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The business case for corporate social responsibility in education

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Abstract: In the dynamic global marketplace, understanding the fundamental connections between business, the environment, and society has become essential. The roles and responsibilities of business, as a global force, are becoming more complex, and concepts related to societal responsibility and sustainability are gaining recognition as essential elements in business management.

Increasing complexity requires new approaches. Companies need integrative management tools that help incorporate environmental, social, and governance concerns into their strategic thinking and daily operations. They require talented and ethical leaders to do so.

That is why companies need the help of the academia. By being involved in the education of current and future managers, academic institutions most directly act as drivers of business behavior. They help shape the attitudes and behavior of business leaders. Through different means, academic institutions have the potential to generate a wave of positive change, thereby helping to ensure a world where both businesses and societies can flourish.

However, there is much more that can be done by the academic institutions. This Paper will try to identify and evaluate the actions, methods, means that may be employed by the academic institutions to support and promote social responsibility. The Paper will discuss the Global Compact Principles of Responsible Management Education, as well as other relevant principles or recommendations, and possibly suggest new directions and aspects of improvement.

Due to the fact that businesses by definition are profit driven, considering the academic institutions merely from a business perspective, the Paper will also touch upon the question: Do academic institutions have the business case for being socially responsible?

Key words: *Corporate social responsibility, responsible education, academic institutions*

Contents:

1. **What is Corporate Social Responsibility**

'Looking to the future, we see that one of the things the crisis of 2008 has shown us is that, we are pushing the natural resources to the limit, and that at any time we want to continue growing worldwide, we are going to experience new crises with natural resources' (Alcaraz & Thiruvattal, 2010).

Another much dreaded consequence of the crisis is that unemployment remains high in many countries, and many workers remain trapped in low-paid jobs, with little social protection.

Having said the above it is becoming more and more clear to everyone that the 'long-term viability and success of businesses will depend on its capacity to manage environmental, social and governance concerns, and to create sustainable values through innovation and new business models adapted to the changing global environment' (UNPRME 2008).

This is why, though since its beginnings, corporate social responsibility has experienced a certain increase of popularity, it is still important to continue writing about it, thus reminding people and businesses, time and time again, of its existence and importance, and maybe also take it to new levels and challenges.

It is well known that corporate social responsibility[1] (hereinafter: CSR) encourages positive impact through activities related to protection of the environment, preservation of natural resources, protection of consumers, employees, communities and other stakeholders' rights, and fight against corruption.

More specifically, it urges businesses to support and respect the protection of internationally proclaimed human rights, to make sure that they are not complicit in human rights abuses, to uphold the freedom of workers association, to eliminate all forms of forced and compulsory labour, including child labour, and to eliminate discrimination in respect of employment and occupation. It also stimulates businesses to support a precautionary approach to environmental challenges, to undertake initiatives to promote greater environmental responsibility, and development and diffusion of

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[1] An interesting definition of corporate social responsibility is also offered by the so-called *Brundtland Report*: 'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (United Nations 1987).

environmentally friendly technologies. Lastly, it prompts businesses to work against corruption in all its forms, including extortion and bribery.[1]

2. The Global Compact Principles of Responsible Management Education

The continued wave of corporate scandals illustrates that governments alone are not able to achieve a sustainable world. 'The roles and responsibilities of the businesses, as a global force, are becoming more urgent and complex' (UN Global Compact 2007), and again, their efforts related to societal responsibility and sustainability, if isolated, will not stand a chance. Methodical, joint effort of many constituencies is necessary in order to make a difference. All this is a well known fact, even more, it has been reaffirmed throughout the years. What's relatively new is the inclusion, or better said, turning the attention to "new" constituencies, such as the academia.

The world started realizing that 'any meaningful and lasting change in the conduct of the businesses toward societal responsibility and sustainability must involve the institutions that most directly act as drivers of business behavior, such as academia.' It started recognizing that 'academic institutions have the potential to generate a wave of positive change, thereby helping to ensure a world where both businesses and societies can flourish' (UN Global Compact 2007).

