CORPORATE SOCIAL RESPONSIBILITY

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Beirut Arab University - Faculty of Commerce and Business Administration

December 5-16, 2011

Course Description:

Corporate Social Responsibility (CSR) means responsible business that promotes social and environmental innovation, creating social benefits to the shareholders and in the meantime giving back to the broader community and the society as a whole. The purpose of this course is to examine the concept of corporate social responsibility as a means of improving products and benefiting the society and as an instrument to balance the self-interest of corporations with sustainable development. The course will cover the following topics: the concept of corporate responsibility and its historical and contemporary meanings; ethical and responsible decision making; self-regulation and voluntary codes of conduct; labor rights; the role of the government in business; the involvement of NGOs and other elements of civil society in CSR; international business and human rights; human trafficking; corruption and business bribery. The course is "case-based" and will present several case studies highlighting the best and worst practices that reflect achievements, ethical standards, obligations, processes, corporate citizenship and voluntary compliance.

By the end of the course, students are expected to be able to: apply and articulate ethical reasoning to complex business situations; critically analyze corporate and business decisions; articulate the impact that corporate actions have on both the internal life of organizations and the external environment; identify potential liability of corporations for human rights violations under international and national laws; and provide recommendations on responsible corporate behavior.

Course Requirements:

The assigned materials will constitute the basis of class discussion, and Students are also encouraged to do the recommended readings to deepen their understanding of the topics. To successfully complete the course, Students are required to:

1) Read the assigned materials for each unit;

2) Read the assigned texts for each unit;

3) Submit three projects (maximum two pages each, single spaced, Times New Roman, 12 pt. font);

4) Conduct a survey on the compliance of a company with corporate social responsibility, addressing the following questions: i. Does the company have a code of conduct? (If so, please attach a copy.); ii. Does the company have any activities that link the company with the community? (If yes, provide examples.)

Deadlines for Submissions

The first project is due by midnight on Tuesday, December 6, 2011. The second project is due by midnight on Monday, December 12, 2011. The third project is due by midnight on Thursday, December 15, 2011. The results of the survey are due by midnight on Monday, December 19, 2011.

Please submit the three projects and the results of the survey to Ms. Elaine Panter at epanter2@jhu.edu.

All assigned materials, texts and recommended readings can be downloaded by logging into the following link:

http://www.4shared.com/dir/C4XgMaHh/Corporate_Social_Responsibilit.html

Password: csrbau2011

COURSE UNITS AND SCHEDULE

UNIT 1 – The concept of Corporate Social Responsibility: definitions, sources, theories, and distinctions

(Monday, December 5th, 2011, 3pm—6pm, room BUSS 411 - Omar Faroukh Hall)

Key concepts: What is the business of business?; The CSR of corporations and the CSR of the non-profit sector; The ethics of business; What does it means to be ethical?; What are the legal and

historical sources of CSR?; Who are corporations responsible to?; Businesses and their obligation before society; Decision-making models in corporations; Major theories of CSR; Historical and contemporary thinkers; Management dilemma; Distinguishing between personal ethics and corporate ethics; Responsible decision-making; Problem formulation and social responsibility; Rhe Wal-Mart case.

Assigned materials:

Kreng, Victor B., and Huang May-Yao. "Corporate Social Responsibility: Consumer Behavior, Corporate Strategy, and Public Policy." *Social Behavior & Personality: An International Journal* 39.4 (2011): 529-541.

Aguilera, Ruth V. et al. "Putting the S back in Corporate Social Responsibility: A Multilevel Theory of Social Change in Organizations." *Academy of Management Review* 32.3 (2007): 836-863.

Friedman, Milton. "The Social Responsibility of Business Is to Increase Its Profits." *The New York Times Magazine.* 13 Sept. 1970.

Hemphill, Thomas A. "Rejuvenating Wal-Mart's reputation." *Business Horizons* 48 (2005): 1-11.

Texts:

Ruggie, John. "Human Rights Policies and Management Practices of Fortune Global 500 Firms: Results of a Survey." *Cambridge, MA: John F Kennedy School of Government, Harvard University* (2006).

