

IB9YE-15 Purpose, Impacts and Profit

26/27

Department

Warwick Business School

Level

Taught Postgraduate Level

Module leader

Fred Dahlmann

Credit value

15

Module duration

9 weeks

Assessment

100% coursework

Study location

University of Warwick main campus, Coventry

Description

Introductory description

Recent years have seen an active debate on the purpose of a company. Milton Friedman's 1970 statement that "The social responsibility of business is to increase its profits" ushered in a period of shareholder primacy that guided managers' decision-making through several decades of global capitalism. But with it came a focus on near term returns versus investment, innovation and the impact a firm has on its wider stakeholders: customers, employees, suppliers, communities and society overall. Business became to be "criticized as a major cause of social, environmental, and economic problems" (Porter, 2011). This led to a rising focus on corporate social responsibility (CSR) and a redefining of the purpose of a company as having "a fundamental commitment to all of our stakeholders" (Business Roundtable, 2019).

Company CSR activities over the last decade expanded the focus from shareholders to stakeholders and expressed a company's commitment to positive impact. But CSR's approach of a company setting its own ambitions attracted criticism and has led to the development of Environmental, Social and Governance (ESG) criteria by which the actions of firms can be measured. The scope of actions and measures has expanded too – sustainability & climate change; equality, diversity & inclusion, ethics....

This has led to an explosion of metrics and indices seeking to rate companies and guide investment from ESG funds that can now present a confusing and uncertain landscape for managers, investors and all stakeholders.

This module places the current focus on ESG into the context of how firm performance has been assessed over time. From shareholders to stakeholders, from CSR to ESG and from profits to purpose and impact. How have these concepts and frameworks evolved, who has shaped them and how has it revised the role of managers.

[Module web page](#)

Module aims

The overall aim of core modules in MiM is to support our students' transition from a non-business undergraduate focus and only initial experience in the workplace into masters-level graduates with the ability to bring together the different skills and knowledge that are needed to understand and manage organisations as a whole.

This module introduces students to the broader set expectations and measures used to assess the purpose of companies and role managers in society today. This includes the aims to...

Place today's focus on ESG into the evolving understanding of the purpose of a firm

Appreciate the shift from shareholder primacy to stakeholder management

Differentiate between the expectations managers now face for environmental, social and governance performance

Critically evaluate the growth in ESG metrics and indices. Assessing how they can both drive positive change and lead to green-washing.

Place oneself in the position of a stakeholder and present your perspective to a company's management

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

The current debate about the purpose of the firm focuses on ESG but the module's aim is to develop a longer-term view of the role of business in society, how this has changed over time and how it influences the actions of managers.

Lesson 1: Introduction – The Purpose of the Firm, a history. From Shareholders to Stakeholders, Profits to purpose, CSR to ESG... Assignment Briefing. Podcast: "The role of ESG and Purpose". Case: "Business Roundtable 2019 Statement: A New Paradigm or Business as Usual?"

Lesson 2: Shareholder primacy – why it worked, where it went wrong but why it's still relevant. Shareholder management to stakeholder management. Case studies "Jack Welch – The man who broke capitalism" and "Airbnb During the Covid Pandemic: Stakeholder Capitalism Faces a Critical Test"

Lesson 3: Today's ESG Framework – Environmental. Bringing sustainability and the low carbon economy into the boardroom. Case Studies: British Airways and Alibaba

Lesson 4: Today's ESG Framework – Social. Combining social interests with commercial interests: the relationships a company has and the reputation it fosters with people and institutions in the communities where it operates. Articles: "From there to here: 50 years of thinking on the

social responsibility of business” and “The Messy but Essential Pursuit of Purpose.” Case study on Equality, Diversity & Inclusion.

Lesson 5: Today’s ESG Framework – Governance. Corporate governance and also the institutional frameworks within which companies operate. The rise in B Corporations and equivalent structures. Case: “Emmanuel Faber at Danone: Man on a Mission”

Lesson 6: Measures and Indices. Is today’s focus on measuring ESG to guide investment and influence companies working? Articles: “Firms and social responsibility: A review of ESG and CSR research in corporate finance” and “How ESG investing came to a reckoning”

Lesson 7: From Mission to Purpose – changing the strategic framework of a company to combine competence, cause and culture. Article: “What Is the Purpose of Your Purpose?” Case Study: Ørsted – from oil to wind.

Lesson 8: Purpose and people – how a shift to purpose and impact changes the relationship between employees in a company and the HR processes companies use. Case Studies: Unilever’s “Use Purpose to Transform your Workplace” and “Infineum: Creating an Inclusive Working Environment”

Lesson 9: Beyond ESG – Review of the module and discussion of the paths forward for the purpose of the firm. Assignment Q&A

Learning outcomes

By the end of the module, students should be able to:

- Understand and place today’s focus on ESG into the ongoing debate about the purpose of a firm
- Demonstrate developed understanding of the broader scope of goals we expect of managers in the shift from shareholder primacy to stakeholder management
- Critically utilise multiple sources of information with different perspectives to identify future actions
- Deploy logic and reasoning to present the view of a particular stakeholder

Indicative reading list

[Reading lists can be found in Talis](#)

Research element

The module draws upon current research and practitioner experience. Research skills are needed in the selection and analysis of the company chosen for the individual assignment

Interdisciplinary

Yes, across management disciplines in WBS

International

Addressed by an internationally diverse set of company case studies, examples and articles

Subject specific skills

Perform stakeholder analysis for a company

Evaluate firm ESG performance through reporting, metrics and indices

Translate complex, social issues into the responsibilities and actions of managers

Link purpose, actions, outcomes and impact.

Transferable skills

Written communication

Study

Study time

Type	Required
Practical classes	9 sessions of 2 hours (24%)
Online learning (scheduled sessions)	9 sessions of 1 hour (12%)
Private study	49 hours (64%)
Total	76 hours

Private study description

Pre-reading and preparation

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group A

Weighting Study time Eligible for self-certification

Assessment component

Individual assignment	100%	74 hours	Yes (extension)
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Reassessment component is the same

Feedback on assessment

via myWBS

Availability

There is currently no information about the courses for which this module is core or optional.