O’Riordan, Linda (Ed.); Heinemann, Stefan (Ed.); Braunewell, Markus (Ed.)

Proceedings
Management Approaches in CSR: International Research Conference, Essen, 18th November 2011

Tagungsbände, FOM Hochschule

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The »Corporate Social Responsibility« (CSR) debate has increased in intensity since the recent global financial crisis. Against the background of ongoing corporate scandals over the past 15-20 years, companies are now beginning to respond to the CSR challenge.

The basis for the CSR concept is the triple bottom line (e.g. Elkington, 1999) which suggests that managers are required to balance social and environmental aspects alongside their economic goals. A 2009 study (BBDO) identified that ethical values in social and ecological matters have become increasingly important in public opinion.

While 58 % of Germany’s mid-sized companies report that they undertake CSR activities (KfW 2011), 93 % of leading CEOs around the world see sustainability as important for their company’s future success (Accenture, 2010).

Global corporations in the pharmaceutical industry such as Johnson & Johnson, Novartis, Sanofi-Aventis, and Merck Darmstadt have already implemented CSR-dedicated departments. Companies in other industries also actively address CSR. Daimler for example has a Board Member responsible for »Integrity and Legal Affairs«.

To address these challenges, these conference proceedings focus on management approaches in CSR. As this was an international research conference, the conference proceedings are in English. Both include the typical FOM approach which applies research and theory to management practice.
Foreword

Corporate Social Responsibility (CSR) is a fundamental topic in business and accordingly features as a key milestone in the research strategy of the FOM. The conference proceedings which this publication presents focus on the practical challenges, predicaments and dilemmas which face business managers and academic experts working in this field.

This application of theory to management practice is a classic example of the research approach of the FOM which aims to improve business education via top notch research activities, dialogue and co-operations with high quality national and international CSR experts from the field of business and academia. In this way, the FOM actively pioneers innovative business approaches which we concretely leverage to improve our education and training programs.

The International Research Conference “Management Approaches in CSR” which took place in November 2011 in Essen, Germany was a total success. Approximately 100 participants seized this valuable opportunity to discuss and debate CSR management challenges with an international panel of experts which included the internationally renowned honorary guest Professor Dr. Gerd Wagner from the Heinrich-Heine-University Düsseldorf, Frank Welvaert, Director CSR for Europe the Middle East and North Africa of Johnson & Johnson, Dr. Michael Fuchs, Ethics Officer at Deloitte, Professor Dr. Rüdiger Hahn from the Heinrich-Heine-University, Düsseldorf, Dr. Rodrigo Lozano from the University of Leeds (UK), and Professor Dr. Rolf Nagel from the FH Düsseldorf among other experts.

With this conference, the FOM CSR researchers and experts Professor Dr. Linda O’Riordan, Professor Dr. Stefan Heinemann, Professor Dr. Olaf Müller-Michaels, and Professor Dr. Markus Braunewell accomplished a unique scientific platform which enabled discussions to address a range of management-related themes relevant to the topic of CSR in everyday practice. The range of participants is an impressive proof of the relevance of this topic in Management education. I am particularly pleased about the high share of our Master-Students who took an active part in this conference.

Prof. Dr. Thomas Heupel
Vice-Rector Research, FOM
Preface

The FOM University of Applied Sciences (Hochschule für Oekonomie & Management) actively encourages research and teaching activities in the field of CSR, Sustainability and business ethics to shape the future of successful and sustainable management competencies.

As the corporate social responsibility (CSR) debate continues, we at the FOM have the unique ability to contribute by creating an environment in which knowledge can be interactively shared via an international platform comprising students, faculty, as well as external industry and academic experts.

The conference proceedings which are documented in this report help to accelerate the current progress in the field of responsible business management. By focusing on the practical challenges which managers face when attempting to balance social and environmental aspects of their business alongside their economic goals, these presentations address important issues regarding the role of ethics and values in everyday business operations.

Chairs and speakers of the International Research Conference at FOM Essen (f.l.t.r):
Prof. Dr. Stefan Heinemann, FOM Essen; Frank Welvaert, Director CSR Johnson & Johnson;
Prof. Dr. Olaf Müller-Michaels, FOM Düsseldorf; Dr. Rodrigo Lozano, University of Leeds;
Prof. Dr. Markus Braunewell, FOM Essen; Prof. Dr. Linda O’Riordan, FOM Essen;
Prof. Dr. Rüdiger Hahn, Universität Düsseldorf; Prof. Dr. Thomas Heupel, FOM Vice-Rector Research;
Dr. Michael Fuchs, Deloitte Germany, Düsseldorf.
The various contributions from leading international CSR management and academic experts on the complex topic of CSR management from key companies such as Johnson & Johnson, Deloitte, as well as internationally distinguished academics from the Heinrich-Heine-University Düsseldorf, the University of Leeds (UK) and the University of Applied Sciences Düsseldorf (FH Düsseldorf) help to expose the difficult choices which CSR decision-makers tackle.

