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## Policy Memo

**RESEARCH QUESTION:** As corporations across the globe expand rapidly to meet the demands of a growing world marketplace, how can United States based enterprises use their social, political, and economic capital to enact positive environmental practices in America?

**INCENTIVE:** According to the Business and Human Rights Resource Centre, 100 corporations have contributed to more than 70% of complete global greenhouse gas emission over the last 40 years. Furthermore, approximately 6% of American corporations account for more than 50% of total profits; a striking statistic considering the sheer volume of business enterprises in the United States. Concurrent with these indisputable facts, the world faces unprecedented challenges related to climate change and global warming. Indeed, the United Nations finds that corporate powerhouse cities such as New York and Shanghai may find themselves underwater in the near future if no changes are made. Climate change costs the global economy more than 550 billion dollars annually. There is no doubt that the growing environmental crisis impacts not only private citizens, but corporate entities as well.

**EXECUTIVE SUMMARY:** After reviewing scholarship surrounding corporate social responsibility and the role of corporations in environmental crises, the following points summarize some key facets taken from a broad range of academic sources.

1. “climate change presents a new, unprecedentedly disruptive, potentially cascading and profoundly uncertain type of change in organizational environments, and that business organizations are currently ill prepared to respond or adapt to such [massive discontinuous change].” (Winn et al., 169).
2. Corporate Social Responsibility is an “obligation to respond to the externalities created by market action’ or ‘discretionary spending in furtherance of an explicit measurable social objective consistent with relevant social norms and laws.” (Oxford Handbook of CSR).
3. “[corporate environmental responsibility] increased firms’ Return of Equity (ROE) and Economic Added Value (EVA) margin by 2.62% and 0.10%, respectively.” (Xu et al., 10).
4. “To integrate sustainability into day-to-day decision-making, companies need to make sustainability a central tenet of their strategy and exercise leadership to reinforce these objectives throughout the organization.” (Epstein, XX).
5. “corporations should consider sustainability performance as a variable in the evaluation of total corporate performance and provide incentives for employees to suggest social and environmental improvements. These suggestions will ultimately lead to corporate profit improvements.” (Epstein, XX).
6. “corporate-[non-profit organization] collaborations can contribute to environmental protection, enhance corporate performance, confer external legitimacy on internal environmental management practices, and transfer knowledge among specialized organizations” (Rondinelli).

**KEY STAKEHOLDERS:** There are many parties that are directly engaged and impacted by the issues aforementioned including corporations, non-profit organizations, various constituencies, consumers, scholars, and more. Several of these stakeholders are included in the subsequent points.

1. John D. Sterman, Jay W. Forrester Professor of Management at the MIT Sloan School of Management. Professor Sterman is a leading scholar able to speak directly to the relationship between corporations and environmental sustainability efforts.

- a. Professor Sterman exemplifies the scholarship camp of stakeholders. Indeed, experts in the field of corporate social responsibility and sustainability are key to this project and research as they fully know and understand the implications, needs, opinions, opportunities and vast scope of problems related to this field.
2. Mary A. Wroten, Director of Global Sustainability at the Ford Motor Company. Ms. Wroten has experienced firsthand the directing of corporations, admittedly one that has had a significant impact on the climate, towards a more positive and sustainable role within the context of corporate citizenship and sustainability efforts.
  - a. Ms. Wroten serves as an example for the practitioners enacting corporate social responsibility at a corporate level with the goal of enacting positive change and action from a corporate level. Importantly, these stakeholders will be able to provide interesting insight into the considerations of corporate entities when enacting policy and non-policy based changes to operations and management.
3. Senator Tom Carper, Chairman of the Senate Committee on Environment and Public Works. Senator Carper leads a committee of Senators who have the ability to review legislation prior to consideration on the floor of the Senate and thus is able to speak to the ability of Congress to develop legislation related to corporations and the environment.
  - a. Senator Carper serves as a governmental stakeholder responsible for the formation of laws and legislative regulations related to the field. Importantly, the voices of all of the other stakeholders in this section ought to weigh equally on the government stakeholders in order to develop comprehensive legislation related to the field.
4. Greenpeace, Environmental Advocacy Non-Governmental Organization. Greenpeace is one of the foremost and significant players in the global fight for climate justice. They offer a unique perspective on the climate crisis and environmental sustainability initiatives.
  - a. Non Governmental Organizations such as Greenpeace often have interests related to the fields in which the government is targeting legislation. In terms of the environment, there are a variety of groups that offer significant views and contributions to the conversation surrounding the issue. These are integral to the adoption and adaptation of policy.

