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Foreword

A new training ground

Corporate responsibility is now on everyone’s agenda, and business schools need to ensure future boardroom leaders are equipped to tackle the challenges, says Peter Lacy

Companies today face an increasingly complex array of economic, social and environmental pressures. They are operating in a global business environment perhaps more complex and demanding than at any point in history.

At the same time society faces enormous challenges in achieving the goals of sustainable development around the world. Climate change, poverty alleviation, population growth, demographic shifts and resource shortages all threaten the lives and chances of future generations.

These issues were previously considered business “externalities”, costs to be picked up and managed by governments on behalf of society. The dawning reality in companies is very different.

In a recent McKinsey survey of global CEOs, more than 80% saw a clear need to manage both the risks and opportunities of the changing role and responsibility of business in society. As well as delivering on the profit imperative for shareholders, business leaders have to attend to a broad and complex array of stakeholder pressures from consumers, ethical investors, employees, NGOs and governments.

Therefore, whether corporate responsibility is a moral and ethical imperative or simply a new factor in doing business profitably, the emerging consensus is that it is here to stay and needs to be carefully managed. This requires new knowledge, skills and values that allow managers to balance profitability with stakeholder interests and social and environmental realities.

Academic institutions have a vital role, perhaps even obligation, to equip the next generation of business leaders with the cross-functional skills to cope with and flourish in an era of globalisation in a way that creates economic growth and a sustainable future for people and the planet.

Therefore, EABIS is very pleased to be supporting this survey of the state-of-the-art in management education on corporate responsibility and congratulates Ethical Corporation for this timely initiative.

Viscount Etienne Davignon, EABIS’s chair, and chair of Suez-Tracebe, issued the following challenge at the launch of EABIS at INSEAD in Paris, 2002: “Business school teaching must come soon on corporate responsibility. If not, companies and society at large will not lose interest in the topic, they will lose interest in the business schools themselves.”

Four years on, I wish you an enjoyable read and leave you to make your own judgement on progress.

Peter Lacy is executive director of the European Academy of Business in Society
The rise of ethics education

Breaking into the mainstream

By John Russell, Ethical Corporation

Corporate responsibility education is on the rise and, as the relationship between companies and society changes, business schools are gradually rethinking their programmes

A ccording to “Beyond Grey Pinstripes”, a biennial ranking of international business schools published by the Aspen Institute and the World Resources Institute, the number of schools requiring students to take courses in ethics, corporate responsibility, sustainability or business in society as part of their individual programmes rose from 34% in 2001 to 54% in 2005.

Indeed, the top ten schools worldwide each offer around 50 courses that have social and environmental content.

Reforms to business school education are hard to measure. The “Beyond Grey Pinstripes” survey for instance, covers just MBA programmes. Yet, one thing is clear. Future corporate managers will be expected to understand the important role of social and environmental concerns in business.

“An excellent manager is technically competent and critically reflective on his or her relationships,” says Nigel Roome, Daniel Janssen chair of corporate social responsibility, Solvay Business School, Belgium, and Rotterdam School of Management (Erasmus).

Roome believes that business schools should encourage students to reflect on the broader implications of their activities: “CSR requires students and managers to look at the systemic nature of their impacts on society.”

Catching up with business

Academics in the field believe that business schools should create graduates that are not just effective professionals, but are also practitioners that think about the broader implications of their actions and the actions of their business. But many schools fail to fulfil this role.

Students at top schools can still complete their degree without ever contemplating the notion of corporate social responsibility.

“The process of change in companies has to be mirrored in business schools,” observes Roome.

Many schools are yet to make corporate responsibility a strategic priority. Roome says this may be because of a lack of company demand; “Whilst companies make public commitments to CSR, they don’t always percolate down to recruitment.”

But there are also internal obstacles to mainstreaming ethics into management education.

The great leap forward

Mainstreaming — shorthand for integrating corporate responsibility into core curricula — is the greatest challenge that business schools face.

It is seen as a three stage process: offering optional electives, then making modules compulsory and finally embedding corporate responsibility into core courses such as strategy, finance and accounting.

The process sounds simple enough, but in practice is hard to achieve. Most leading schools have completed the first stage. Some have reached the second. Few could claim to have made the final leap: embedding corporate responsibility into all aspects of management education.

Being recognised

“The embedding task is a huge one to get right,” says Craig Smith, associate dean of MBA programmes and senior fellow in marketing and ethics at London Business School.

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individual faculty in key subject areas – to look at how CSR impacts on their subject area,” Smith says.

The relevance of CSR to core subjects is beyond doubt. In theory, topics such as socially responsible investment, cause-related marketing and ethical supply chain management could be covered in finance, marketing and operations. But presently they are not.

The success of mainstreaming depends on the openness and commitment to CSR of particular institutions, and the willingness and aptitude of individual professors and lecturers.

At London Business School, such aptitude is “fairly minimal”, says Smith candidly. The school, ranked by the Financial Times newspaper as the best in Europe, requires all MBA students to take a course in business ethics and responsibility. But Smith admits: “Coverage beyond this is patchy to non-existent ... and we are not alone in that.”

Suspicious minds

A serious problem that schools face is opposition to corporate responsibility as a subject. CSR oversteps the functional boundaries of traditional management education. “There is an innate suspicion of any interdisciplinary areas,” explains Thomas Dunfee, professor in social responsibility in business at Wharton, University of Pennsylvania.

This problem is easier to overcome in the US, he says, where there is a strong tradition of dual disciplines and departments. At Wharton, business ethics is combined in one department with legal studies.

There is also the practical issue of how to handle the embedding process. “Haphazard integration isn’t sufficient. It’s got to be systematic,” says Dunfee. “You don’t just tell faculty to go forth and talk about ethics. If you do, some students will go through without ever hearing it; others will hear it three times.”

Dunfee believes that for CSR education to become sustainable, it needs to be instituted – in specialist courses, departments and research centres.

Facing the challenge

There is no easy answer to the question of mainstreaming. But it is clear that the great leap forward, from specialist courses to total integration, will require schools and companies to take the initiative.

As Roome points out: “Business schools and companies have a significant way to go in establishing CSR as a strategic issue. Rather than being a problem, this is one of [our] greatest challenges. Demands on business, and therefore on business schools, will not go away, and to think so is a form of denial.”

Useful links:
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www.london.edu
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In 2003, the European Academy for Business in Society (EABIS) and Nottingham Business School conducted a comprehensive survey of CSR education in Europe.

The survey, which was supported by the European Foundation for Management Development (EFMD), went on to form the basis of the EABIS directory of corporate responsibility programmes.

It found that two-thirds of European business schools provided some sort of CSR education. Most schools preferred to offer optional modules. Around a third of MBA and masters courses, and half of undergraduate courses, offered an elective in CSR in 2003.

Fewer schools ran dedicated CSR courses. Just 12% of MBAs, 11% of masters degree courses and 9% of undergraduate programmes centred on corporate responsibility.

A key finding was the extent to which the mainstreaming of corporate responsibility depended on individual academics and departments.

Rising tide
Three years on and the survey’s joint author, Jeremy Moon - a Professor at Nottingham Business School - believes that CSR education is on the rise, albeit gradually: “There is growth across the board, but not a tidal wave. It does to some extent depend on faculty entrepreneurs. But there is an increasing awareness at the school level of a need to act.”

Demand is coming from students themselves, although this is hard to quantify. The rise in CSR short courses shows that some companies want – and will pay for – responsibility training. Moon has even been in discussions with a leading NGO interested in a “bulk order” for places on Nottingham’s corporate responsibility MBA course.

Credibility challenge
But doubts remain over the legitimacy of CSR as an academic subject. The survey found that “corporate responsibility” courses went under 40 different labels. This diversity reflects the subject’s fragmented knowledge base.

As a field of study, corporate responsibility is under-theorised and lacks a core methodology. This means some academics regard it with suspicion.

“The majority of faculty do not believe that this is the right content to teach,” says Maurizio Zollo, Shell Fellow in business and the environment at INSEAD.

“They are immersed in the standard way of thinking” – the view that companies exist to maximise shareholder value.

INSEAD already offers an extensive list of electives, ranging from “business and society: the ethical dilemma” to “environmental management and strategic advantage”.

Zollo estimates that around 20% to 25% of students are sensitive to the wider role of business in society. But he feels schools could do more to encourage such convictions. “Students receive conflicting signals. There is no coherent message,” he says.

In March 2006, INSEAD launched its new centre for business in society (IBIS). As its assistant director, Zollo hopes the centre will act as a “forum for internal change”, to convince sceptical colleagues of the importance of corporate responsibility.

Acknowledging values
Professor Joan-Enrique Ricart, associate dean for research at IESE business school at the University of Navarra, agrees: “There comes a point when you have to moderate your knowledge with values.”