The Supreme Court of the United States, Wal-Mart Stores, Inc. v. Dukes et al, 564 U.S.____ (2011).

Recommended readings:

Collins, David. "A Lesson in Social Responsibility: Corporate Response to the 1980's Tylenol Tragedies." *Vermont Law Review* 27 (2003): 825-832.

Porter, Michael E. and Kramer, Mark R. "Creating Shared Value: How to Reinvent Capitalism—and Unleash a Wave of Innovation and Growth". *Harvard Business Review* (2011): 1-17.

Hochberg, Evan. "How to Get an Extra $1-Billion From Business." *The Chronicle of Philanthropy* 12 (2006).

Rossouw, G. J. "Business Ethics and Corporate Governance: a Global Survey." *Business & Society* 44.1 (2005): 32-39.

UNIT 2 – Global Governance and Corporate Liability: The Crisis of Multinational Enterprises

(Wednesday, December 7th, 2011, 3pm—6pm, room BUSS 411 - Omar Faroukh Hall)

Key concepts: Do corporations have any duty to protect human rights?; Are there any enforcement mechanisms?; How can violations to human rights perpetrated by corporations be investigated?; How can the perpetrators be prosecuted and punished?; What forms of protection exist for the victims of human rights violations?; What is the role of the United Nations and other intergovernmental agencies in promoting corporate social responsibility?; What is the goal of establishing a minimum standard of conduct for companies around the world?

Assigned materials:

Anderson, Kenneth. "'Accountability' As 'Legitimacy': Global Governance, Global Civil Society And The United Nations." *Brooklyn Journal Of International Law* 36.3 (2011): 841-890.

Gunther, Marc. "Cops of the Global Village - Standards of Conduct Set Half a World Away Are Shaping Big Companies' Behavior." *Fortune Magazine* 151.13 (2005): 158.

Muchlinski, Peter. "The Changing Face of Transnational Business Governance: Private Corporate Law Liability And Accountability Of Transnational Groups In A Post-Financial Crisis World." *Indiana Journal Of Global Legal Studies* 18.2 (2011): 665-705.

Texts:

"United Nations Global Compact." *UN Global Compact Office* (2011).

"UN Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights." *United Nations Economic and Social Council* (2003).

"ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy." *International Labour Office* 4 (2006).

"The OECD Guidelines for Multinational Enterprises." *Organization for Economic Co-Operation and Development* (2008).

Recommended readings:

Grieder, William. "Beyond Scarcity: a New Story for American Capitalism." *Business Ethics* 17.3 (2003): 9.

Scheffer, David, and Caroline Kaeb. "The Five Levels Of CSR Compliance: The Resiliency Of Corporate Liability Under The Alien Tort Statute And The Case For A Counterattack Strategy In Compliance Theory." *Berkeley Journal Of International Law* 29.1 (2011): 334-397.

Singer, Peter. "Navigating the Ethics of Globalization." *The Chronicle Review* 49.7 (2002): B7.

UNIT 3 – Self-Regulations, Codes of Conduct and Voluntary Compliance

(Thursday, December 8th, 2011, 4pm—7pm, room BUSS 411 - Omar Faroukh Hall)

Key concepts: The self-regulatory nature of the code of conducts; Similar mechanisms voluntarily adopted by corporations; The growing pressure imposed on corporations by the market to comply with ethical business principles; Corporate codes of conduct; The processes of developing CSR standards and policies; Other self-regulatory mechanisms; International forums and agencies; Soft law vs. hard law; Legal obligations that multinationals have to fulfill; Domestic laws and the concept of extraterritoriality.

Assigned materials:

Jenkins, Rhys. "Corporate Codes of Conduct: Self-regulation in a Global Economy." *United Nations Research Institute for Social Development* (2001).

Kolk, Ans and Rob Van Tulder. "The Effectiveness of Self-Regulation: Corporate Codes of Conduct and Child Labour." *European Management Journal* 20.3 (2002): 260-271.

