

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. Number grades are translated to letter grades in a standardized manner (averages of 93 and up A, 90-92 A-, 87-89 B+, 83-88 B, 80-82 B-, and so forth).

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. 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: Should events intervene—weather, sickness, etc.—I reserve the right to convene a three-hour night session at some time in late March or April, especially as one class is cancelled in April—for my travelling to an academic event. Also, please note that one class meeting (Feb. 28th) is scheduled to run from 9 – 10:15—I would appreciate everyone’s flexibility on this matter.

Readings: Do not let the number of readings scare you—most are very short and accessible, and the class only has 11 substantive sections. Most readings are available on-line through the library via Blackboard. Instructions will be provided for obtaining the case 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 are two books for the course that are available via the bookstore and that I have asked the library to make available as well:

Magali A. Delmas with David Colgan. *The Green Bundle*.

Michael Lenox and Aaron Chatterji. *Can Business Save the Earth?*

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, 9:30-11:30 in Harkness Hall, Rm. 108. (note that I am “protected” by an outer door whose bell you will need to ring for most non-office hour appointments). Please feel free to drop by, send e-mails, etc. about meeting other times. The TA for the course is Anna Walsdorff (e-mail anna.walsdorff@rochester.edu), whose office hours are Wednesday, from 12-2 in Harkness Hall, Rm. 315a.

Credits: This course follows the College credit hour policy for four credit courses. This course meets twice weekly for 3 academic hours per week. The course also includes independent out-of-class assignments for 1 academic hour per week. Notably, in this course, students will complete independent study using readings and other course materials include preparation of multiple cases as specified in the syllabus and completion of an independent paper over the course of the semester.

I: Introduction (Jan. 17th)

Lennox and Chatterji, Ch. 1.

II: Basic Concepts (Jan. 22nd, 24th)

Delmas, Intro and Ch. 1.

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*, 4th edition. Ch. 3.

Andrew W. Savitz. 2013. *The Triple Bottom Line*, 2nd edition. Ch. 2.

V. Kasturi Rangan, Lisa Chase, and Sohel Karim. 2015. "The Truth About CSR," *Harvard Business Review* 93(1/2): 40-49.

David Kiron, Gregory Unruh, Martin Reeves, Nina Kruschwitz, Holger Rubel, et al. 2017. "Corporate Sustainability at a Crossroads," *MIT Sloan Management Review* 58(4): 1-24.

Elaine Conway. 2018. "Sustainability, the Triple Bottom Line, and Corporate Social Responsibility," in *Contemporary Issues in Accounting*.

World Business Council for Sustainable Development. 2018. *The New Big Circle*, pgs. 4-23.

For the adventurous (not required):

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

Casey J. Wichman. 2016. "Incentives, Green Preferences, and Private Provision of Impure Public Goods," *Journal of Environmental Economics and Management* 79(3):208-230

III: The “Porter Hypothesis” and Shared Value (Jan. 29th, Jan. 31st)

Lennox and Chatterji, Ch. 2.

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.

Mark R. Kramer and Marc W. Pfitzer. 2016. “The Ecosystem of Shared Value,” *Harvard Business Review* 94(10): 80-89.

Additional (not required):

Cesare Antonio Fabio Riillo. 2017. “Beyond the Question “Does it Pay to be Green?”: How Much Green? and When?” *Journal of Cleaner Production* 141(10): 626-640.

IV: Social Drivers Ia—Citizen and Non-Citizen Demand (Feb. 5th, 7th)

Lennox and Chatterji, Ch. 5.

Delmas, Chs. 2-7.

Nielsen Global Corporate Social Responsibility Report. 2014.

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.

V: Social Drivers II and III—Environmental NGOs, Investors, and Access to Capital (Feb. 12th, 14th, 19th)

Lennox and Chatterji, 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,” *Journal of Environmental Economics and Management* 68(2): 319-339.

Gregory Unruh, et al. 2016. “Investing for a Sustainable Future,” MIT Sloan Research Report.

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

Investor Case: Morgan Stanley: Building Long-Term Sustainability. Harvard Business School Case 318103-PDF-ENG.

VI: Political Drivers—Regulation and Beyond (Feb. 21st, 26th)

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.

Matt Gitsham. 2018. “Why Climate Change and Other Global Problems are Pushing Some Business Leaders to Embrace Regulation,” *Harvard Business Review Digital Articles*.

VII: Economic Drivers I. Voluntary Programs (Feb. 28th—class to begin at 9a.m. and end at 10:15!!!—March 7th)

Delmas, Ch. 8.

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*.

Nicole Darnall, Hyunjung Ji., and Matthew Potoski. Forthcoming. The Institutional Design of Ecolabels: Sponsorship Signals Rule Strength,” *Regulation & Governance*.

Additional (not required):

Manuel Frondel, Karoline Krättschell, and LinaZwick. 2018. “Environmental management systems: Does certification pay?” *Economic Analysis and Policy* 59(3): 14-24.

Exam I March 5th

VIII: (March 19th, 21st). Economic Drivers II. Supply Chain Management.

“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 (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.

Daniel J. Fiorino and Manjot Bhan. 2016. “Supply Chain Management as Private Sector Regulation: What does it Mean for Business Strategy and Public Policy?,” *Business Strategy and the Environment* 25(5): 310-322.

Andrew Spicer and David Hyatt. 2017. “Walmart’s Emergent Low-Cost Sustainable Product Strategy,” *California Management Review* 59(2): 116-141.

Case: “Greening Walmart: Progress and Controversy,” Harvard Business Case 316042.

IX: (Mar. 26th, Apr. 2nd).

Economic Drivers III. Looking Inside the Firm

Lennox and Chatterji, Ch. 3.

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.

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 and 2018. "The Road to 2020: Corporate Progress on the CERES Roadmap for Sustainability," and "Turning Point: Executive Summary."

BSR/GlobeScan. 2018. *State of Sustainable Business*.

NO CLASS April 4th—WORK ON PAPER!!!!

X: Greenwashing. (Apr. 9th, 14th).

Delmas, Ch. 8.

Eun-Hee Kim and Thomas P. Lyon. 2015. "Greenwash vs. Brownwash: Exaggeration and Undue Modesty in Corporate Sustainability Disclosure," *Organization Science* 26(3): 705-723.

Christopher. Marquis, Michael W. Toffel, and Yanhua Zhou. 2016. "Scrutiny, Norms, and Selective Disclosure: A Global Study of Greenwashing," *Organizational Science* 27(2): 483-504.

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

XI: The 800 lb. Gorilla: Climate Change. (Apr. 16th, 18th)

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*

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

Business and Social Responsibility. 2016. "The Paris Agreement: What it Means for Business."

Robert Stavins. 2018. "Linkage will Prove Essential for Ultimate Success of Paris Agreement," *The Environmental Forum* 35(5): 15.

Andrew Winston. 2018. "The Scale of the Climate Catastrophe Will Depend on What Businesses Do Over the Next Decade." *Harvard Business Review Digital Articles*.

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

XII: Conclusions and the Future of Green Markets. (Apr. 23rd, Apr. 25th)

Delmas, Ch. 9.

Lennox and Chatterji, Ch. 6.

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

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*.

Andrew Winston. 2018. "The Story of Sustainability in 2018: We Have About 12 Years Left," *Harvard Business Review Digital Article*.

Exam II. (Apr. 30th)