Ricart recently led an internal programme at IESE to see how the school could better incorporate CSR into its curriculum. The process resulted in the creation of a new elective in social entrepreneurship.

European business schools are waking up to the need for change. But some retain doubts about the validity of corporate social responsibility as an academic discipline.
EABIS curriculum development programme

A lack of expertise stops some academics teaching CSR. But many complain of a lack of adequate resources.

“One of the typical reasons for saying ‘no’ to CSR is that the teaching materials are not available,” says Craig Smith, associate dean of MBA programmes and senior fellow in marketing and ethics at London Business School.

London Business School is spearheading a European Academy of Business in Society curriculum development project to create a set of new CSR case studies for use in mainstream teaching. The cases, which have taken two years to develop, should be available for use in September.

There are now over 900 CSR case studies in existence. An audit of the Harvard Business School case library, the leading provider of case studies to business schools, finds 215 cases where “corporate social responsibility”, “corporate responsibility” or “social responsibility” is the keyword. For finance and accounting there are 30 cases; sales and marketing has 33; and, strategy 45.

Case studies are a common form of teaching in business schools. “The traditional approach is to have the case as a chunk of reality brought into the classroom – to give students exposure to a business situation that did actually happen,” Smith says.

The two best-selling case studies both concern Shell. One examines the company’s role in the execution of eight Ogoni activists, including Ken Saro-Wiwa, in Nigeria. The other covers the decision in 1995 to dispose of the Brent Spar storage platform in the North Sea.

The results of the programme indicate that there is little open resistance to corporate responsibility. But staff may be uncomfortable moving outside their specialist subject area. “A professional who knows strategy understands that ethical concerns will be there, but is not trained to discuss them,” says Ricart.

“In general, other departments think it is important. But they do not have the training, or the opportunity, to open the discussion.”

Educating the educators – a student focused approach

The oikos foundation is an international student organisation, founded in 1987 at the University of St Gallen, Switzerland. It now has 15 chapters in 14 countries, reaching 50,000 students worldwide.

Oikos has a history of promoting sustainability through conferences and events. Now it focuses on encouraging PhD students to address and advance sustainability research.

A case-writing competition calls on PhD graduates and post-docs to produce new cases for sustainability management courses. A PhD summer academy and a PhD fellowship programme will place talented researchers within more mainstream departments to contribute to integration of sustainability throughout the school.

Now oikos is working on an alternative set of rankings for CSR teaching in European business schools to rival the “Beyond Grey Pinstripes” ranking.

Global reach

He also stresses the need for European business schools to integrate corporate responsibility into their international outlook.

“European higher education is effectively an export industry,” observes Matten. At Royal Holloway, just one in 60 studying for an MBA is a home student. And all of the master’s degree students are currently from China.

The make up of the student body poses challenges for schools wanting to teach corporate responsibility. “Students are often there for reasons not very conducive to teaching CSR,” says Matten.

Going global

Top European schools are taking their CSR programmes abroad.

IESE staff, for example, teach a summer course on Social Entrepreneurship at the China Europe International Business School (CEIBS) in Shanghai.

Increasingly, students are being encouraged to consider the impact of business on developing countries. At the Spanish school ESADE, MBA students work on development projects in central America.

Ashridge, which is based near London, runs an “emerging economies week”, during which students visit countries including South Africa, Russia and China.

At IMD in Switzerland, every year 90 MBA students make a one-week discovery expedition to Bosnia-Herzegovina. During the trip, students meet with business leaders, government representatives and local people. Students are prepared for the trip with classes on the history of the recent Balkans conflicts. Some students have decided independently to raise money for charitable projects in the country.

Waking up

Dirk Matten believes that business schools are starting to take corporate responsibility more seriously: “Business schools are waking up to the idea that they must change their profile to remain legitimate institutions in society.”

He sees an historical parallel with the environmental movement in Germany during the 1990s. Then, green issues evolved from their position on the margins of business school curricula to become mainstream concerns.

But Matten is concerned that misplaced idealism amongst some CSR academics may stop them building close ties with business.

In terms of CSR, the best work is happening in industries such as tobacco, oil and mining – sectors to which some academics may object. “Many academics are not willing to get their hands dirty with these people,” says Matten.
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One MBA
The one MBA programme is a global executive MBA involving schools in Europe, the US, Mexico, Brazil and Hong Kong.

Students take core courses at their host institutions before coming together for a series of week-long modules in each of the schools participating in the programme. The programme aimed at global managers has run since 2001. It currently has around 100 participants.

The European module, taught at Erasmus in Rotterdam and Gdansk in Poland, covers sustainability.

The 2005 module attempted to address “the paradoxes that arise among stakeholders who populate global supply chains”, through a project that considered extending Unilever’s sustainable agriculture initiative to Poland.

Many foreign students come to Europe to obtain a “western” degree that will improve their status on returning home.

But this challenge is an opportunity. Supply chain issues, for instance, directly affect students’ home countries.

“There is an inherent logic in paying attention to CSR, which has become so much more prominent as a result of globalisation,” says Craig Smith, associate dean of MBA programmes and senior fellow in marketing and ethics, London Business School, where around 90% of students are from abroad.

The big school challenge
In theory, large schools should be in the best position to accommodate new subjects such as corporate responsibility.

But often, top schools are more conservative when it comes to mainstreaming.

Large schools compete in a competitive higher education market, where success tends to be measured in terms of graduate earnings. The Financial Times newspaper’s European ranking, for example, judges business schools on two criteria: salary and salary increase.

The FT rankings also consider research – the number of articles the school has published in leading academic journals. But just one of the 40 titles considered, the Journal of Business Ethics, concerns CSR.

If large schools sometimes struggle to make progress, CSR gives smaller institutions a competitive advantage.

Lessons in complexity – the unsettling experience of a dedicated CSR programme
The MSc in responsibility and business practice – a post-experience master’s course at the University of Bath – is designed to be “unsettling”.

“The assumption that business can go on as usual is breaking down. This makes students feel quite anxious,” course director Judi Marshall says.

The course is designed for “change agents” – people who are trying to influence their companies to do the right thing. Students carry out experiments in their own workplaces, and develop skills through “action-learning”. The course is part time over two years, consisting of eight intensive five-day residential workshops.

In eight years of teaching the programme, Marshall has found that a major challenge is “how to offer education that is suitably supportive when it may challenge participants’ assumptions about the world and their chosen career paths”.

She wants to present students with a series of practical dilemmas. “The course aims to raise student awareness of the complexity of CSR, and offer tools for understanding that complexity,” Marshall says.

Rewarding responsibility
Audencia Nantes School of Management prefers not to offer dedicated CSR programmes, although it does run compulsory courses. Its best teaching is done through special projects.

Through a Global Responsibility Awards programme, students gain experience as CSR auditors and consultants. Audencia exploits its close ties with local companies to find placements. Partners include Ikea, IBM and Danone.

Students have audited an Ikea store in Nantes, interviewing employees and checking implementation of the company’s policies. Students have also helped Manpower, the recruiters, with a project to put young people who have difficulty finding jobs into work.

Almost 15% of students (46 out of 350) have taken part in these projects. The school hopes eventually to open them to everyone.

The aim is to demonstrate the practical value of corporate responsibility. Andre Sobzack, founding director of the Centre for Global Responsibility, explains: “We don’t want to force our students to do CSR, but if you want to do it, you can – it’s not a completely futile idea from a financial point of view.”
IMD – companies setting the research agenda

The forum for Corporate Sustainability Management (CSM) is a company-led research initiative at Swiss business school IMD.

Academics work alongside 35 corporate members who drive the research agenda. Current members include Shell, Unilever, DuPont and Nestlé, who each pay £10,000 Swiss francs (6,400) to join the network – a sum matched by the school.

Research is conducted in two-year cycles. IMD identifies ten “hot issues” – supply chains, human rights or public health, for example – which members cut down to three. The school conducts research and writes case studies, which are discussed in member workshops.

CSM also works on company specific projects – such as a stakeholder dialogue project with Nespresso, a Nestlé premium coffee brand.

According to research programme manager Aileen Ionescu-Somers: “The value of CSM is the cross-fertilising of learning across members.”

Small schools step up

“We are in the position of challenger, looking for new ways of differentiation,” says Andre Sobzack, founding director of the Centre for Global Responsibility, Audencia Nantes School of Management.

Sobzack believes that Audencia can change more easily because it is a less established school with a young academic staff. Audencia was the first French business school to sign the UN Global Compact.

There has been a shift from hard skills – stakeholder management and social reporting – to soft skills, such as how to integrate social and environmental issues into risk management and overall strategy.

The flagship CSR programme at Ashridge is a three-day course – Integrating Corporate Responsibility – that focuses on the implementation of CSR skills.

But some providers of executive

corporate responsibility is spreading to new parts of the curriculum. Leaders recently invited ICCSR to develop a module for its BA management programme.

