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**„How to train Business Students for Corporate Social Responsibility
at Universities and Business Schools“***

by

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- I. Introduction
- II. Fundamentals of the CSR-training Approach
 - 1. Corporate Social Responsibility defined
 - 2. Empirical Studies in Corporate Social Responsibility
 - 3. Theories of Learning applied in CSR-training
 - 4. Strategic Pre-decisions
- III. Design and Application of the modular CSR-training Approach
 - 1. Cornerstones of the CSR-training Approach
 - 2. Teaching CSR and multi-media Knowledge Transfer
 - 3. Meeting CSR-Best Practise
 - 4. Practising CSR in Management Study Courses
 - 5. Event Training of CSR
- IV. Evaluation of the CSR-training Approach

* Contribution to the CCS conference 2007 on „Ethics in Business-Innovation through Ethics?“ at Brussels

I. Introduction

Many post-graduates all over the world experienced very little or no opportunity during their studies at universities or business schools to learn on Business Ethics and Corporate Social Responsibility (CSR). On the contrary, they learned from textbooks and lecturers,

- that “shareholder value is the only value which really counts”,
- that “the business of business is business” and
- that “profit achievement is the only responsibility, managers have in a company”.

These and other Shareholder Value-driven thesis, however, are not in line with a very old and strong tradition in the economic history of Germany. In the 19th century, when industrialization rapidly expanded, large and growing companies such as Krupp, Thyssen, Zeiss, BASF, Daimler, Bosch and many others were known as pioneers of a wide range of social programs and activities mainly directed towards their own labour force, but also towards communities in which they settled and even towards society.¹ They applied CSR, though probably less systematic and at a much closer scope as today, certainly not knowing the term “Corporate Social Responsibility”, invented far later. This tradition was never really interrupted in the course of time and received special attention after the new economic system was introduced, entitled “Social Market Economy”². Today, more companies in Germany do accept and apply CSR in one way or the other than companies who ignore or even reject CSR.

Nevertheless, CSR as applied in the past and in the present appears to be under strong pressure. Advanced globalization and the Shareholder Value doctrine which has infiltrated the minds of so many highly qualified management students, are a challenge to CSR practises. This is true in particular in the current period, where top management positions in ten thousands of companies in all sectors of the economy are replaced by members of the younger generation, who then will decide to continue or even to expand CSR-related activities or rather to reduce or to abandon them because not in line with Shareholder Value-principles.

¹ Ogilvie, S. and others (Eds): Germany. A New Social and Economic History since 1800 (Volume 3), Hodder Arnold Publication, 2003

² Nicholls, A.J.: Freedom with Responsibility. The Social Market Economy in Germany, 1918-1963, Oxford University Press, 2000

CSR is not self-evident. Whenever senior managers change to other companies or retire, CSR of the company is and will be discussed and redefined, if personal values of the successor, the economic situation of the respective company and the demand of stakeholders require a change.

The question is asked, what is or should be done at universities and business schools to improve education and training of young management students on CSR-issues. There is, of course, no “one best way”. Several satisfying ways are available. The following approach is based on the personal experiences of the author as professor for General Management and Human Resource Management at the University of Stuttgart /Germany from 1975 to 2006.

II. Fundamentals of the CSR-Training Approach

CSR-Training is a special type of Sustainable Value Management training, designed to anchor CSR in the personal value system of the participants.

1. Corporate Social Responsibility defined

CSR is defined according to the well-known EU-Greenbook 2001. Social issues and ecological issues are to integrate in the decision-making process of each company on a voluntary basis.

This means that more is and should be done than just the minimum demanded by work and other laws, reflecting societal norms and values.

For analysis, two dimensions of CSR are distinguished. One is the internal dimension, relating CSR to employees, employment and working conditions of the company. The other is the external dimension, which covers CSR towards clients, suppliers, investors and other stakeholders of the company, including society. Both dimensions are highly interrelated.

CSR as this term is used, might be based on a written codex of behaviour (e.g. leadership guidelines) or on unwritten rules.

2. Empirical Studies in Corporate Social Responsibility

CSR is already widely spread in European companies. An empirical EU-Report from 2002 shows, among others, that 54% of all German companies smaller than 300 employees apply CSR in one way or the other¹. For larger companies, the percentage of CSR-applicants is expected to be much higher. A more recent survey from “Centrum für Corporate Citizenship Deutschland” 2007

¹ See EU-Report (2002): „Observatory of European SMEs. European SMEs and Social and Environmental Responsibility”

indicates all companies larger than 500 employees to invest in societal activities.¹ According to the same study, roughly 95% of all smaller companies inquired are CSR-applicants. Further CSR-studies of the Bertelsmann Foundation 2005 and 2007 confirm those results and give still more detailed insight into the practise of CSR in German companies.²

A collection of best practises indicates a large company-specific variety of CSR-activities, including “balanced work and life”, “corporate volunteering”, sponsoring, environmental projects and many others.

