

Oliver F. Williams, C.S.C.
March-April 2009
Office Hours: At your request
(Use e-mail to contact)
Room 255 MCOB
Phone: 1-5761/6072
E-mail: Oliver.F.Williams.80@nd.edu

THE UN GLOBAL COMPACT AND THE FUTURE OF THE ECONOMY
MBET 70501-01
3:00 a.m. – 4:50 p.m., Tuesday – Thursday
March 17-April 28
Room MCOB

In today's interconnected global economy, there is a growing realization that we must restore public trust in business. Integrating environmental, social and governance issues into corporate management is the overriding purpose of the United Nations Global Compact and its ten principles. This is the heart of the corporate sustainability movement and an effective way to restore trust in business.

Take one look at the smog that hangs over the Olympic host city Beijing and it becomes abundantly clear—globalisation and economic expansion come at a price. Resource depletion, worker exploitation, pollution and corruption—this is the dark underbelly of globalization that has raised alarm bells around the world. Thankfully, more and more individuals and organizations are waking up to the social, environmental and ethical costs of a global marketplace and are making a sound business case for a new era of moral capitalism. Leading the way in this regard is the United Nations with its groundbreaking Global Compact initiative. Launched in 2000, the Global Compact now has more than 5600 participants—including 5000 businesses in 120 countries around the world—making it the world's largest voluntary corporate social responsibility project.

OBJECTIVES

1. To introduce the student to the United National Global Compact and why its focus on human rights, labor rights, environmental issues and corruption is so attractive to the many stakeholders of business.
2. To develop the ability to think clearly about how one integrates environmental, social and governance issues into corporate management.
3. To develop a sensitivity to the moral and ethical values that enable companies to restore public trust in business.
4. To understand how a number of companies are implementing the principles of the Global Compact by examining case studies.

5. To examine and understand the changing role of business in society.

BOOKS

The course required one book available at the N.D. bookstore:

Peace Through Commerce: Responsible Corporate Citizenship and the Ideals of the United Nations Global Compact. (PTC).

All other course materials are available on CONCOURSE. Should you have trouble accessing CONCOURSE, contact my assistant, Deb Coch (coch.1@nd.edu).

REQUIREMENTS

There will be two short papers and a research paper. The final grade will be computed on the basis of class participation (20%), the two short papers (40%) and the research paper (40%).

Class Participation

Besides attendance, effective class participation includes: listening skills; analysis ability; questions and comments; and, last but not least, a willingness to risk, testing new ideas.

Two Short Papers

1. Each student group will select two companies from the list below of Communication on Progress Reports. Each class session will have several presentations, about ten minutes long, showing how the company selected is addressing the ten principles of the Global Compact. Each group will make one presentation on a company over the course of the module and submit a two-page paper with each presentation.
2. Each group will select one session where they will present the answers to the questions listed for the session. The group will submit a two-page paper with their answers.

Research Paper

There is one individual written assignment which should be 5-7 pages in length, typed and double-spaced (40%).

Read the article “Is the Compact Raising Corporate Responsibility Standards?” Based on our class readings and your reflection, formulate your answer to the article. Incorporate key readings from the course but do not neglect to include some discussion of the readings from session 3 (“Doing Good...” and Building a new Institutional...”) The article is available on Concourse (Due in class on Tuesday, April 28).

COMMUNICATIONS ON PROGRESS REPORTS

Each student group will select companies from this list for the ten-minute presentations. Come to class on Thursday, March 19 with the members of your group selected and the group's first, second, and third choice of a company. Also, each group should submit its first and second choice for the session when they will answer the questions.

Note that there is a direct link to each company's Communication on Progress Report (sometimes called a corporate social responsibility report, a sustainability report, corporate citizenship report, etc.). The direct links can be accessed by going to *Concourse* and selecting "Notable Communications on Progress."