The case for specialisation

Andrew Wilson, director of the Centre for Business in Society at Ashridge Business School, based near London, believes schools like Audencia and Nottingham benefit from having specialist centres.

Wilson says: “The development of dedicated centres is essential if corporate responsibility is to continue as a subject with credibility in business schools …The fundamental nature of business schools – their organisational structure – means it is very difficult to establish CSR as a new subject.”

Indeed, in 2003 just 21% of European business schools had a specialist CSR research centre or institute.

Demanding executives

At the level of executive education, it is harder for business schools to act as vehicles for change. Corporate responsibility education depends entirely on company demand.

Executive education accounts for a large proportion of business school finances. At INSEAD for instance, around 60% of its budget is allocated to teaching executives, which in turn provides and 100% of the school’s profits.

In the past two to three years, Andrew Wilson has noticed a significant increase in demand. More and more companies are asking for tailored programmes in CSR.

“Business schools are waking up to the idea that they must change their profile to remain legitimate institutions in society.”

Dirk Matten, Professor of Business Ethics and director of the Centre for Research into Sustainability (CRIS) at Royal Holloway, University of London

Top courses in Europe

Erasmus University Rotterdam

Beyond Grey Pinstripes (BGP) ranking: 16

The school runs two dedicated master’s degree programmes: Environmental Change Management and Industrial Ecology.

ESADE

BGP ranking: 2

Almost all MBA core courses (90%) include some content related to social issues. The MBA requires students to take modules in Corporate Citizenship, Geopolitics, Economy and Society, and Environmental Issues. There are compulsory modules on both undergraduate and executive programmes.

IESE (University of Navarra)

BGP ranking: 27

MBA programmes include a compulsory module in Ethics, Leadership and Values. At executive level, the school runs a dedicated programme on Business and Sustainable Development. It also holds a forum on business and sustainable development and international symposiums on ethics, business and society.

INSEAD

BGP ranking: 24

The school offers seven electives in corporate responsibility as part of its MBA programme. As a large institution, it has a strong research record. In the last decade, INSEAD faculty have produced over 100 publications and ten books on social and environmental issues.

Nottingham

BGP ranking: 12

The school offers two dedicated CSR programmes: an MA in Corporate Social Responsibility and an MBA in Corporate Social Responsibility. Around 30% of other MBA and MA students take at least one corporate responsibility module. The International Centre for Corporate Social Responsibility has become a focal point for the school’s activities. It was recently chosen by the UK Foreign and Commonwealth Office to teach a 12-week course in responsible business to a group of fellows from developing countries. ICCSR has also organised the screening of a series of films covering ethical issues in business.

University of Jyvaskyla

BGP ranking: 26

This Finnish school offers a dedicated master’s degree programme in corporate environmental management.
The MSC experience

Opening up a wide world of learning

By Tobias Webb, Editor, Ethical Corporation

Studying part time can be an excellent way to expand your background knowledge, as well as sharpening up your business skills, without giving up the day job

Over the last couple of years I have often asked myself why I chose to go back to university after an eight year gap. Oddly, the question frequently occurred to me while standing eating fast food in Victoria station on a late, wet, November evening after class without the benefit of the large quantities of alcohol others surrounding me had enjoyed.

Studying part time is definitely a challenge. Dragging oneself into a lecture on the joys of statistics modelling or early 20th century bureaucracy theory at 6pm after a full day at work can be a daunting prospect.

But taking two years to complete the course, as I nearly have, has its benefits too. More time to think – having subjects spread out over a 24-month period – has allowed more time for reflection.

While not all my lecturers have been of the same standard (common to all institutions, I believe), overall the course has been well worth it. Some of my classmates gained better jobs even before finishing the course.

Recently I gave some thought to what I have studied since September 2004. The history and current debate about corporate governance; business ethics from Plato to Kant to modern CSR; the management and structures of organisations; research methods and theory; and, the history, modern practices and philosophy of environmentalism – these are only some of the subjects I have tackled.

The learning curve

Looking back, it has really been an incredible learning curve.

Despite editing a business ethics publication for almost four years before I began the course, I quickly realised how little I knew about the theoretical underpinnings of some of what I wrote about and edited. Studying for a part time master’s has been tough, and I am sure my grades would have been better if I had taken the course full time. But the whole experience has been incredibly intellectually rewarding.

My background reading, from Plato to Adam Smith to CK Prahlahad, has opened my mind up to a whole raft of other writers I have yet to fully explore, from Mill to Porritt and Weber.

Inspired by the discovery that just any about anything can be measured by the right kind of social science based approach, I am writing a dissertation on a whole new area of business ethics, and planning to launch a new research-based arm of my business.

Not a bad outcome for the time and financial investment of the last two years.

Tobias Webb is the founder and editor of Ethical Corporation and has been studying for a master’s degree in corporate governance and ethics at Birkbeck, University of London

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The benefits of an MBA

Can you afford not to have one?

With corporate social responsibility awareness, core skills and a strong network, you will have all the resources you need to make a decisive difference in the world with an MBA, says Conrad Young

Recently, I asked Bill Clinton if he regards an MBA as a useful qualification for managing a not-for-profit organisation, such as the Clinton Global Initiative. His reply highlighted the tension between having a passion for business’s social mission and studying at Europe’s top business school: “Absolutely, I believe an MBA is a valuable training ground for the public or non-profit sectors. But I don’t think I can afford you.”

A two-year full time MBA at a place like London Business School will cost £40,000 in fees alone. For students who had to borrow significantly to cover this, working for a low-paying NGO stops being an option early on.

Setting aside the strategy of asking visiting VIPs for a job, students have two career-development opportunities.

The “milk round”

Each autumn, MBA students gather in their best suits to listen to HR personnel and (sometimes) charismatic speakers from the top investment banks, management consultancies and multinationals describe the benefits of an MBA entry-level job in their organisation.

The network

School alumni, visiting executives, or friends and contacts of your classmates may prove to be as interested in working with you as you are with them.

But here’s the catch. To date, few milk round recruiters demand an understanding of non-financial issues – sustainable development, human rights and ethics. “Core” MBA skills – finance, marketing and accounting – are still the most highly valued.

So becoming a valuable part of a leading (ethical) business, means getting to grips with the following:

• the current corporate responsibility challenges and social entrepreneurial opportunities;
• the business case for paying attention to them – framed in core MBA concepts; and
• network connections to the businesses that are most interested in this combination of skills and insights.

Social entrepreneurship

London Business School offers many ways for students to focus their MBA programme on corporate responsibility and social entrepreneurship.

• A core course in business ethics and corporate social responsibility.
• Electives in corporate social responsibility and applied sustainable development.
• An exchange at the Haas School of Business, University of California, Berkeley. Highlights of this include courses in strategic management of non-profits and social entrepreneurship, northern California’s thriving community of progressive capitalists and great mountain bike trails.
• Second year project – consulting for a European renewable energy company.
• Shadowing project – observing global leadership in action at the World Economic Forum in Geneva.
• A 12-week summer internship with Rio Tinto – most of that time in KwaZulu Natal – doing profitability analysis of one of their environmental public-private partnership projects.

To date, few milk round recruiters demand an understanding of non-financial issues – sustainable development, human rights and ethics touch with all of the 115 chapters worldwide. It also means I can catch up with any of the sponsors, speakers and exhibitors I met at the annual Net Impact conference, and, post-graduation, link up with the flourishing professional chapters appearing in cities all over the world.

So, with all these benefits, whether you want to study yourself, or hire in the talent, can you really afford not to have an MBA?

Useful links:

www.net-impact.org
www.london.edu

Conrad Young is president of the Net Impact chapter at London Business School
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The 2005 Economist Intelligence Unit ‘Which MBA?’ guidebook placed Aston’s MBA in the top 10 in the UK overall and in the top 10 in the world for post graduation salary increase.

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The Aston MBA
Take on the world
Inside CSR, beyond CSR

Corporate social responsibility is now established as a core part of an MBA programme and needs to be presented to students in a thoughtful manner, says Josep Lozano

How should the teaching of CSR be focused? Sometimes the subject is approached in overly managerial terms, as if it were just another component – albeit an increasingly important one – of a business management course.

But business schools should be looking beyond this. A school’s approach to teaching corporate responsibility reveals its attitude towards the role of business in society.

We should realise that our approach to teaching CSR is a declaration of principles. When looking at CSR, we can distinguish three central issues.

- **Agenda**: the series of practices, actions and proposals included within the term CSR.
- **Understanding**: what is understood by CSR – or, what role business should be playing in society.
- **Vision**: the social project to which CSR belongs, and more specifically the kind of society it wants to shape.

The agenda

I think that in recent years the most important change has been the degree to which CSR has become “normalised” both in course study plans and in companies themselves.

Schools may be choosing to mainstream CSR more out of concern for political correctness than from conviction. But there is no doubt that the subject is firmly on the agenda.

