-58, 73-87.

Andrew Winston, *Green Recovery*, Ch. 1.

Orsato, Chs. 7-8.

David Kiron, et al. 2013. “Sustainability’s Next Frontier,” MIT Sloan Management Review/Boston Consulting. Note: may be new report available.

John Elkington and Charmian Love. 2012. “Tomorrow’s C-Suite Agenda,” in *The Oxford Handbook of Business and the Natural Environment*.

Stuart L. Hart. 2012. “The Third-Generation Corporation,” in *The Oxford Handbook of Business and the Natural Environment*.

**Exam II.** (April 28<sup>th</sup>)

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