In 2000 the United Nations launched the Global Compact Initiative, as a leadership platform for development, implementation, and disclosure of responsible corporate policies and practices (UN Global Compact). Inspired by the principles of the Initiative and the potential of what can be accomplished, the United Nations broadened its scope by 'trying to formulate some principles to reform and change gradually the business education toward sustainability' (Alcaraz & Thiruvattal, 2010). This is how the Principles for Responsible Management Education were born. The six Principles for Responsible Management Education aim to noticeably impact the learning and educational practices that take place in business schools, and are:

- To develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy;
- To incorporate into academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact;
- To create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership;

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[1] This paragraph states briefly the ten Principles of the Global Compact. More information about the Principles can be found at:
http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html

- To engage in conceptual and empirical research that advances understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental, and economic value;
- To interact with managers of business corporations to extend knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meet these challenges;
- To facilitate and support dialog and debate among educators, business, government, consumers, media, civil society organizations, and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

3. Specifics of Academic Institutions

Throughout the years academic institutions have been and will continue to be sanctuaries of many individuals, which gives them great potential and a never-ending audience to pass on their experience, best practices, to generate knowledge and share influence.

One of the reasons why academic institutions are to be regarded as special is because not only that they can contribute in the long-term environmental, human and social values creation the same ways other businesses do, but because they have been blessed with having the abilities to do much more than the others. They have the means and the opportunity to influence the future. 'Through business education, research, management development programs, training, and other pervasive, but less tangible, activities, such as the spread and advocacy of new values and ideas, academic institutions help shape the attitudes and behaviour of future business leaders' (UN Global Compact 2007).

Accordingly, academic institutions are unique not only because they serve as an example of the values and attitudes they convey to the students, but because they simultaneously:

- Form or at least influence opinions, values and ideas,
- Have not only the opportunities, but also the means to do research,
- Have the means to address changing needs, including the impact on society their programs, services, and operations make,
- Flourish from challenges,
- Should not be driven primarily and exclusively by profit[1].

Taking into consideration the above specifics of the academic institutions it is obvious that they have been out of sight for far too long and it is time for them to take the lead in dealing with the critical issues related to global social responsibility and sustainability.

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[1] Even though, according to Blumenstyk (2000) 'in the last years, the growth of for-profit educational providers has been one of the most watched trends in higher education.'

4. How Can Academic Institutions be Socially Responsible

The *Renewed EU Strategy 2011-14 for Corporate Social Responsibility* has devoted half page (page 12, item 4.6) on education, under the title *Further integrating CSR into education, training and research*. The Document stresses two main dimensions of the academic institutions in the support of CSR, the design of education curricula and research.

Academic institutions can be of much more help than that. Most of them today already have in place 'processes to integrate social, environmental, ethical, human rights and stakeholder concerns into their operations and core strategy, in collaboration with their stakeholders' (European Commission 2011). This is a sound starting point, and apart from continuously improving these processes, academic institutions should work on the other opportunities, available only to them, just because of the nature of their business.

First and foremost, it is very important to stress, that in order to do anything in the area of CSR, businesses, including academic institutions, should try to change the existing culture of ad hock CSR activities, with planned, organized, methodical approach and clearly defined priorities. 'To maximise the creation of shared values, businesses are encouraged to adopt a long-term, strategic approach to CSR, and to explore the opportunities for developing innovative products, services and business models that contribute to societal wellbeing and lead to higher quality and more productive jobs' (European Commission 2011).

The six Principles for Responsible Management Education will again be stated below, in order to discuss the recommendations as to what should be done to support each of the principles or to provide examples of best practices. The recommendations and examples will be provided without much introduction, under the assumption that the readers have basic knowledge of the topic.

Principle 1 - To develop the capabilities of students to be future generators of sustainable values for business and society at large and to work for an inclusive and sustainable global economy.

Principle 2 - To incorporate into academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.

Principle 3 - To create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.

Things that can (or should) be done:

1) "Responsible" Design of Curricula: In the design of the curricula, courses such as *Business Applications of Social Responsibility, Leadership Challenges: Exercises in Moral Courage, Responsible Business Solutions for the Developing World, Topics in Sustainable Business* (Leeds' Center for Education on Social Responsibility), or other courses that challenge students to evaluate business behaviour along environmental, social, and ethical dimensions should be included, both on graduate and postgraduate levels.