This is a good thing, because it has turned CSR into a key component of management that must be understood and taken on. This recognition means that CSR can avoid being sidelined as a new kind of business rhetoric.

But there is a risk that, as CSR becomes more widely accepted, its potential is deactivated, and its practice divorced from critical reflection on the role that business should play in society.

Vision

Someone once pointed out that in his famous speech, Martin Luther King said “I have a dream”, not “I have a five-year strategic plan”.

As you might imagine, I am not saying there is anything wrong with strategic plans. I merely wish to emphasise that CSR is more than just the latest novelty to appear in companies and business schools. CSR and its teaching actually reflect these bodies’ vision of both the company and of society itself.

How to mainstream?

If we start to look at the teaching of CSR, the first question we ought to ask is: does it warrant an individual, specific place in the study plan? If so, under what name, at what stage in the programme, and to what extent as a compulsory assignment? But even these do not go far enough, and there are further questions to be asked about CSR.

It might be said that one of the main features of business schools is that, beyond their explicit curriculum, all their activities are suffused with a particular way of looking at business and its contribution to society.

No MBA can be designed or taught without (consciously or otherwise) offering a perspective on the role of business in society.

And because the study of CSR is based on certain assumptions about business, we must question whether there is in fact any coherence between the notions of business put forward in business schools and the visions of business advanced by proponents of CSR.

Our question can be answered, for example, by investigating how far CSR issues can be incorporated into other management topics such as strategy, finance and marketing.

Broader understanding

However, there is another aspect to be considered. To the extent that CSR involves a consideration of the company’s role in society, as a subject it cannot stand alone.

The training of managers must include disciplines that help them to understand society and the world they live in.

Almost irrespective of their labels, courses like Geopolitical Thinking, Social Philosophy, Sociology or Business in Society should have a significant place in any MBA programme.

In short, CSR could well form the backbone of any MBA programme and the identity of any business school. If this is true, CSR should be present in all subjects across the management curriculum.

Beyond management

Any option on CSR offered to MBA participants must not only equip them with elements for managing it, but also lead them to examine their own assumptions and choices. The use of a wide range of activities is vital to bring diversity of dimension into the learning process.

Case studies and lectures should be supplemented by films, discussion with managers, individualised support for self-knowledge and dialogue with other relevant practitioners. Participants should listen to people outside the business world – politicians, philosophers, religious figures and journalists, for example.

In the end, any viewpoint that incorporates CSR simultaneously addresses the professional, the citizen and the individual.

Among other things, discussing CSR prompts a greater integration, in practical terms, between professional, civic and personal values. Whatever else it may or may not do, an MBA cannot fail to take up the challenge of such integration.

Professor Josep M Lozano is director of the Centre for People, Business and Society at ESADE business school. He is a co-founder of the Spanish branch of the European Business Ethics Network and director of the Observatory on Ethical, Ecological and Social Investment Funds in Spain

Useful link: www.esade.es
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- **Nokia**, Anne Klemetti, Senior Manager, Corporate Social Responsibility
- **Novo Nordisk**, Susanne Stormer, Senior Adviser, Corporate Stakeholder Relations
- **LRN**, Adam Turteltaub, Corporate Relations Executive
- **Nestlé**, Dr. Niels Christiansen, Vice President, Public Affairs
- **Adnams**, Simon Loftus, Chairman

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Improving standards through co-operation

By John Russell, Ethical Corporation

While the state of corporate responsibility education varies across Europe, business schools are starting to collaborate and, in the process, raise the sector’s profile.

European academics agree that UK business schools are leading the way on corporate responsibility. UK institutions are well-represented in the EABIS directory of corporate responsibility programmes – and continue to benefit from their close ties with business.

A look at the schools offering dedicated programmes in corporate responsibility shows that a disproportionate number come from the UK (see box right).

Schools in Scandinavia, Germany and the Netherlands lead on environmental management, but their agenda can sometimes be too narrow to count as corporate social responsibility.

“There is no explicit CSR education in Germany,” says Andre Hamisch, chair of Christian Social Ethics at the Catholic University of Eichstätt-Ingolstadt. Few German business schools have chairs or centres dedicated to corporate responsibility. Commenting on the set-up at Nottingham in the UK, Hamisch admits: “We hardly have such points of focus in Germany.”

Eichstätt-Ingolstadt is now consulting with Nottingham and leading schools in France and Italy to develop its own dedicated masters programme in corporate responsibility, which it hopes to start running next year. Many schools are participating in similar collaborative efforts across the continent (see box above).

Eichstätt-Ingolstadt is now consulting with Nottingham and leading schools in France and Italy to develop its own dedicated masters programme in corporate responsibility, which it hopes to start running next year. Many schools are participating in similar collaborative efforts across the continent (see box above).

Collaborative efforts

There are a number of pan-European initiatives, to encourage the spread of corporate responsibility education across the continent.

The EABIS CSR platform project enables schools, business, policymakers and civil society actors to come together and discuss the European CSR research agenda. The European Union funds the project, and its first research workshop took place in October 2005 at Copenhagen Business School in Denmark.

The European Business Ethics Network provides a forum for academics and practitioners to discuss and debate issues to do with business ethics. In the UK, the network holds annual conferences and occasional regional workshops.

REBUS (relationship between business and society) is a pan-European research project to measure the perceptions of corporate social responsibility amongst business and their stakeholders. The partners conducting the research are Italian schools ISTUD and Formaper, BFZ in Germany and ESC Grenoble in France.

Smaller schools are also forming research and teaching clusters. The Alliance for Business Education aims to foster closer relationships in teaching and research, including the development of joint MBA and other master’s degree courses. Alliance members are: Audencia Nantes School of Management, France; Bradford University, UK; EADA in Spain; and the Leon Kozminski Academy, Poland.

European business schools offering dedicated CSR programmes

United Kingdom
Ashridge; Brunel; Caas; Cambridge; Henley; Lancaster; Middlesex; Northampton; Nottingham; Strathclyde; University of Salford; University of Bath; University of Leeds; Warwick

Denmark
Copenhagen Business School

Finland
University of Jyväskyla

France
Audencia Nantes School of Management; Grenoble School of Management; HEC Paris

Germany
Konstanz University of Applied Sciences

Greece
Panteion University of Social and Political Sciences

Italy
Bocconi University, Milan; ISTUD; MIP – Politecnico di Milano Business School

The Netherlands
University of Rotterdam, Erasmus

Spain
IESE Business School, University of Navarra

Source: EABIS directory

For featured courses, see box on page 13

A question of faith

The situation is different in Italy and Spain, where there is a strong tradition of values-based business education.

In Spain, the two largest schools – ESADE and IESE – both have firm roots in the Catholic Church. ESADE was founded in 1958 by the Catalan business community and the Jesuits to teach management and law. IESE is an institution of Opus Dei, which is closely linked to the church.

As Professor Joan-Enrique Ricart, associate dean for research at IESE Business school at the University of Navarra, observes: “Values are part of the training in both schools. It does not mean we have
The Bologna Accord

The Bologna Accord aims to create a level playing field in European higher education. The accord will:
- create a system of comparable degrees, based on a clear division between bachelor's and master's degree courses;
- develop a standard quality assurance process for schools; and
- encourage student mobility between different fields of study, institutions, and countries.

A total of 40 European countries have signed the Bologna Declaration. The process of change began in 1999 and should be completed by 2010.

The accord will create tens of thousands of new master's programmes across Europe. An estimated 12,000 courses will flood the field of graduate management education alone (according to “The future of graduate management education in the context of the Bologna Accord” by The Association of MBAs).

The result? A highly competitive education market in Europe.

Done everything right. But the concerns have always been there.

In Scandinavia, in contrast, faith is placed not in the church but the state. “We are the last outpost of the welfare state,” says Professor Atle Midttun, director of the Centre for Corporate Citizenship at the BI Norwegian Business School of Management.

In Norway, the belief that government should take care of many areas that elsewhere fall under corporate responsibility has implications for the allocation of research funding.

“Corporate responsibility education is not lavishly supported,” says Midttun. But he says that most schools take a realistic view of attempts to include CSR in the curriculum.

A chance for change

The Bologna Accord could help to encourage the development of corporate responsibility in European business schools. The accord, which comes into effect in 2010, will promote competition and student mobility between European universities (see box above).

The study of corporate responsibility looks set to benefit as business schools develop more specialised masters courses in an attempt to attract students. Andre Hamisch believes that this is an opportunity not to be missed: “There has to be more market-orientation, contact and networks between business and society... This is the moment for coming up with new proposals and initiatives.”