Solutions for these dilemmas are concretely proposed in the presentations from a panel of internal FOM CSR experts including the FOM CSR Researchers: Professor Dr. Linda O'Riordan, Professor Dr. Stefan Heinemann, Professor Dr. Olaf Müller-Michaels and Professor Dr. Markus Braunewell.

These proceedings from the International Research Conference "Management Approaches in CSR" present a milestone within the research strategy of the FOM which focuses on applied scientific research of top notch caliber that is of practical use for FOM students, academics and industry managers.

Chair Persons

Prof. Dr. Linda O'Riordan, Professor for International Management, FOM Essen
Prof. Dr. Stefan Heinemann, Professor for Business Ethics, FOM Essen
Prof. Dr. Markus Braunewell, Professor for Business Law; FOM Essen
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Attachment:  
Conference Programme
1 A New Conceptual Framework for Managing CSR

Prof. Dr. Linda O’Riordan

Summary of Presentation

The ongoing debate surrounding the role of business in society highlights why corporate social responsibility (CSR) remains a key management challenge. One of the most prominent and persistent issues arising is that of the rival claims of stakeholder constituencies and how to manage them, processes which are often referred to as ‘stakeholder management’ and ‘stakeholder engagement’.

This presentation focuses on the predicament facing CSR managers when attempting to balance the differing interests of various stakeholders in the pharmaceutical industry. A review of the literature in the field of corporate approaches to responsible stakeholder management and its conceptualisation reveals that the topic of stakeholder engagement and its associated contextual factors have been under-researched with regard to this particular industry. To address these gaps, the presentation presents qualitative, exploratory research which was obtained via multiple research methods to examine the CSR practices and perceptions of senior executives within major pharmaceutical companies in the UK and Germany. These data are employed to examine and revise a previously published explanatory framework which conceptualises the management steps involved in CSR stakeholder engagement. The resultant revised explanatory framework is the main contribution of this presentation. By conceptualising those factors which influence CSR practice, it provides an analytical tool which is designed to be of practical use for decision-makers when managing their stakeholder engagement activities.
**Agenda**

1. **Introduction**  
   - What is CSR?

2. **The Management Challenge**

3. **The Requirement for a New Management Approach**  
   3.1 Research Design  
   3.2 Research Findings  
   3.3 The New Conceptual Framework

4. **Questions**

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**Introduction: The Rise of CSR**

“Recognising a social and environmental responsibility is no longer an option for companies. It has become a necessity”

Professor Nagel, FH Düsseldorf / Ernst&Young AG

“Ethical values in social and ecological matters are increasingly important to the public in general…”

BBDO Study, 2009

“93% of leading CEOs see sustainability as important for their company’s future success…”

Accenture, 2010
- Morals? Ethics? The Law?...

- Responsible business behaviour could be described as a concept which is similar to the Loch Ness Monster…☺!

- It swims below the surface …

- It is claimed, glimpsed, expected… but rarely surfaces long enough for capture & examination …!

**Related Terminology**

- Corporate Responsibility
- Corporate Citizenship
- Sustainability
- Responsible Management
- Personalised Terms e.g.
  + We Care
  + World in Balance
- …!

- German Terms:
  + Nachhaltigkeit
  + Soziales Engagement
  + Bürgerschaftliches Engagement
  + …
What is CSR?: Definitions & Concepts

• CSR is an Anglo-American (normative) term which addresses the moral/ethical behaviour (social responsibility) of managers within companies.

• The basis for the CSR concept is the triple bottom line (e.g. Elkington, 1999) which suggests that managers are required to balance social and environmental aspects alongside their economic goals.

⇒ The Concept of Sustainability

Management Challenge: Understanding Ethics...

- Ethics addresses philosophical questions on which there is little consensus...

- Ethics are reference points which remind us to adopt an altruistic and constructive attitude towards others and ourselves …

- Ethics highlight the consequences of our actions and encourage us to avoid those which provoke suffering.

- The motivation (altruistic or malicious) qualifies whether the action is ‘good’ or ‘bad’ (and not the act itself).

The very core of ethics is our state of mind, not the form our actions take.
Sustainability

• Concept is evolving …
• Many categorisations/perspectives
• The holistic perspective integrates the Triple Bottom Line factors with a Time Dimension
• Sustainability Reporting (SR):
  • ISO 14000
  • Social Accountability 8000 Standard
  • GRI Sustainability Guidelines

(Source: Lozano, 2008 & 2011, Journal of Cleaner Production)

Sustainability – Business Impact on the Environment / Community…
What is CSR?: Related Concepts

Sustainability – Business Impact on All Life Forms - Fish/Birds /Plants etc.…

1970: Milton Friedman

Business objective
“…to make as much money as possible while conforming to basic rules of the society, both those embodied in law and those embodied in ethical custom…”

1776: Adam Smith in “The Wealth of Nations”

Concept of the invisible hand:
…unintentional promotion of public interest by business pursuing its own interests….

