

Purpose: This course is designed to introduce 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 will be based on an in-class midterm and final 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 will begin each class with some time for students (and for me) to discuss relevant events of the day. So please feel free to discuss anything relevant that you have noticed in the wider world. We will then proceed 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. Particularly given that this is a relatively new class, and given that I would like student involvement to the extent possible, we may proceed as initially planned or somewhat differently. There is also the possibility that I will have to cancel one additional class.

Readings: Most readings will be available on-line through the library. 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.* 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 as well.

Lecture materials: Only summary materials and figures will be provided on-line for students. No combination of pleading, logic, yelling, cajoling, etc. will make me change my mind.

Office Hours, etc.: My office hours are Friday, 10-12 in Harkness Hall, Rm. 108. Please feel free to drop by, send e-mails, etc. The TA for the course is Rob Carroll (e-mail rcarroll@mail.rochester.edu), whose office is in Harkness Hall 334, and his office hours are Weds. 10-12.

Week I: Introduction to the Course (Jan. 19th)

Week II: Green Goods, Green Markets, and Other Basic Concepts (Jan. 24th, 26th)

Andrew W. Savitz. *The Triple Bottom Line*. Ch. 2.

David A. Anderson. *Environmental Economics and Natural Resource Management*. Ch. 3.

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

Maurice Berns, et al. 2009. "The Business of Sustainability: What it Means to Managers Now," *MIT Sloan Management Review* 51: 18-26.

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

Orsato, Chs. 1 and 2.

For the adventurous (not required):

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

Week III: The “Porter Hypothesis” and Beyond (Jan. 31st, Feb. 2nd)

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

Michael E. Porter and Mark R. Kramer. 2006. "Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility." *Harvard Business Review* 84, no. 12.

Jane S. Shaw and Richard L. Stroup. 2000. “Do Environmental Regulations Increase Economic Efficiency?” *Regulation* 23 (1): 13-14.

Stefan Ambec, et al. 2010. “Assessing the Porter Hypothesis at 20: Can Environmental Regulation Enhance Innovation and Competitiveness?” Unpublished ms.

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

Brännlund, Runar, 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.

Week IV: Social Drivers I—Citizen Demand (Feb. 7th and 9th)

Michael Hopkins. 2009. “What the Green Consumer Wants,” *MIT Sloan Review* 50: 87-89.

Sheila Bonini and Jeremy Oppenheim. 2008. “Cultivating the Green Consumer,” 2008. *Stanford Social Innovation Review*, pgs. 56-61.

Orsato, Ch. 5.

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

The GFK Roper Yale Survey on Environmental Issues. 2008.

Week V: Social Drivers II—Environmental NGOs, Investors, and Access to Capital (Feb. 14th and 16th)

Andrew Hoffman. 2000. *Competitive Environmental Strategy*. Ch. 5.

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

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

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

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

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

Week VI: Political Drivers—Regulation and Beyond (Feb. 21st, 23rd)

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

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

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: 85-106.

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

Week VII: Economic Drivers I. Voluntary Programs (Feb. 28th and Mar. 1st)

Orsato, Ch. 4.

Joaquin Canon-de-Francis and Concepcion Graces-Ayerbe. 2009. "ISO14001 Environmental Certification: A Sign Valued by the Market?" *Environmental and Resource Economics* 44: 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*.

Week VIIIa: MIDTERM (March 6th).

Week VIIIb-IXa: (March 8th, 20th). Economic Drivers II. Supply Chain Management.

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

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

Mahler, Daniel. 2007. "The Sustainable Supply Chain," *Supply Chain Management Review* 59-60.

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

"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.

Jira, Chonnikarn (Fern), and Michael W. Toffel. 2011. "Engaging Supply Chains in Climate Change," HBS Working Paper 12-026.

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

Week IXb-Xa: (Mar. 22nd and 24th). Economic Drivers III. Labor and Transparency Issues

Leslie Brokaw. 2009. "Does Sustainability Change the Talent Equation?" *MIT Sloan Review* 33-34.

Posner, Bruce G. 2009. "One CEO's Trip from Dismissive to Convinced," *MIT Sloan Management Review* 46-51.

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

"The 21st Century Corporation: The CERES Roadmap for Sustainability," (pay special attention to pgs. 32-43).

Beth Rosenberg. 2005. "Case Study of Interface."

Week Xb and XIa: Greenwashing. (Mar. 27th).

"The Six Sins of Greenwashing."

"Greenwashing: A Perfect Storm."

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

March 29th: A Voice from the Real World

F. Blair Wimbush, Chief Sustainability Officer, Norfolk Southern Railroad
Background:

<http://www.aar.org/Faces/Wimbush-Blair.aspx>

<http://nssustainability.com/executive-messages/cso-message/>

Week XII: Trade. (Apr. 3rd and 5th).

Daniel Esty. 2001. "Bridging the Trade-Environment Divide," *Journal of Economic Perspectives* 15: 113-130.

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

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

Jennifer Clapp and Peter Dauvergne. 2005. *Paths to a Greener World*. Ch. 5.

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

Shrimp-Sea Turtle and Tuna-Dolphin Cases.
www.wto.org/english/tratop_e/envir_e/edis00_e.htm

NO CLASS APRIL 12th

Week XIII: The 800 lb. Gorilla: Climate Change. (Apr. 17th and 19th)

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

Andrew J. Hoffman and John G. Woody. 2008. *Climate Change: What's Your Business Strategy*. Harvard Business Press.

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*

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

Week XIV: Conclusions and the Future of Green Markets. (Apr. 24th, 26th)

“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.

Knut Haanaes, et al. 2011. “First Look: The Second Annual Sustainability & Innovation Survey,” *MIT Sloan Management Review* 76-83.

Donald Siegel. 2009. “Green Management Matters Only if it Yields More Green: An Economic/Strategic Perspective,” *Academy of Management Perspectives* 23: 5-16.

Marcus, Alfred, and Adam R. Fremeth. 2009. “Green Management Matters Regardless,” *Academy of Management Perspectives* 23: 17-26.

Week XV: Final Exam. (May 1st)