Useful links:
- www.kuei.de
- www.corporatetizen.de
- www.iese.edu
- www.bi.no
- www.eabis.org
- www.ebenuk.org

Central and eastern Europe

Developing agents of change

By Tobias Webb and John Russell, Ethical Corporation

As the Soviet era recedes further into the past, a growing business school sector is helping to develop a corporate ethics culture in the countries of the former eastern bloc

P rofessor Milenko Gudic, research co-ordinator at the Bled School of Management in Slovenia, says that eastern Europe is still in the midst of structural change. This affects business management thinking, and both teachers and a new generation of managers are required to bridge what he calls “a generation gap” between thinkers and the current crop of corporate managers in the region.

“The role of the school is to be an agent of change,” he said at the European Academy of Business in Society’s recent conference in Warsaw. His institution in Slovenia, said by some to be the best small business school in Europe, incorporated business ethics into teaching as early as 1991.

Bled uses a broad range of teachers, from arts and philosophy as well as management, to help convince students of the importance of responsible behaviour. But the disconnection between local bosses’ beliefs and practices, and management theory, remains a problem. “Integrating an ethics culture into leadership is a key challenge,” Gudic admits.

Spreading the word

The Central and East European Management Development Association (CEEMAN) is a network leading business schools in the region. Its aim is to improve the quality of management teaching across central and eastern Europe.

Since 1999, the association has run an International Management Teachers Academy (IMTA): a two-week faculty development programme for academics. Ethical issues are incorporated into classes on the programme.

The Leon Kozminski Academy for Entrepreneurship is the only school in the region to have received EQUIS accreditation for management school quality. The Polish school runs compulsory modules in business ethics for undergraduate and masters students.

In 1999, the school opened a Centre for Business Ethics. The centre has prepared ethics codes for leading Polish companies as well as the country’s UN Global Compact committee. In 2004, the centre signed a cooperation agreement with the International Institute for Corporate Governance (Yale University) regarding future research programmes.

Honest intent

In Ukraine, the International Management Institute (MIM-Kyiv) has chosen to put ethics and corporate governance at the centre of its curriculum. The Kiev-based school states its mission is to educate “confident and ethical leaders equipped for productive contributions to business and society”.

MIM wants students to understand the importance of transparency when dealing with stakeholders. While other universities continue the bad habits from the Soviet era – accepting bribes from students in return for good exam results, for example – MIM is cultivating a reputation for honesty.

The school contributes to the development of business ethics in Ukraine through its research work. It is currently running a project looking at the difference between fair and unfair competition, and how business ethics can be a tool for long-term value creation.
Cate Han’s career plans used to be straightforward. She aimed to become the next Sallie Krawcheck, Citigroup’s charismatic chief financial officer. All the stranger, then, that the former financial analyst ended up working for a start-up company making energy-saving transmission systems.

She credits her MBA at Columbia Business School for her conversion. It was during an optional course in social entrepreneurship that she came across “natural capitalism.”

“It focused my attention ... on how businesses can conserve natural resources and, through that, lower their costs and increase their profits,” Han says.

Faith and friction

Such teaching is not new. Business schools in the US, particularly faith-based institutions, owe their origins to a desire for business to be conducted for the common good. For example, Notre Dame University, a Catholic school, explicitly commits to sensitise students “to the poverty, injustice and oppression that burden the lives of so many”.

In recent years, however, corporate scandals such as Enron and WorldCom have done much to bring the issue to light. Susan Thomas, assistant director of communications at Boston College’s Centre for Corporate Citizenship, notes a growing understanding that business teaching must constitute more than lessons in how to add digits to the next quarterly report.

“The recent culture of scandals has given rise to an awareness that something has to be done for the next group of MBAs so that they have a greater awareness of ethics and the impact of large corporations,” she says.

Scandal is nothing new, of course. Embarrassment over defence contracts in the 1970s and insider trading in the 1980s inspired similar pangs of conscience.

“But this time it’s different,” observes Mary Gentile, a former faculty member at Harvard University. “With the increasing speed of information, new global challenges, [and] increasing empowerment of stakeholders ... there’s now a more immediate sense of business opportunity and business risk.”

Gentile, who now advises business schools on curriculum development, sees changes on campus too. Emerging academic fields such as behavioural economics and organisational psychology are bringing credibility to a subject often written off as “fuzzy”.

“These streams of research are making it more feasible and comfortable for traditional academics to start thinking about some of these issues,” she says.

A generational thing

But the most important factor in getting ethics onto the teaching agenda is student demand. Howard Perlmutter, a professor at Wharton for over 30 years, is better placed than most to observe the shift. His core curriculum course, entitled Meeting Global Challenges, encourages students to consider how the business world should respond to everything from inter-religious conflict to worldwide health pandemics.

“My students at Wharton are mostly in their 20s, so these challenges are going to be critical in their lives,” he says. “This whole generation has grown into the corporate responsibility age.”

Kellie McElhaney notes a similar trend among her MBA intake at Berkeley’s Haas School of Business. Students hear companies talking about corporate ethics and they see it as an opportunity to bolster their CV, she says. One of the students from her strategic corporate responsibility class, for example, recently secured a job as a financial analyst with retailer GAP.

“According to the company, the thing that set him apart was that not only did he have the finance skills but he had the CSR knowledge as well,” McElhaney says.

Examples like these remain rare,
Business Ethics

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Featured Conferences and Workshops
- Peace Through Commerce: Partnership as the New Paradigm, co-sponsored by Notre Dame Center for Ethics and Religious Values in Business, United Nations and AACSB, November 12-14, 2006. For information on this conference, contact Deb Coch at coch.1@nd.edu.
- Workshop in Marketing Ethics was co-sponsored by ND and the American Marketing Association in May 2005.

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- Cahill Lecture on Ethical Business (one)
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- Ranked by BusinessWeek and the Wall Street Journal for Excellence in Ethics
- Highest 5 Star Rating for Faculty Research by AI and WRI

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Top-ten US business schools for social and environmental stewardship

1. Stanford
2. Notre Dame (Mendoza)
3. George Washington
4. Michigan (Ross)
5. North Carolina (Kenan-Flagler)
6. Cornell (Johnson)
7. Wake Forest (Babcock)
8. UC Berkeley (Haas)
9. Virginia (Darden)
10. Boston College

Source: “Beyond Grey Pinstripes”, 2005

Executive education: Harvard Business School

MBA students are not the only ones benefiting from ethics teaching in the US. Executives are also going back to school.

In October 2005, Harvard University offered its first ever business executive course on corporate responsibility. And the Ivy League university brought out its top brass for the three-day course. The list of lecturers included resident faculty member Michael Porter, a leading advocate of strategic corporate responsibility. Senior executives from Timberland and Nike were also invited in to speak to the 40 or so participants.

Each day started with a peer group review over breakfast, during which the practitioner-cum-students would discuss “real life responsibility problems” in pre-assigned groups. Case studies followed, ranging from ABN Amro’s financial inclusion programme in Brazil to Starbucks’ efforts to source fair-trade goods from Central America.

“It’s not a networking fest. It’s actually real work,” says participant Richard Hamilton, assistant director of corporate responsibility at Barclays.

“The course really helped me because it talked a lot about the link between corporate responsibility and strategy … which is where we’re at as a company”, www.exed.hbs.edu

Enterprising teachers

MBA course organisers appear to be catching on. More than half of the leading business schools now feature corporate responsibility-related courses as part of their compulsory syllabus, according to recent research by the World Resources Institute and the Aspen Institute. In total, the 91 accredited schools featured in the 2005 “Beyond Grey Pinstripes” study offer 1,074 such courses.

The waters are muddied by the multiple subject headings under which the subject is taught. Among the dozen identified in the “Beyond Grey Pinstripes” report, the most common include business ethics, corporate responsibility, sustainability, and business and society.

Nomenclature has more than just administrative significance, as Columbia Business School recently discovered. Since the early 1980s, the New York-based business school had been teaching these issues as part of its public and non-profit programme. Deciding that “non-profit” was counter-intuitive for most MBA students, it re-launched the course as the Social Enterprise Programme in 2004.

“Changing the name to ‘social enterprise’ re-framed all of the issues,” admits Carolyn Champ, the programme’s associate director. “It was almost as if the students saw the range of opportunities expanding over night.”

Social entrepreneurship and “bottom of the pyramid” theory – a reference to management guru C K Prahalad’s work on building market access among low-income groups – are two of the hottest topics for MBA students right now.

The 2006 Global Social Venture Competition, for example, attracted over 100 entries from teams of MBA students. Dreamt up by a group of Berkeley students in 1999, the competition invites MBA candidates to design business plans for socially and environmentally responsible ventures. This year’s finalists included ideas for green energy, fair trade and reduced waste products.

School specialisation

To meet the increasing demand for ethics-related courses, a number of US business schools have set up specialist centres. Georgetown University, for example, established a Business Ethics Institute in 2000 to stimulate empirical and applied research on the issue.

The New College of California has one step further and developed the first ever MBA in sustainable business. In keeping with its tagline – “Transform Yourself. Transform Business. Transform The World” – students at New College balance lectures on leadership skills and marketing with eco-commerce models and ecological economics.