COURSE OUTLINE

Session 1: Tuesday, March 17 — OVERVIEW OF THE GLOBAL COMPACT

- Reading:
1. *PTC*, pp. ix-xx; pp. 1-9.
 2. *Concourse*, PowerPoint presentation on Global Compact.

Session 2: Thursday, March 19— THE PURPOSE OF THE CORPORATION AND THE ROLE OF BUSINESS IN SOCIETY

- Reading:
1. *PTC*, pp. 24-43 (PowerPoint on *Concourse*)
 2. *PTC*, pp. 55-72.
- Question:
3. Smurthwaite (p. 26) quotes Pope John Paul II's encyclical letter *Centesimus Annus*, para. 35: "...in fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are endeavoring to satisfy the basic needs, and who form a particular group at the service of the whole society." Discuss other authors in this essay who agree with this position. Disagree. What is your position?
 4. What is your judgment on "a *good trust* relationship" between a business and an NGO?

Session 3: Tuesday, March 24 — THE SUSTAINABILITY CHALLENGE: THE CONTEXT FOR THE GLOBAL COMPACT

- Reading:
1. "Doing Good: Business and the Sustainability Challenge," Economic Intelligence Unit of the *Economist*, *Concourse*.
 2. "Building a New Institutional Infrastructure for Corporate Responsibility," (Sandra Waddock), *Concourse*.
- Question:
3. What is sustainability?
 4. Discuss: "The social and environmental issues facing companies today are not going away—and are likely to involve a redefining of relations between business and society. This often involves fundamental political and even moral questions." ("Doing Good," p. 6)
 5. Discuss: "Sustainability is not, however, a checklist of activities. It is a change in attitude that aligns financial, social and environmental goals" ("Doing Good," p. 42)
 6. Discuss: "Whatever the future, it is clear that the corporate responsibility infrastructure that has emerged to date has put enough pressure on multinational companies that many are responding" ("Building a New...", p. 107)

Session 4: Thursday, March 26—PRINCIPLES ONE AND TWO: HUMAN RIGHTS

- Reading:
1. Human Rights, pp. 1-2, *Concourse*
 2. Principle One, pp. 1-2, *Concourse*
 3. Principle Two, pp. 1-3, *Concourse*
 4. Six Questions for John Ruggie: Where is the Business and Human Rights Agenda Going? *Concourse*, pp. 1-4.
 5. *PTC*, pp. 349-365. (PowerPoint, *Concourse*)
- Questions:
6. Discuss the UN Millennium Development Goals, the Millennium Village Project, and Why GE would become involved in these projects.
 7. Do motives for becoming involved matter?

Session 5: Tuesday, March 31—PRINCIPLES THREE TO SIX: LABOR

- Reading:
1. Labor, pp. 1-2, *Concourse*
 2. Principle Three, pp. 1-2, *Concourse*
 3. Principle Four, pp. 1-3, *Concourse*
 4. Principle Five, pp. 1-3, *Concourse*
 5. Principle Six, pp. 1-3, *Concourse*
 6. *PTC*, pp. 107-115.
- Questions:
7. Explain Broad-Based Black Economic Empowerment, its purpose and its justification (Reading #6 above).
 8. Discuss some of the programs that the company you are presenting is engaged in with regard to Principles 3 to 6 (From the Communicating on Progress Report).

Session 6: Thursday, April 2 — PRINCIPLES SEVEN, EIGHT AND NINE: THE ENVIRONMENT

- Reading:
1. The Environment, pp. 1-3, *Concourse*
 2. Principle Seven, pp. 1-3, *Concourse*
 3. Principles Eight, pp. 1-3, *Concourse*
 4. Principle Nine, pp. 1-3, *Concourse*
 5. *PTC*, pp. 307-324; PowerPoint, *Concourse*
- Question:
6. Discuss how Ford Motor Company follows Principles Seven, Eight, and Nine. What is Ford's rationale for its social and environmental programs?