The results of empirical CSR-studies are extremely helpful in designing attractive CSR-training programs and to gain the acceptance of the management students who are motivated to study CSR as part of reality, not just as an esoteric academic exercise. Recognizing that so many companies already apply CSR makes it much easier to integrate the topic in standard management courses.

3. Theories of Learning applied in CSR-training

CSR-training as it is described below, heavily relies on “Cognitive Learning Theory” combined with “Action Learning Theory”.

Cognitive Learning Theory suggests that individual learning occurs either by acquiring new knowledge and values (=assimilation) or by adjusting and restructuring already existing knowledge and values (=accommodation). In both cases, perception of reality and behaviour will be changed. Those processes can and will be managed by creating carefully organised new learning arrangements.

¹ CCCD Centrum für Corporate Citizenship Deutschland: “Corporate Citizenship. Gesellschaftliches Engagement von Unternehmen in Deutschland und im transatlantischen Vergleich mit den USA. Ergebnisse einer Unternehmensbefragung des CCCD, Berlin 2007

² Bertelsmann Stiftung: Die gesellschaftliche Verantwortung von Unternehmen, Gütersloh 2005; Bertelsmann Stiftung: Das gesellschaftliche Engagement von Familienunternehmen. Dokumentation der Ergebnisse einer Unternehmensbefragung, Gütersloh/ Stuttgart 2007 (Bearbeiter: H. Schäfer)

Another cornerstone of CSR-training is “Action Learning Theory”, which is focused on the importance of action as a source of experience, reflection and learning¹. Attention is drawn to the design and application of active learning methods such as role playing, business games and others.

4. Strategic Pre-decisions

CSR can be trained through special courses in Business Ethics and CSR or through courses, which integrate standard management topics and CSR-related issues.

As the goal was not to educate specialists in ethics and CSR, the second alternative was preferred, integrating CSR in standard study programs for management students.

III. Design and Application of the modular CSR-training Approach

1. The formal Architecture of the CSR-training Approach

Based on the fundamentals described, an integrated CSR-training approach was designed and applied, called Four-Star-Model, because it included four major components.

¹ Inglis, S.: Making the Most of Action Learning, Gower 1994; Pedler, M: Interpreting Action Learning, in: Burgoyne, J. v./Reynolds, M. (Eds): Management Learning. Integrating Perspectives in Theory and Practise (1997), pp. 248-264

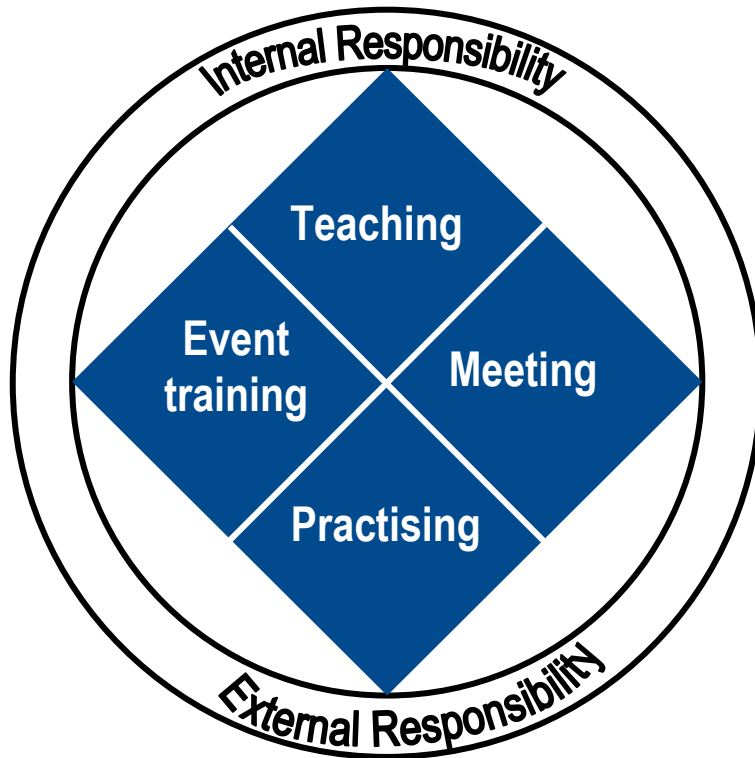


Fig. 1: Four-Stars-Model of CSR-Training Applied
Each component will be described now in some details.

2. Teaching CSR and multi-media Knowledge Transfer

As a basic component, multi-media knowledge transfer on CSR-issues was applied. Students could (and should) learn by online-lectures, classroom-teaching, chatroom-arrangements, company-videos, best practice-examples and other study materials such as selected lists of more recent CSR-literature and “frequently asked questions” (FAQ),

- (1) what CSR really is or should be and how it is defined;
- (2) why CSR is important for various stakeholders of the company and what motives are identified by empirical studies asking CSR-applicants for their reasons to run CSR-related projects;
- (3) which concepts and tools of CSR are available and the results performed so far;
- (4) how the CSR-activities of a company can be measured and managed;
- (5) how CSR can be integrated in decision-making through CSR-related criteria in standard cost-benefit-analysis schemes.