Boston College has been at the forefront of this move towards specialisation. The prestigious east coast university has established five distinct institutes, with themes ranging from corporate citizenship and responsible investment to...
work-life balance and ethical leadership.

The Aspen Institute’s Rich Leimsider commends such centres for offering students the opportunity to access cutting-edge research and tuition. But specialisation should not lead to a ghettoisation, he warns. “Students are done a disservice when their only introduction to corporate ethics] is as a separate course. They have to understand that this is part of marketing, part of accounting, part of operations.”

Or, as another faculty member put it, “you can’t teach accounting without addressing the Enron question”.

Classroom experiments
Another ongoing debate surrounds teaching methodology. Unlike advanced finance modalities, ethical dilemmas do not lend themselves to textbook instruction. Instead, US business schools are seeking to engage students through student clubs, external speakers, practitioner-guided workshops and campus competitions.

Some of the most popular techniques fall under the umbrella of “experiential learning”. Stephanie Robertson, an expert in curriculum development, cites the Global Social Venture Competition as a case in point. “It helps students see how social and environmental value can be created through companies’ actual business activities,” she says.

Another good example is the Kenan-Flagler Business School’s placement programme. Dupont, Procter & Gamble and Johnson & Johnson have all participated in the initiative, which invites students to carry out an onsite research project on a business responsibility issue. But not all the companies are multinationals. Last year, a group of Kenan-Flagler students took up internships with Sustainable Harvest, an independent importer of fair-trade coffee. Their task? To come up with a way of measuring the company’s social return on investment.

“The biggest benefit is being able to take the lessons the students are learning in the classroom and apply them to complex, real life situations,” explains Kriss Kross, executive director of Kenan-Flagler’s Centre for Sustainable Enterprise.

In fact, the programme has proved so successful that in 2005 the school hired four MBA students to undertake paid consultancy projects relating to corporate sustainability during their summer vacation.

Natural capitalism
For all the progress made in recent years, the teaching of corporate responsibility issues in US business schools remains in its infancy. The fault lies partly within the academic community.

As Rich Leimsider explains, there is an inevitable “time lag” between the corporate sector and universities. Companies must react immediately to changes in the business environment. The world of business education, meanwhile, does not. The trend is exacerbated by the “somewhat isolated lives” of many business school teaching staff, which prevent links between different academic functions.

Leimsider also identifies the reticence of many traditionally trained business educators to teach the subject. This was a key finding of a recent study – “Ethics Education in Business Schools” – by the Association to Advance Collegiate Schools of Business, the organisation responsible for accrediting MBA programmes.

Their reticence is exacerbated by a degree of academic scepticism that still lingers on many US business school campuses. More high-quality empirical research is needed if the old guard are to be won over. Such research requires funding, something corporate donors have been slow to put up in the US.

Recruitment is another area where companies are dragging their feet, faculty members say.

“When corporations come to campus to recruit, they tend to send their human resources people who have square boxes they need to fill,” a spokesperson for one leading US school says. “Typically CSR is not on their list.”

But if US top recruiters want to attract MBA graduates like Cate Hans, they will need to start showing that values-based business is the natural form of corporate capitalism.

Useful links:
www.beyondgreystripes.org
http://socialvc.net
Students have significant opportunities to engage in CSR through consulting projects, elective courses, student clubs, internships, activities and speaker series. But attempts to integrate CSR into each core required course have not been as successful. Students can still pass through business schools without self-selecting into CSR knowledge experiences.

Proving CSR’s value

US companies have not yet embraced their significant power with business education. They do not recruit for CSR as a desired MBA skill set or knowledge base. When the Wall Street Journal annually polls corporate recruiters for the skills and proficiencies they look for when recruiting MBA graduates, corporate citizenship is next to last, just before well-groomed toe nails.

Some of these challenges will be solved over time as CSR is still in growth mode and developing its proved value, strategy and data. But, the success of CSR could surely be expedited with the involvement of mainstream corporations. Students, individual donors and pioneering faculty are all currently doing their respective parts. It is time for dedicated US companies to step up.

Faculty chairs, CSR centre naming and endowments, MBA recruiting, opening their doors to faculty empirical research and case study sponsorship – these are all immediately needed to move CSR to the next level of sustainability and inclusion inside business schools.

After all, business schools feed companies’ up- and down-stream supply chain pipelines with MBA-trained employees, consumers and investors. A company’s CSR strategy will only be as successful as these supply chains are knowledgeable and demanding of corporate social responsibility. ■

Kellie A McElhaney is adjunct professor and executive director, Center for Responsible Business at the Haas School of Business, University of California, Berkeley

Useful links:
www.haas.berkeley.edu

Swift action

A convergence of factors has led to this relatively speedy (by academic standards) shift, including: growing student demand; the spate of public corporate scandals; the subsequent finger-pointing at business schools who trained these corporate crooks; financial donors and CSR-designated gifts, primarily from schools’ alumni; endowed faculty CSR chairs; refereed academic journals accepting CSR research articles; and, companies like Gap funding CSR scholarships for students.

Of course, CSR still suffers from challenges and barriers inside US schools. Students have significant opportunities to engage in CSR through consulting projects, elective courses, student clubs, internships, activities and speaker series. But attempts to integrate CSR into each core required course have not been as successful. Students can still pass through business schools without self-selecting into CSR knowledge experiences.
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OCTOBER 18-21, 2006
was mentioned in 60 course descriptions in 2003.

The level of interest in these topics is reaching a critical mass, as faculty and administrators realise their importance and begin to form networks of ideas to support each other. We are rapidly approaching a tipping point when these issues will be rapidly integrated into the “mainstream” disciplines of business education, including finance, strategy and marketing.

**Top ranked schools**
A glance at our Global Top 30 reveals some interesting findings. More than any of the so-called “media rankings” of business schools, the top of our list is extremely international.

In fact, our Top 30 really does not look much like anyone else’s. Sure, Stanford is number one in our ranking, but this owes less to the factors that make it so competitive on other lists, and more to its commitment to these ethical issues (and to their thoughtful response to our survey).

Schools such as ESADE in Spain, York University in Canada or the US’s Wake Forest are showing that, with the appropriate level of dedication, many institutions can distinguish themselves.

Additionally, different schools make the most of their core strengths to achieve in different areas. Notre Dame is successful in our ranking because of its historic commitment to business ethics. The University of Michigan, on the other hand, excels in its approach to environmental sustainability in business. Another top school, Yale, is notable in its commitment to non-profit management.

**Moving forward**
The impact of this latest survey has been greater than ever. The story was reported in The New York Times, The Wall Street Journal and Time Magazine, demonstrating the broad interest in these areas. Our launch event attracted the deans of most of our top ranked schools, which indicates that this is also higher on the academic agenda.

Surveys are necessarily backward looking. Even now, however, business school deans and faculty are bench-marking (often with the help of the “Beyond Grey Pinstripes” online database) their school’s ability to prepare MBA graduates to tackle ethical and environmental issues in business.

If history is any guide, the 2007 “Beyond Grey Pinstripes” survey will identify even greater updates and improvements.

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**Deep impact**
Findings from the latest biennial Beyond Grey Pinstripes survey, produced by a partnership between the World Resources Institute and the Aspen Institute:

**Student opportunity**
Higher ranked schools offer more variety and opportunities to their students. The top ten schools offer an average of 50 courses with social and environmental content, more than double the average at other institutions.

**Student exposure**
Students who attend a top 30 school touch on issues related to social and environmental topics during 25% of their core course time. Students in the remaining schools cover these issues during only 8% of the core curriculum.

An increasing number of schools surveyed (64% in 2005, up from 45% in 2003 and 34% in 2001) require one or more courses in ethics, corporate social responsibility, sustainability, or business and society.

**Content**
Integration of social and environmental topics into other required courses – such as accounting, economics, finance, information technology, marketing, operations, and strategy – remains limited.

**Research**
Only 4% of faculty published research on these topics in leading peer-reviewed management journals in 2003 and 2005.
Canada’s business schools

Guided by a new compass

By Lisa Roner, North America Editor, Ethical Corporation

Canadian universities report a surge of interest in ethics, social responsibility and sustainability courses among students and teachers

Corporate scandals in the US, like those at Enron and WorldCom, have not gone unnoticed in Canada. And Canadian business, led by the likes of Nortel, has not been entirely immune to the poor judgment and wrongdoing that has tainted so many executive suites.

But as Michael Miles, assistant professor at the University of Ottawa’s school of management, so aptly points out, “often bad things have to happen before good things can be brought to the fore”. And good things are happening at business schools across Canada, he says, where they have “circled the wagons” and are determined to instil stronger values in the newest generation of executives in training.

What began as a focus on corporate governance in the immediate wake of the scandals has grown to include not only comprehensive coursework in ethics, but also social responsibility and sustainability courses, designed to guide students through the challenges and opportunities of today’s global economy.