Session 7: Tuesday, April 7 — PRINCIPLE TEN: ANTI-CORRUPTION

- Reading:
1. Transparency and Anti-Corruption, pp. 1-4, *Concourse*
 2. Principle Ten, pp. 1-4, *Concourse*

3. A Case Story: The Corporate Ethics Framework as a Road to Fighting Corruption, pp. 62-67, *Concourse*
 4. PowerPoint, Extractive Industries and Corruption: The Case of Africa's Oil Boom. (By OXFAM), *Concourse*
- Questions: 5. Discuss: "As an extractive industry, we also need to be aware of corruption induced by the lack of transparency in the use of extractive revenues by some countries" (p. 64 of Reading No. 3 above).

Session 8: Thursday, April 9 —THE LEGITIMATE ROLES FOR INTERNATIONAL HUMAN RIGHTS LAW

Outside Speaker: Douglass Cassel, Director of the Center for Civil and Human Rights at the University of Notre Dame Law School.

- Reading: 1. *PTC*, pp. 77-95.
2. UN Global Compact Note on Integrity Measures (4 pages)

- Questions: 3. In the context of this essay, comment: "In the end we need just enough law but not too much" (p. 89)
4. What is the purpose of the "Integrity Measures"?

Session 9: Tuesday, April 14 —SOME REFLECTION FROM THE DISCIPLINE OF PEACE STUDIES

Outside Speaker: John Paul Lederach, Faculty of the Joan B. Kroc Institute for International Peace Studies of the University of Notre Dame

- Reading: 1. *PTC*, pp. 96-106.

- Questions: 2. Discuss: "The gaps identified in peace building potentially may be redressed through a greater connect between actors in the peace process and the business and commerce sector" (p. 105)

Session 10: Thursday, April 16 —DEVELOPING MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs)

- Reading: 1. *PTC*, pp. 241-262 (PowerPoint on *Concourse*)

- Question: 2. Discuss the poverty reduction program through the development of MSME entrepreneurs with the collaboration of the government of Angola, the United Nations Development Program (UNDP), and Chevron. Why would Chevron have been involved and supplied \$25 million for such a program?

Session 11: Tuesday, April 21—HOW THE GLOBAL COMPACT ENVISIONS MAKING THE WORLD A BETTER PLACE: THE CASE OF PETROCHINA

- Reading: 1. PetroChina and the UN Global Compact, pp. 1-2, *Concourse*
 2. Investors Against Genocide, pp. 1-2, *Concourse*
 3. A Response from the UN Global Compact, pp. 1-2, *Concourse*
- Questions: 4. What is the role of the UN Global Compact according to
Executive “Investors Against Genocide”? According to Georg Kell,
 Director of the UNGC?
 5. What is your judgment on the matter?

Session 12: Thursday, April 23—SOME FINAL THOUGHTS

Outside Speaker: Lee Tavis, Director of the Program on Multinational Managers and
 Developing Country Concerns, University of Notre Dame

- Readings: 1. *PTC*, pp. 421-449.
 2. *PTC*, pp. 413-430
- Questions: 3. Discuss: Williams and the *Economist* have different rationales for
 corporate citizenship. Explain.
 4. Discuss: “... to try to determine whether being a good citizen, as
 an individual or as a firm, has cash value in monetary terms is
 beside the point.” (*PTC*, p. 448)
 5. “NGOs have become the formal, although varied voice of civil
 society.” Discuss (p. 420)

Session 13: Tuesday, April 28—HOW MUCH SHOULD BUSINESS DO?

Outside Speaker: Klaus Leisinger. President and CEO of the Novartis Foundation for
 Sustainable Development.

- Reading: 1. *PTC*, pp. 199-231. (PowerPoint on *Concourse*)
- Question: 2. Discuss: “A new Pareto Optimum could be reached by the
 reputation capital given by civil society, the media, and the wider
 public—with much higher benefits for the world’s poor (Pareto
 Optimum 2). (p. 230)