Sethi, S. Prakash and Oliver F. Williams. "Creating and Implementing Global Codes of Conduct: An Assessment of the Sullivan Principles as a Role Model for Developing International Codes of Conduct - Lessons Learned and Unlearned." *Business and Society Review* 105 (2000): 169-200.

Texts:

Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism, available at: http://www.thecode.org/

"Our Business Code of Conduct." *Gap Inc* (1998).

Recommended readings:

Baker, Mark B. "Private Codes of Corporate Conduct: Should the Fox Guard the Henhouse?" *The University of Miami Inter-American Law Review* 24.3 (1993): 399-433.

Bondy, Krista, Dirk Matten and Jeremy Moon. "The Adoption of Voluntary Codes of Conduct in MNCs: A Three-Country Comparative Study." *Business and Society Review* 109.4 (2004): 449-477.

Project 1: *Draft a code of conduct based on the ten principles of the UN Global Compact 2011.*

UNIT 4 – Recognition and Enforcement of Internationally Recognized Labor Rights: Reconciling the Interests of Management and Workers

(Friday, December 9th, 2011, 3pm—6pm, room BUSS 411 - Omar Faroukh Hall)

Key concepts: Are economic, social and cultural (ESC) rights human rights?; How do they differ from civil and political rights?; Right to housing; Right to an adequate standard of living; Right to food; Right to health; Right to a clean environment; Human development indicators and other socio-economic statistics as essential tools for monitoring ESC rights and assessing governments' compliance with their obligations; Freedom of association; Right to form unions; The right to strike; Regulation of working hours; Right to a healthy and safe work environment; Principle of non-discrimination; Sexual harassment; Special protection of women.

Assigned materials:

Alston, Philip. "'Core Labour Standards' and the Transformation of the International Labour Rights Regime." *European Journal of International Law* 15.3 (2004): 457-521.

Anner, Mark and Teri Caraway. "International Institutions And Workers' Rights: Between Labor Standards and Market Flexibility." *Studies In Comparative International Development* 45.2 (2010): 151-169.

Kolben, Kevin. "Labor Rights As Human Rights?" *Virginia Journal Of International Law* 50.2 (2010): 449-484.

Texts:

ILO Declaration on Fundamental Principles and Rights at Work (1998).

ILO No. 138 Minimum Age Convention (1973)

ILO No. 181 Private Employment Agencies Convention (1997)

ILO No. 187 Promotional Framework for Occupational Safety and Health Convention (2006)

Recommended readings:

Hall, John A. "The ILO's Better Factories Cambodia Program: A Viable Blueprint For Promoting International Labor Rights?" *Stanford Law & Policy Review* 21.3 (2010): 427-460.

Harrison, Ann and Jason Scorse. "Improving the Conditions of Workers? Minimum Wage Legislation and Anti-Sweatshop Activism." *California Management Review* (2006): 144-160.

Kolben, Kevin. "Wal-Mart Is Coming, But It's Not All Bad: Wal-Mart And Labor Rights In Its International Subsidiaries." *UCLA Journal Of International Law & Foreign Affairs* 12.2 (2007): 275-332.

View TED talk "Making global labor fair" by Auret van Heerden at:

http://www.ted.com/talks/auret_van_heerden_making_global_labor_fair.html

UNIT 5 – The Role of Governments in Business: Regulatory Rules of Foreign Direct Investment, Privatization and Free and Fair Competition

(Monday, December 12th, 2011, 3pm—6pm, room BUSS 411 - Omar Faroukh Hall)

Key concepts: Balancing business incentives; Compliance with domestic rules of health, safety, labor and environment; Prohibition against dominance and the need for consumer protection; Accomplishing the objectives of privatization without harming internationally recognized labor rights.

Assigned materials:

Cosimano, Thomas F. "Financial Institutions and Trustworthy Behavior in Business Transactions." *Journal of Business Ethics* 52.2 (2004): 179-188.

 "How Business Interacts with Government." McKinsey Global Survey Results. *McKinsey & Company* (2010).