Sheryl Karras, associate director of the University of Victoria’s bachelor of commerce programme, says employers want students who can handle and work in the areas of ethics and sustainability and there is a basic expectation that students understand what it takes to be a good corporate citizen and have sound corporate governance.

To meet the changing needs of employers and their students, business schools across Canada are offering new electives and core courses, getting their students involved in hands-on experiences and integrating ethics and responsibility as underlying themes in their traditional business coursework.

Karras says the programme at the University of Victoria has revamped its core courses to give ethics and sustainability more prominence. Today, she says, every student that goes through the programme has contact with at least one corporate social responsibility class.

Engaged and knowledgeable

UVic’s corporate relations and responsibility class, introduced three years ago, is now offered every term, Karras says, and she reports that students are “very engaged and knowledgeable”.

Bob Schultz, professor of strategic management at the University of Calgary’s Haskayne School of Business, says students in his school’s programmes were once only interested in making money, but now also have loftier interests.

“Never before in my 33 years of teaching have I had top students asking if there is a way to do sustainability, green environment or non-profit work,” Schultz says.

By integrating ethics and corporate responsibility in core courses instead of compartmentalising the topics, he says, students “internalise” the concepts better. And with the many volunteer and competitive activities available, Schultz says, there is “a lot more awareness that the world exists outside the classroom”.

Haskayne even offers an MBA “concentration” – a specialisation – in global energy and sustainable development. Of the school’s 80 full-time and part-time students, 10-15 select the concentration. In addition, Schultz says, two or three PhD students graduate with a focus on sustainability each year.

But, he says, most companies have not figured out that business schools are a good place to look for people to work in sustainability, ethics and corporate responsibility.

Louis Chauvin, a management professor at McGill University, says ethics and sustainability courses for undergraduates are popular at his school.

McGill’s Social Context of Business course, which began in 1998, critiques the socio-economic system from a civil-society perspective and has been so popular outside the business school that McGill has had to increase the number of sections offered to meet demand.

There are now 14 sections of the course, with more than 50 students each, and one section in the school’s continuing education programme is always full, Chauvin says. But, he says, “a lot more work should be done on the social responsibility of business schools than of corporations”.

Chauvin adds: “At business schools we’re training these people, but our hands aren’t tied the way the hands of managers of corporations who have to respond to their shareholders are. We don’t have that restraint and we should take advantage of that.”

Canada’s business schools are giving their students a new compass for their corporate journeys.

Useful links:
www3.management.uottawa.ca/mba
www.business.ubc.ca
www.haskayne.ucalgary.ca
www.mcgill.ca/management
By Oliver Balch, Latin America Editor, Ethical Corporation

Ethics, or the lack of them, play an important part in Latin America’s business environment. So moves by the region’s leading universities to include corporate responsibility in their business programmes mark a timely step towards long-term change.

A Buenos Aires firm decides to change its compensation policy. The decision alters the incentive structure for the sales team. How will the decision affect sales agents? Will they be tempted to massage their sales figures?

This scenario is one of the many real-life case studies presented to MBA students at the Monterrey Graduate School of Business Administration and Leadership (EGADE). The Mexican business school is at the forefront of a move to improve ethics teaching in the region’s business schools.

“The students have a sense of ethics. That’s not the problem,” says Monterrey faculty member Bryan Husted. “The problem is how situations in business life can lead people to engage in unethical behaviour.”

Husted is frank about the reality of working in Latin America. Every business leader can expect at some stage or another during their career to face an ethical challenge, whether it be a port official asking for a bribe or consumers demanding lower prices.

Monterrey’s award-winning corporate responsibility programme therefore sets out to provide students with the tools to manage such challenges. The programme, which forms part of the core MBA curriculum, includes modules on ethics leadership, strategy, organisation and – most importantly – implementation.

Pockets of innovation

Another leading light in the region is the Brazilian School of Public and Business Administration. Affiliated to the Getulio Vargas Foundation, the Rio de Janeiro-based school offers courses in environmental management, risk management and social responsibility for business. In the International Centre for Sustainable Development, it also boasts one of the region’s foremost research institutes.

Brazil has almost two dozen universities or institutes offering MBAs and other post-graduate courses on corporate responsibility-related themes, according to the business-backed organisation UniEthos. The list includes the University of Sao Paulo, the Armando Foundation, the Federal University of Rio de Janeiro and Fluminense Federal University (also in Rio de Janeiro).

Environmental and social responsibility feature as distinct disciplines for the National Association of Master’s Degree Programmes in Administration – the representative group for Brazil’s business school educators. A recent call for papers by the association saw more submissions on corporate responsibility than any other subject, including finance or marketing.

Outside Mexico and Brazil, pockets of innovation can also be found. One is Costa Rica, home to the INCAE business school. Influenced by the school’s Latin American Center for Competitiveness and Sustainable Development, the MBA programme at INCAE has successfully integrated sustainability into its core syllabus.

Another emerging centre of excellence is Chile. There, church-based business schools – such as the University of Chile, the Catholic University of Valparaiso and the Jesuit-founded Alberto Hurtado University - are setting the pace. Alberto Hurtado, for example, requires all MBA students to take courses in both corporate social responsibility and business ethics. As of April 2006, it also offers a professional certificate in corporate responsibility for business executives.

As a rule, Catholic universities have led the way in ethics teaching elsewhere in Latin America. Notable examples include Javeriana University in Bogota (Colombia), Pacific University in Lima (Peru) and the Catholic University of Cordoba (Argentina).

Study groups

More recently, the field has received an impetus from more secular sources. In 2002, for example, the Inter-American Development Bank established the Inter-American Initiative on Social Capital, Ethics and Development. The initiative works primarily among business education networks, such as the Union of Latin American Universities and the Association of Latin American Faculties of Economics and Public Accountants, to promote training and research.

Closer to campus is the Social Enterprise Knowledge Network. Founded in 2001, it represents eight leading management schools in Latin America, including IESA in Venezuela, Los Andes University in Colombia and San Andres University in Argentina. Its stated goal is to strengthen and institutionalise social enterprise within management education.

The network’s initial progress has been impressive. Its member universities have so far established 103 social enterprise courses, serving nearly 3,300 students. A similar number of professionals have gone through its executive education programmes. The network’s output also includes two major books on social enterprise, 64 teaching classes and a large number of academic articles.

Even so, the most ardent ethics advocates in Latin American business education admit the subject has a long way to go before becoming mainstreamed. One thing is for sure, however. When the time does come, there will be no shortage of relevant case studies from the region.

Useful link:

www.egade.sistema.itesm.mx
Interest growing in business ethics

By John Russell, Ethical Corporation

Economic growth and an increasingly international outlook mean that business schools in Africa and the Middle East are taking an interest in corporate responsibility

There are a growing number of universities, from across Africa and the Middle East, who are beginning to incorporate ethical issues into their business school courses.

Institutions in South Africa are leading attempts to include corporate responsibility in management education. Schools there are sensitive of their position in a society undergoing rapid change.

The University of Cape Town – Graduate School of Business runs core courses in corporate responsibility on its MBA and executive MBA programmes. For the MBA, groups of students take on a project to analyse the strategic issues that affect a chosen business, including corporate responsibility. Every assignment addresses issues around HIV/AIDS, black economic empowerment and economic development.

The school also runs a research project that looks at indigenous models of giving in southern Africa. The Building Community Philanthropy Project, which was established with a grant of $500,000 from the Ford Foundation, focuses on Mozambique, Namibia, South Africa and Zimbabwe.

The Gordon Institute of Business Science in Johannesburg offers an elective in business ethics and values on its MBA programme. The school hosts a network to promote social entrepreneurship in South Africa.

At the United States International University in Kenya, MBA students take a core course in “culture, values and ethics in a global society”.

In Ghana, the Lindenberg Center for Global Citizenship at the Institute of Management and Public Administration examines the role of corporate citizenship in Africa. In November this year the centre will host an international symposium to assess what difference corporate citizenship is making to the continent.

The American University in Cairo, Egypt, covers corporate citizenship as part of a comprehensive business management programme that is run in association with the American Chamber of Commerce.

Dubai's future leaders

In the Middle East, the Dubai Ethics Resource Center (DERC) – founded in 2004 as an off-shoot of the Gulf Centre for Excellence in Ethics – aims to promote corporate responsibility in the region through advocacy and research.

The centre runs a Future Leaders programme, which aims to turn Dubai into a regional hub for teaching business ethics, corporate responsibility and corporate governance at university level.

Shell Exploration and Production International helps to fund the programme, which has partners including Dubai’s higher colleges of technology for men and women, Zayed University, the University of Wollongong and Dubai University College.

The programme is developing an online resource centre and library on ethics, corporate responsibility and corporate governance.