It is amazing to notice how sensitive management students react to facts and figures, indicating that CSR can be driven by company owner's personal values and also by expected benefits the company might draw from CSR-related activities. While CSR as a self purpose is widely accepted, CSR as a tool to reach well defined economic goals frequently gives reason to critical discussions. It is clear, however, that in many cases the true motives and goals of the CSR-applicants in reality will not be identified properly by scientific researchers. From a marketing point of view it might be more efficient, in the long run, to use economic arguments in favour of CSR, than to rely on the "being good"-motive of the owner or top manager only, who might leave the company or change his/her mind rather quickly; there is no guarantee for CSR to be continued under the governance of the successor.

Applying multi-perspective management concepts such as the Balanced Scorecard BSC was found to be very helpful, when trying to integrate CSR in management theories and thinking in particular when the four standard BSC-perspectives, namely finance, customers, processes and employees, are supplemented by CSR as the fifth one.¹

3. Meeting CSR – Best Practises

Teaching CSR is not enough. It should be supplemented by other learning arrangements, e.g. the opportunity for the students to meet outstanding CSR-applicants from the economy and discuss with them issues of mutual interest. This was done in two different ways:

- prominent CEOs and HR top managers were invited as lecturers or speakers to the classroom where they were asked to present their own view on CSR;
- small groups of students were invited for company visits, including discussions on CSR-issues with CEOs and HR top managers in their real working environment.

Both components, the teaching component and the meeting component of the CSR-training approach as well, have in common that they focus on thinking and speaking about CSR-issues while the next two components rely on action.

4. Practising CSR in Management Study Courses

¹ Kaplan, R.S., Norton, D. P: The Balanced Scorecard. Translating Strategy into Action, Harvard Business School Press, 1996

A special learning by doing-situation was created for the students who were expected to experience CSR in their own work. A short description will help to understand what was going on:

- (1) 30 advanced students in a management seminar were split in 5 to 6 work groups;
- (2) each work group composed of 5 to 6 students had to perform a special project which was part of a larger project to be performed in cooperation with one or several companies, e.g.:
 - (1) “Analysis and Redesign of Manpower Planning”;
 - (2) “Systematic Campus Recruitment in the Face of Demographic Challenges”These and other projects had to meet company-specific CSR-requirements, defined in formal Service Level Agreements;
- (3) the work groups were more or less left alone in organizing their internal work as well as the cooperation with other groups and with appointed experts in the client companies. They of course could ask for help from the central project management team, who had defined the “rules of the game” and now controlled individual and group behaviour for rule conformity. The central project management team was also responsible for conflict settlement within and between the groups;
- (4) each work group was requested to present its final report to the audience and to the company specialists;
- (5) written results and oral presentations were evaluated in line with scientific quality standards; however, the quality of cooperation and coordination also was considered.

The question might be asked, how such a learning arrangement is expected to promote CSR-adjusted behaviour of the participating students. The answer is twofold:

- the students learn to produce a product or service which meets special CSR-requirements of the clients. Thereby, CSR is experienced as a true quality standard of goods and services to be offered to the external markets (external CSR);
- the students also learn, that technical knowledge is not enough to perform complex team work and to reach a common goal. Trustworthiness, honesty, responsibility, loyalty, openness and other personal values, which underline internal CSR are at least equally important to fulfil the task. Experiences show that work groups with strong such values among their members tend to be more effective and more efficient than comparative groups, who pay less attention to those values.

In summary, practising CSR is by far the most attractive and efficient cornerstone of the CSR-training approach.

5. Event Training of CSR

A three days outdoor seminar in the mountains was offered, including a package of CSR-related activities such as

- mountain climbing, bungee-jumping and other team-oriented sport activities;
- social skills training, applying role playing, brainstorming, interaction analysis and other well-known methods of guided self-experience;
- experts' lecturing on classical CSR-issues such as "mass tourism and environmental protection in the mountains", "air pollution and consequences for forest economy" and others showing practical examples.

IV. Evaluation of the CSR-training Approach

The CSR-training Approach embedded in standard management studies at an university succeeded in gaining AIDA (attention, interest, desire, action) of the students for CSR who are expected to transfer their positive experiences to their future company jobs.

The CSR-training Approach is very flexible and can be linked with many other training components, depending on the availability of resources, preferences and the conditions which have to be considered when CSR-training is designed.

It should be mentioned however, that CSR-training at universities should not be treated as an isolated measure, but rather as a step in a succession of further steps. Universities and Business Schools, management consultants and companies should more closely cooperate in preparing the ground for more developed CSR, which should remain a voluntary service.

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