Moreover, such courses should not only be available to the business students, but to law, politics, languages and even design students. A good example of such initiative is the curricula in the Kolding School of Design, Denmark, where 'design responsibility and sustainability are included in three courses, in order to create awareness of the criteria for design, the effects of design and perhaps most importantly of the designer's ability to influence the design process from an idea to an end product' (Leerberg, Riisberg & Boutrup, 2010). Moreover, in the paper discussing Kolding School of Design approach, the authors conclude that 'ideally, responsibility and sustainability would be an integrated part of *all* courses in the design curriculum, not just in few selected ones, and will be taught at *all* levels of studying' (Leerberg, Riisberg & Boutrup, 2010), as oppose to being offered only to upper level studies.

Additionally, postgraduate studies specialized in corporate social responsibility, where students from different fields of study will be able to jointly partake and learn, should be designed.

2) Corporate Social Responsibility Centers: CSR or similar centers should be established within the schools and universities in order initiate and support cooperation among affected parties, oversee the inclusion of long-term sustainability values in class discussions in all the areas of education, organize activities, joint projects, do research, publish, write case studies, etc. The establishment and operation of the Center for Education on Social Responsibility at the Leeds School of Business, University of Colorado may serve as an example of a substantial infusion of values and social responsibility throughout all years of a public business school program.

3) Raising awareness and understanding: Variety of events, such as seminars, workshops, trainings, conferences, brochures and exhibitions should be organized in order to raise and reinforce the overall understanding of CSR. Inviting high-level executives to present ethical dilemmas they have faced in running the businesses, and simultaneously asking the students to recommend resolutions to the dilemmas, may prove to be effective. .

Other initiatives, where the students will be provided an opportunity to develop proactive business strategies to impact pending issues, such as global poverty (Center for Education on Social Responsibility), or to jointly work on projects and apply for funding of those projects, should also be organized.. Annual conferences on topics related to CSR should become tradition.

4) Valuing Student Effort: Practices of giving awards or certificates to student projects and activities related to CSR may also prove effective in enabling effective learning experiences and developing student capabilities.

Principle 4 - To engage in conceptual and empirical research that advances understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.

Things that can (or should) be done:

1) Student Research: Academic institutions should not only stimulate their faculty to do research, but also involve the students in the research. Individual or group research activities will enable the students to broaden their views and acquire practical experience.

It will be more effective if the research topics are oriented more towards helping the practice, rather than enhancing the theory. The topics may range from 'identifying current vulnerabilities and predicting future pitfalls in business practices, developing crisis prevention processes or crisis handling scenarios, making the business case for social responsibility by evaluating all the costs and benefits, to identifying and managing positive and negative impacts of business activities on society' (Harvard Business School).

2) Responsible Conduct of Research: 'Recent studies suggest that rates of questionable research practices and scientific misconduct are both high and considerably underreported. In part, this may be due to the fact that some ethical norms (e.g., authorship assignment) are far from clear and researchers are unsure how to respond to perceived misconduct' (DuBois & Dueker, 2009). There are some initiatives, such as the one of the Saint Louis University and U.S. Office of Research Integrity[1] to develop a consensus on the overarching goals and teaching content of responsible conduct of research and provide recommendations. However, it should not end there. More initiatives of similar focus should be instigated, with their recommendations being implemented, not conveniently overlooked.

3) Stakeholder Dialogue: Roundtables and other events with stakeholders should be organized in order to discuss pending issues where conceptual or empirical research is needed.

4) Other initiatives, such as applying for or providing grants on CSR topics, conducting surveys, self assessments and analysis are also available.

Principle 5 - To interact with managers of businesses to extend knowledge of the challenges they face in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.

Principle 6 - To facilitate and support dialogue and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

A share number of partnerships for the purpose of advocacy, developing norms and standards, and sharing and contributing resources and expertise have been developed during the past decade. What needs to be done is to increase their efficiency and effectiveness. Namely:

1) Approaching Partnerships and Membership in Business and Professional Associations: Partnerships and initiatives such as *Global Alliance for Improved Nutrition, Access to Basic Services for All, Moving the World*, and many others are always in need of additional support. Academia should be more proactive in offering its services to such and similar partnerships, in order to work on the challenges they face and find suitable solutions. On the other hand, membership in business and professional associations, such as Chambers of

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[1] See more about this initiative in the Newsletter published by the US Office of Research Integrity, at http://ori.hhs.gov/documents/newsletters/vol17_no3.pdf

Commerce, CSR Committees, etc., offer the possibilities to open dialogue, exchange ideas and capacity, disseminate knowledge and influence, and initiate new partnerships.