Peters, Anna and Daniela Röß. "The Role of Governments in Promoting Corporate Responsibility and Private Sector Engagement." *United Nations Global Compact and Bertelsmann Stiftung* (2010).

Texts:

Lebanon No. 228 Privatization Law (2000)

Lebanon No. 360 Investment Law (2001)

Recommended readings:

Albarelda, Laura et al. "The government's role in promoting corporate responsibility: a comparative analysis of Italy and UK from the relational state perspective." *Corporate Governance* 6.4 (2006).

Fox, Tom, Halina Ward and Bruce Haward. "Public Sector Roles in Strengthening Corporate Social Responsibility: A Baseline Study." *The World Bank Group* (2002).

Project 2: ***You have been hired by the government of Lebanon to assist the process of the privatization of company A. Design an action plan to protect workers' rights.***

UNIT 6 – The Role of NGOs and other Elements of Civil Society in Fighting Corporate Greed and Combating Corruption

(Tuesday, December 13th, 2011, 3pm—6pm, room BUSS 411 - Omar Faroukh Hall)

Key concepts: Finding a definition of civil society and corruption; How does corruption affect human rights?; Corruption and bribery as inhibition on legal enforcement; The fight against corruption on the national and international level.

Assigned materials:

Boulstridge, Emma and Marylyn Carrigan. "Do consumers really care about corporate responsibility? Highlighting the attitude-behaviour gap." *Journal of Communication Management* 4.4 (2000): 355–368.

Nelson, Jane. "The Operation of Non-Governmental Organizations (NGOs) in a World of Corporate and Other Codes of Conduct." Corporate Social Responsibility Initiative, Working Paper nº 34. *Cambridge, MA: John F. Kennedy School of Government, Harvard University* (2007).

Peloza, John and Loren Falkenberg, "The Role of Collaboration in Achieving Corporate Social Responsibility Objectives." *California Management Review* 51.3 (2009): 95-113.

Texts:

The U.N. Convention against Corruption (2003)

OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)

Recommended readings:

Doh, Jonathan P. and Terrence R Guay. "Globalization and Corporate Social Responsibility: How Non-Governmental Organizations Influence Labor and Environmental Codes of Conduct." *Management International Review* 44.2 (2004): 7-29.

Schepers, Donald H. "The Impact of NGO Network Conflict on the Corporate Social Responsibility Strategies of Multinational Corporations." *Business Society* 45 (2006): 282-299.

UNIT 7 – Illicit Business Practices: Child Labor, Forced Labor and Labor Trafficking
(Wednesday, December 14th, 2011, 3pm—6pm, room BUSS 411 - Omar Faroukh Hall)

Key concepts: The relationship between the various kinds of human trafficking (child labor, forced labor, and sex tourism) and corporate social responsibility; The engagement of companies in combating human trafficking and sweatshops; Strategies used by corporations to prevent illicit businesses; International legal instruments against human trafficking; Successes and failures on

human trafficking law throughout the world, business practices regarding CSR and human rights issues.

Assigned materials:

Mattar, Mohamed. "Human Rights Legislation in the Arab World: The Case of Human Trafficking." *Michigan Journal for International Law* 33.1 (2011).

Ballinger, Jeff. "Finding an anti-sweatshop strategy that works." *University of Pennsylvania Press* 56 (2009) 3: 5-8 .

Byrne, Edmund F. "Business Ethics Should Study Illicit Businesses: To Advance Respect for Human Rights." *Journal of Business Ethics* 103 (2011):497–509.

Newman, Tim and Elizabeth O'Connell. "Time to Raise The Bar: The Real Corporate Social Responsibility Report For The Hershey Company." *Global Exchange* (2010): 1-42.