DERC organises on-campus workshops for students. A student award for the best response to an ethics case study encourages participation in the workshops. As part of the programme, two students from each school are nominated for a one-month internship with DERC.

To build competence among staff, the programme uses an online course for business ethics teachers from the University of Maryland. The course instructor delivers a workshop on teaching business ethics, corporate responsibility and corporate governance.

Useful links
www.dcci.gov.ae
www.gsb.uct.ac.za

Dubai may become an ethics hub
While the craze for corporate social responsibility courses continues to resonate across Europe and North America, the Asia-Pacific region continues to lag behind. The simple fact is that, as this region explodes economically, there are far too many other issues deemed a greater priority by both national governments and the students themselves.

While multinationals demand greater transparency from their suppliers, Asian businesses, in general, pay lip service to their masters’ needs but are still too obsessed with their bottom lines to get entangled in CSR issues.

SR has been a part of Asian culture from time immemorial – the C part is a new addition. And because this type of course is still very much in its infancy in the region, localised and specifically Asian courses have yet to mature and become the norm.

A cultural problem
Gilbert Tan of the Singapore Management University says: “CSR is still a very much influenced by western scholars. We, Asian scholars and practitioners, are in the process of adapting these ideas to our context.”

Until a regionalisation of CSR is complete, and its values made plain to a core Asian audience, this type of course will continue to flummox and bewilder most potential students.

Keith Lambert, a fellow of Monash University in Melbourne, Australia, who tailors his own courses, is frank in his assessment of the current demand for CSR-related courses.

“[There is] very little demand for courses or indeed for information. At post-grad level, very little attention is paid to ethical behaviour or practices in any courses. I do in my own courses, but the students tend to glaze over.”

Such minimal concern on learning how to be a good corporate citizen has not gone unnoticed at the United Nations. The UN Economic and Social Commission for Asia and the Pacific (UNESCAP) and the World Bank Institute (WBI), in collaboration with the UN International Trade Centre, organised an international discussion on “Corporate Social Responsibility in Asia and the Pacific” last year. The plan was to try and identify possible ways of making CSR more common place in the region.

One of the main conclusions, unsurprisingly, was that education remains the key. Yet, in chicken and egg fashion, what incentive is there for universities to diversify the courses on offer when the take up for CSR related subjects continues to be so flat?

Of the many tertiary institutes polled for this article from throughout southeast and east Asia, and Australia, the most optimistic response predicted a pick up in CSR students of 5% to 10% in the coming five years. This low level of optimism explains why there are so few new courses being added to business school curricula.

Enter the private sector
So if there is no great funding coming from swelling student numbers then it is up to the private sector to help make CSR a viable option at tertiary education level. Here too, though, the universities are in a bind. Most multinationals have opted to develop their own schemes in the community – for their own purposes of creating fairer, more transparent supply chains – rather than collaborating with a business school.

In China, Adidas is creating occupational health safety training courses for its workforce and Reebok has a female workers’ welfare programme. Nike and Target, furthermore, have offered labour rights education programmes to owners and managers of hundreds of small Chinese enterprises.

A step in the right direction is the Global Supplier Institute. In partnership with academic and non-governmental...
organisations, a consortium of export-processing companies including Ford, Gap, HP, Liz Claiborne, Pfizer, MeadWestvaco, Motorola and Target recently launched this programme in China. Following a “beyond audit” strategy, the consortium will be offering training programmes on management, health and safety, and HIV/Aids, amongst other compliance curricula.

Another leading United States retailer is taking these efforts a step further. May Department Stores, which owns retailers such as Hecht’s, Lord & Taylor and Marshall Field’s, has recently awarded 36 Chinese migrant women workers scholarships for degree education.

This innovative empowerment scheme for female workers is believed to be the first of its kind in the country, but still does not get over the problem of funding to make CSR an attractive option for prospective 18 year old students.

Sam Chambers is a freelance journalist based in Hong Kong

Useful links:
www.smu.edu.sg
www.monash.edu.au
www.unescap.org

China

Tremendous growth potential

There is much interest in corporate social responsibility in China and the nation’s universities are beginning to offer some relevant courses. Adam Lane summarises some of the leading initiatives

China’s universities have started incorporating CSR into their programmes. But the subject is still in its infancy.

Some of the leading MBA, EMBA or IMBA courses have a specific focus on CSR, such as at the China Europe International Business School (CEIBS). Or they have many courses that can be widely regarded as components of CSR, such as at Tsinghua. It is not unconnected that these are universities with international partnerships and students.

Other specialist departments, especially environmental ones, do focus on aspects of CSR, but mostly from a very technical point of view. Students may study environmental efficiencies, for example, but not be necessarily relating them to the business case, or linking to any other aspect of corporate ethics.

Global initiatives

There are also examples of CSR courses cropping up at law schools, notably at Peking University, and at business schools, such as Sun Yat-Sen University in Guangzhou.

Global CSR education programmes operate in China too, such as the cross-University BELL (Business-Environment, Learning and Leadership) and specialist programmes such as LEAD (Leadership for Environment and Development).

A recent promising development is the integration of CSR into the China Executive Leadership Academy in Pudong. This school is a training ground for many of China’s most promising mayors, which the British Council recently helped take on a study tour to the UK.

The Tsinghua-Bayer Public Health and HIV/Aids Media Studies Program, designed to help current journalists, journalism students and staff better understand HIV/Aids issues, is another innovative course.

Off-curriculum education

AIESEC, the global student organisation, is working closely with undergraduate students of various disciplines across China’s leading universities to raise awareness of CSR issues on campuses as well as organising conferences inviting leading companies to share their experiences in China.

Though this programme is extra-curricular, it may be the one with the most impact. It brings CSR down to a practical case-study level, and out of the classroom.

Net Impact and other student organisations are involved in some similar programmes – it may well be that students know best what other students want and need for their future careers.

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Useful links
www.ceibs.edu
www.tsinghua.edu.cn
www.pkulan.edu.cn
www.gzsums.edu.cn

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www.ethicalcorp.com
The future

The business of business is not just business

Professor Gilbert Lenssen answers some key questions about how management education is evolving to teach future business leaders about the value of corporate responsibility

What trends in business will drive the future in management education?

Two major trends, globalisation and the widespread adoption of information communication technology, have created an operating environment far more complex and challenging for business than ever before.

How businesses are organised, operate and compete have all undergone, and will continue to undergo, profound changes. As globalisation picks up momentum, the firm is faced with new challenges, including operating in multicultural environments and being forced to navigate complex and varied political environments with a weak or non-existent state. There is more uncertainty and volatility.

Simple corporate philanthropy, on the way to massive profits, is no longer acceptable. A business’s impact on the environment – and the broader economic, cultural and political setting – matters and can bring it competitive advantages, or threaten its survival.

The second major trend is the spread of information technology. Firms have become more embedded with their stakeholders. Distributors, suppliers and even customers have all become interconnected through the internet and corporate intranets. This has led to a redefinition of “the firm” where it is no longer clear boundaries that hold a company together, but its purpose and identity.

All these add up to a very challenging business environment with many new risks. It is the firms that have managers that can successfully navigate this challenging environment, and turn risks into opportunities, that will flourish in such a volatile age.

How have student expectations and demands of business schools changed?

Student expectations of graduate schools have evolved as the broader business environment has moved towards complex, globalised economies. The key driver of this is the spread of information communication technology.

Historically, business schools and professors have had a monopoly on information. It was they who possessed the knowledge and information and their role was to impart that knowledge on students.

With the massive amounts of information now available online, the traditional role of teachers is being challenged by students who want more than just the transmission of information. They are looking for the cross-functional skills to be able to navigate and manage the intrinsic complexities of a globalised economy. And, so, they want management school models that are based on increased student autonomy with them being more responsible for their own learning.

What are the knowledge, skills and competencies that business will require in the future from management education, and why?

Firms are facing unprecedented pressures and having to cope with issues that were previously tangential to their pursuit of profit. In this new environment, businesses need capable managers that can manage these challenges and risks, and have the skills and insight to turn them into opportunities.

This means adopting policies and strategies that take CSR beyond the defensive oriented and isolated “CSR department” to incorporating it across the firm as a strategic competitive advantage.

To meet this demand from businesses, management education will have to evolve from being tactical and instrument-oriented programmes – that preach the deeply institutionalised mantra that the “business of business is business” – to ones that give managers practical and real strategic insight into the cultural, economic and political environments in which they operate.

More specifically, these are the cross-functional skills to manage stakeholder relations and evaluate the short-term trade offs of corporate responsibility and bottom line profit. These will enable students to develop a knowledge of broader social and political systems to identify risks as well as opportunities, a knowledge of environmental issues and laws and, crucially, a clear conception of the role and impact of business in society as a social, political and economic actor.

Professor Gilbert Lenssen is president of the European Academy for Business in Society. www.eabis.org
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