**APPRAISAL OF PAST VIEWS:** Very few people would argue that we should take no action related to the climate, however there are myriad opinions on how this action should be approached. Some believe that citizens should lead the action, others that there should be action primarily by corporations, and others believe that there should be a “meeting of the minds” so to speak, between corporations and citizens. Ultimately there is a need for cooperation between all parties in order to promote positive action related to sustainability initiatives. It is likely that members of each group may differ in their approach to the problem and it will absolutely be difficult, however it is probable that the benefits of positive action will greatly outweigh the negatives.

**BUDGET:** There are several costs associated with a proposed project to highlight the best practices of sustainability efforts and disseminate the information. These costs are highlighted below.

1. The cost of publishing and printing an informational pamphlet and accompanying letter containing information of best practices.
2. The cost of mailing these informational documents to members of various stakeholder groups including the government, corporations, and non-governmental organizations.

**TIMELINE:** An abbreviated timeline including actions for the spring semester project is included below.

1. January
  - a. Identify Specific Stakeholders (Weeks 1, 2)
    - i. The purpose of identifying specific stakeholders is to establish a list of scholars and practitioners to interview in order to establish a first hand perspective as to what policies and best practices work for corporations in their efforts to combat

- climate change and the climate crisis that faces the world and, specifically, the impact the crisis has on the global economy.
    - b. Begin Comprehensive Best-Practice Research (Weeks 3, 4)
      - i. The research portion is imperative in the construction of a letter in order to create a compelling and comprehensive piece that is clear, concise, relevant, and impactful to the reader.
- 2. February
  - a. Finalize Research (Weeks 1,2)
    - i. Complete research and write summary with references and best practices, no greater than 1 page, single spaced.
  - b. Interview Stakeholders (Weeks 3, 4)
    - i. Interview stakeholders and synthesize key points and relevant takeaways into a comprehensive, researched based narrative. Highlight the best practices and identify overlap between stakeholders and research.
- 3. March
  - a. Begin Drafting Letter (Weeks 1, 2, 3)
    - i. Combine the research and interviews into a detailed letter addressing stakeholders, including corporations and government officials, that lays out policy and management best practices related to the environment and corporate social responsibility
  - b. Finalize Letter (Week 4)
    - i. Finalize letter into publishing state. Include any relevant information, salutations, and conclusions. The final letter should not exceed 6 single spaced pages including the letterhead and name line.
- 4. April
  - a. Establish Distribution List (Week 1)
    - i. Establish a concrete list of stakeholders whom the letter will be distributed to via the United States Postal Service. The list should include name, title, organization, and address.
  - b. Print, Publish, and Distribute (Week 2)
    - i. The final letter should be printed, published as an open letter, and be distributed to the stakeholders established in the stakeholder list.

**CONCLUSION:** Historically, efforts to move corporations have been extremely slow moving and complex, oftentimes done simply for show or for the appearance of “goodwill” or to appeal to their various constituencies. This type of climate action is, of course, better than nothing at all, but the time has come for significant and radical change within the system. Backed by subjective and empirical scholarship, it is obviously time for corporations, specifically those with vast amounts of social and economic capital, to place sustainability initiatives at the forefront of their missions. After all, there will come a time, if no action is taken, that there will be no market in which to sell goods and further profit. Moving corporations towards more sustainable entities will require a whole-of-country approach capitalizing on government action, non-governmental organizations and their wealth of knowledge, corporate capital, and the willingness of citizens to support such a movement.