Texts:

"Human Trafficking and Business: Good Practices to Prevent and Combat Human Trafficking." *United Nations Global Initiatives to Fight Human Trafficking* (2010)

ILO No. 182 Worst Forms of Child Labor Convention (1999)

The U.S. Child Labor Deterrence Act, 1999

The U.S. International Marriage Broker Regulation Act (IMBRA), 2005

The U.S. Trade and Development Act, 2000

United Nations protocol to prevent, suppress and punish trafficking in persons, especially women and children (2000)

Recommended readings:

Mattar, Mohammed. "Interpreting Judicial Interpretations of the Criminal Statutes of the Trafficking Victims Protection Act: Ten Years Later." *American University Journal of Gender, Social Policy & the Law* 19.4 (2011): 1247-1304.

Phillips, Nicola and Fabiola Mieres. "Fielding the Wrong Ball? A Critique of Global Policy Approaches to 'Forced Labour.'" *Chronic Poverty Research Centre, University of Manchester* (2010).

Tepelus, Camelia N. "Social Responsibility and Innovation on Trafficking and Child Sex Tourism: Morphing of Practice into Sustainable Tourism Policies?" *Tourism and Hospitality Research* 8.2 (2007): 98-115.

Project 3: *Draft a public awareness campaign addressing measures to prohibit human trafficking in the production of goods.*

UNIT 8 – "Protect, Respect and Remedy": Human Rights and the Social Responsibility of Business

(Thursday, December 15th, 2011, 4pm—7pm, room BUSS 411 - Omar Faroukh Hall)

Key concepts: The United Nations "Protect, Respect and Remedy" Framework; Poverty and labor exploitation; The shareholder activism model; The State duty to protect against human rights abuses by businesses; The corporate responsibility to respect human rights; The Ruggie Framework; The role of voluntarism and law in governing business behavior.

Assigned materials:

Engle, Eric A. "Corporate Social Responsibility (CSR): Market-Based Remedies for International Human Rights Violations?" *Willamette Law Review* 40.103 (2004): 103-121.

Taylor, Mark B. "The Ruggie Framework: Polycentric Regulation And The Implications For Corporate Social Responsibility." *Nordic Journal Of Applied Ethics / Etikk I Praksis* 5.1 (2011): 9-30.

"Undermining the Freedom of Expression in China: the role of Yahoo!, Microsoft and Google." *Amnesty International* (2006).

Texts:

"Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie." *United Nations Human Rights Council* (2008).

Recommended reading:

Kinley, David and Junko Tadaki. "From Talk to Walk: The Emergence of Human Rights Responsibilities for Corporations at International Law." *Virginia Journal of Law* 44.4 (2003-2004): 931-1024 (p. 960-972 and 983-993).

Murphy, Shannon. "Business and Philanthropy Partnerships for Human Capital Development in the Middle East". Corporate Social Responsibility Initiative, Working Paper n° 52. *Cambridge, MA: John F. Kennedy School of Government, Harvard University* (2009).

Arnold, Denis G. and Norman E. Bowie. "Sweatshops and Respect for Persons." *Business Ethics Quarterly* 13.2 (2003): 221-242.

UNIT 9 – The Future of CSR and Responsible Investment

(Friday, December 16th, 2011, 3pm—6pm, room BUSS 411 - Omar Faroukh Hall)

Key concepts: Assessment of the history of CSR; The current situation and perspectives of CSR; Emerging nations and CSR; Possible scenarios for 2020; The scarcity of natural resources and the behavior of companies; The increasingly important leadership of corporations to tackle social and environmental issues; The potential ways in which CSR can develop.

Assigned materials:

Lydenberg, Steve and Graham Sinclair. "Mainstream or Daydream? The Future for Responsible Investing." *Journal of Corporate Citizenship* 33 (2009): 47-67.

"Shaping the Future: Solving Social Problems through Business Strategy." *Committee Encouraging Corporate Philanthropy* (2010).

White, Allen L. "Fade, Integrate or Transform? The Future of CSR." *Business for Social Responsibility* (2005).

Recommended readings:

Zadek, Simon "Emerging Nations and Sustainability: Chimera or Leadership?" Corporate Social Responsibility Initiative, Working Paper n° 61. *Harvard Kennedy School* (2010).