

Chapter 1 Teaching Guide

Understanding Stakeholders and Groups

1. Chapter Overview

This chapter introduces the foundational stakeholder landscape shaping sustainability outcomes in Asia. It explains why corporate behavior, investor influence, regulatory capacity, and international engagement operate differently in Asian contexts compared with Western markets. Through rich empirical examples, the chapter illustrates how history, political economy, ownership structures, and institutional capacity shape ESG outcomes across the region.

Rather than treating “Asia” as a single system, the chapter emphasizes diversity, hybridity, and adaptation. It equips students to understand why sustainability challenges in Asia cannot be solved through imported frameworks alone, and why effective strategies must reconcile global standards with local incentives, governance realities, and cultural norms.

2. Key Learning Objectives

After completing this chapter, students should be able to:

1. Explain why stakeholder dynamics in Asia differ structurally from those in Western economies.
2. Identify the roles and incentives of key stakeholder groups (corporates, investors, regulators, international executives).
3. Analyze how political economy, ownership structures, and institutional capacity shape ESG outcomes.
4. Evaluate how crises (climate, geopolitics, labor, governance) act as catalysts for reform in Asia.
5. Distinguish between formal regulation and informal enforcement mechanisms in Asian markets.
6. Assess how global standards (e.g., ISSB, TCFD) interact with localized implementation.
7. Apply stakeholder analysis to real-world corporate and investment decisions in Asia.

3. Summary of Key Points (Instructor Version)

- Asia's sustainability landscape is shaped by extreme diversity in development levels, institutions, and governance traditions.
- Stakeholders—including corporates, investors, regulators, communities, and international actors—play uneven but interdependent roles.
- Corporate behavior is heavily influenced by ownership concentration, state involvement, and family control.
- Investors can be powerful change agents, but their influence depends on market maturity, legal protections, and cultural norms.
- Regulation in Asia is often fragmented, unevenly enforced, and shaped by political priorities rather than purely technocratic design.
- Crises (climate disasters, scandals, geopolitical shocks) frequently accelerate reform more effectively than gradual policy evolution.
- ESG implementation in Asia is pragmatic and hybrid, blending global standards with local adaptation.
- Long-term success depends on aligning sustainability with incentives such as market access, capital availability, and resilience.

4. Teaching Guidance: How to Use This Chapter

a. Recommended Teaching Approach

This chapter works best as a **foundational framing session** early in the course. It establishes vocabulary, analytical lenses, and expectations before moving into technical ESG or sector-specific chapters.

It can be used effectively in:

- MBA core or elective courses
- Executive education programs
- Policy or governance-focused seminars
- Investor or practitioner workshops

The chapter supports both **discussion-led** and **case-anchored** teaching styles.

b. Suggested Class Flow (75–90 minutes)

i. Opening prompt (10 minutes)

Ask students:

“Who actually drives sustainability outcomes in Asia — governments, companies, investors, or society?”

Use this to surface assumptions.

ii. Concept framing (15 minutes)

Introduce:

- Stakeholder categories

- Institutional diversity
- Role of political economy
- Hybrid governance models

iii. **Applied discussion (25–30 minutes)**

Use examples from the chapter:

- Supply-chain labor risks
- Investor stewardship limits
- Regulatory fragmentation
- Crisis-driven reforms

Break students into groups to analyze one stakeholder perspective.

iv. **Trade-offs and tensions (15 minutes)**

Discuss:

- Global standards vs local realities
- Enforcement vs flexibility
- Growth vs sustainability
- Power asymmetries among stakeholders

v. **Synthesis and takeaway (5–10 minutes)**

Connect insights to later chapters on governance, disclosure, and strategy.

5. Common Student Misconceptions to Address

- “Asia” is a single, coherent regulatory or cultural system
- Strong regulation automatically leads to strong enforcement
- ESG failures are mainly due to lack of awareness
- Western governance models can be transplanted directly
- Investors always have decisive leverage
- Culture alone explains governance outcomes

Instructors should redirect discussion toward incentives, institutions, and constraints, rather than norms alone.

6. Instructor Tips for Effective Discussion

- Encourage comparative thinking (e.g., China vs Japan vs ASEAN).
- Avoid moral framing; emphasize trade-offs and incentives.
- Use real examples to ground abstract governance concepts.
- Allow disagreement, especially on geopolitics and regulation.
- Highlight how “good intentions” can fail without institutional support.

7. Suggested Supplementary Readings (Optional)

Conceptual / Frameworks

- North, D. (1990). *Institutions, Institutional Change and Economic Performance*.
- World Bank. *Worldwide Governance Indicators*.
- Acemoglu & Robinson (2012). *Why Nations Fail*.

Policy & Regulation

- ISSB (2023). *IFRS S1 and S2 Overview*.
- OECD (2023). *Corporate Governance Factbook*.
- Asian Development Bank (ADB). *Asian Development Outlook*.

Investors & Stewardship

- ACGA. *CG Watch Reports*.
- PRI. *Active Ownership in Asia*.
- GPIF Stewardship Reports.

Applied / Practitioner Sources

- World Economic Forum – Supply Chain Resilience
- ILO – Forced Labour & Due Diligence Reports
- McKinsey – Asia geopolitics and resilience series

8. How This Chapter Connects to the Rest of the Book

This chapter establishes the analytical foundation for subsequent chapters by:

- Defining stakeholder roles used throughout the book
- Introducing the idea of hybrid governance systems
- Framing sustainability as a strategic—not moral—challenge
- Preparing readers to evaluate policy, disclosure, and investment tools

Later chapters build on this foundation by examining:

- Regulatory systems
- Investor stewardship tools
- Corporate governance mechanisms
- Climate and social risk implementation