2) Review of the Curricula by the Business Community and Involvement in Teaching (through guest lectures, internship opportunities, etc.): Linking academia with business practices adds significant value to the educational process. The focus on designing programs that are responsive to the changing needs of today's complex business environment and the exposure of the students to the "real life experience", help create responsible workforce, equipped with not only traditional skills, but also soft skills, related to interpersonal relations, support of diversity and deep understanding and appreciation of the environment, human and social values.

3) Design of "Responsible" Executive Education Curricula: For the practicing executives, as part of their continuing education process, courses should be designed to educate them, or refresh their knowledge on the social, human and environmental impact their day to day activities and decisions have, now and in the future.

Some executives are already aware of this. However, the ones that are not aware or simply choose to overlook the importance of the topic, need to be inspired. Efforts should be made to convince them that there can be an efficient alignment of business strategies and corporate social responsibility, creating competitive advantages for the business they run.

4) Integrated Reporting: Integrating social responsibility metrics into general performance management systems can help prove the business case behind being socially responsible and give policymakers and companies added impetus to increase transparency around environmental, social, and governance performance (Blanding, 2011).

'The trend of integrated sustainability reporting picked up steam as consumers, investors, and civil society in general increasingly demonstrated that they value the social responsibility of businesses. Another major boost for the concept came after several countries began requiring that companies report their metrics on environmental footprint, worker safety, and similar issues in a systematic, uniform way' (Blanding, 2011).

What academic institutions can do in this area is first and foremost start integrating CSR or sustainability reports into their financial reports. Next, through publications, trainings, debates and other events, they can draw attention to the issue and potentially initiate necessary legal changes in the respective countries where they operate.[1]

There is much more that can be said about providing responsible education, and this paper does not tend to be all inclusive. As CSR is 'much more about

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[1] 'Countries such as South Africa and France, recently expanded their mandatory reporting laws to require that companies report their financial and environmental, social & governance performance in a single integrated annual report' (Blanding, 2011).

"listening" as it is about "talking"' (Eccles & Serafeim, 2011), this paper is intended to give ideas and initial guidelines and let academic institutions develop from there.

5. Do Academic Institutions have the Business Case for being Socially Responsible

Being socially responsible means a 'significant change in corporate behavior, since it requires a more holistic view regarding financial, natural and human resource allocation decisions, and the interdependencies between them' (Eccles & Serafeim, 2011).

Ordinarily, academic institutions should voluntarily be committed to engaging in a continuous process of incorporating into their activities and scope of influence the values of global social responsibility. However, even if they should not be driven primarily and exclusively by profit, the profit dimension of being socially responsible can not be overlooked. Academic institutions teach business. Hence, they should practice what they teach. Consequently, the question: Is there a business case for the academic institutions for being socially responsible deserves attention.

Social responsibility commands 'longer-term view, since improved financial performance from better use of natural and human resources usually isn't reflected in the next quarter's earnings' (Eccles & Serafeim, 2011).

However, the research has shown a business case for businesses to take CSR seriously. 'Investors are starting to show signs that corporate performance in social and environmental areas is almost as important to the public as performance in financial areas' (Hurst, 2004). The Dow Jones Sustainability Indexes, tracking the financial performance of the leading sustainability-driven companies worldwide and the Bloomberg Professional Environmental, Social, and Governance Data Service are just few examples of this.

Sound business judgment can be shown even with simple, almost effortless socially responsible actions, such as replacing paper communication with electronic communication. This is considered socially responsible since it saves natural resources, but it is certainly profit "responsible" as well, since it decreases the costs institutions have. This is especially true for academic institutions which typically deal with a lot of paperwork. Furthermore, organizing events may include spending money at the moment, but if it helps academic institutions improve their reputation and image, thus attract new students, the benefits are obvious.

A more complex and time consuming examples can also show business case. Developing and implementing carbon action plans, or building environment friendly campuses definitely involves efforts and finances. However, apart from being socially responsible in the way that they save energy and natural resources, eco-friendly campuses are definitely profit justified, since they save on the long run and on different costs, such as electricity, heating, cooling, etc.

There are many more compelling arguments for responsible business practices, such as reputation management, risk management, employee satisfaction, access to capital, etc., however the fact remains that if people and businesses do not have the capacity to understand and care about the long term impact each of them has on the environment, people and society, it all goes to nothing. The Earth and the Mankind are in desperate need of socially awaken enthusiasm.

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