1984: Edward Freeman

Stakeholder Theory:
…a stakeholder view of strategy which suggests combining business management and ethics (i.e. morals & values in managing an organisation) …

Practical Challenge for CSR Decision-Makers:

What is Responsible Management?
“… the responsibility of an organisation for its decisions and activities, and state of being answerable to its governing bodies, legal authorities, and more broadly its other stakeholders regarding these decisions and activities”

(ISO 26000, 2010:2)

This thou must always bear in mind, what is the nature of the whole…
(Marcus Aurelius 180)

Trust in business has reached an all time low

(Commerce Without a Conscience ?…

(Peters and Roess, 2010)
**Commerce without a Conscience?**

... as business is being accused of “alienating humanity” ... some appear to be at least trying to make a positive contribution...

Business operates as one player within a greater system...

**Community without a Conscience?**

Search men’s governing principles, and consider the wise, what they shun and what they cleave to… (Marcus Aurelius 180)
Management Challenge: Public’s Expectations…

Society’s Moral Compass ?…

Management Challenge: Public Values

People without a Conscience ?…

➢ Values determine everything we do.
What is “the right” thing to do?

- How to balance competing Stakeholder Interests?
- The issue of Globalisation and Cultural factors?
- Who is responsible when Governments are corrupt and/or do not protect their citizens?
The CSR debate is triggering broad questions regarding:

• Who in society controls corporations
• To whom are corporations accountable for the consequences of their actions…

=> How to balance the triple bottom-line goals sustainably?
The Management Challenge: Key Questions

Who is responsible to whom and for what?

The CSR debate is triggering broad questions regarding who in society controls corporations and to whom corporations are accountable for the consequences of their actions...

=> How to balance the triple bottom-line goals sustainably?

The Rationale: Why do We Need a New Management Framework?

**Significant lack of theory and empirical data...**

...The topic of stakeholder engagement and its associated contextual factors have been under-researched for the pharmaceutical sector....
1. Introduction
   • What is CSR?

2. The Management Challenge

3. The Requirement for a New Management Approach
   3.1 Research Design
   3.2 Research Findings
   3.3 The New Conceptual Framework

4. Questions

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A New Approach: Research Design

PERSPECTIVES ON CORPORATE SOCIAL RESPONSIBILITY

Corporate Approaches to Stakeholder Engagement in the Pharmaceutical Industry in the UK and Germany

LINDA O’RIORDAN

PhD

School of Management, Bradford University, UK

2010
A New Approach: Research Design

- Examines the CSR practices and perceptions of senior executives within major pharmaceutical companies in the UK and Germany
- Employs a case-study strategy using mixed methodologies
- Qualitative, exploratory research obtained via multiple research methods
- Data collected between 2005 and 2008 via four methods:
  1. Documentary analysis
  2. Telephone survey
  3. Observation
  4. In-depth interviews

18/11/2011

A New Approach: Research Design

- Data collection and analysis via six codes:
  1. Terminology
  2. Stakeholders
  3. Communication
  4. Organisation/Governance
  5. Projects
  6. Expectations

- Data employed to examine and revise a previously published explanatory framework which conceptualises the management steps involved in CSR stakeholder engagement

- The resultant revised explanatory framework is the main contribution of this paper
The Original Explanatory Framework

Stakeholders  Context
CSR Stakeholder Engagement Practices
Management Response  Event

Phase 1: CSR Strategy Development  Phase 2: Implementation
Values  Alternatives  Strategy  Implement/Control  Output

(Source: O’Riordan, 2006; O’Riordan and Fairbrass, 2008)

Methodology: Research Design

- **Research Objective:**
  Exploratory research to identify and describe CSR stakeholder engagement practices, to explain the factors that influence them, and to disclose whether differences exist between the approaches in the UK and Germany

- **Research Question 1:**
  What CSR stakeholder engagement *practices* do pharmaceutical companies undertake?

- **Research Question 2:**
  What *similarities and differences* exist in pharmaceutical companies’ stakeholder engagement practices in the UK and Germany?

- **Research Question 3:**
  What *factors influence the practices* and what factors explain the differences in the CSR stakeholder engagement practices of pharmaceutical companies targeting stakeholders in the UK and Germany?
### Summary of Research Findings (I)

**Evidence from the Data:**
- The CSR concepts and the resulting CSR stakeholder engagement practices with respect to the six codes adopted by the selected sample are **diverse, inter-active, and dynamic**.

**Inference:**
- As stakeholders’ expectations increase, CSR practice is influenced by internal and external contextual factors. As a result, CSR stakeholder engagement responses are still **evolving**.
Evidence from the Data:
- Stakeholders’ negative perceptions of the pharmaceutical industry
- Misalignment between stated values and actual CSR policies (mindset)
- Management uncertainty due to:
  + Operational complexity
  + Stakeholder stance/reaction
  + Unclear:
    • CSR scope/definition
    • Cost/benefits measurement
    • Management process

Inference:
- Key aspects of the current CSR stakeholder management approach could be improved...
- The management challenge is: How?
The New Conceptual Framework

Overview

Credibility

Results

- Business
  - Innovation
  - Loyalty
  - Image

- Society
  - Development
  - Progress

Sustainable Relationships

Equitable Reciprocity

Company

Government

Suppliers

Others

Customers

Source: O'Riordan, 2010:352

The New Conceptual Framework

Detail

Context

- External
  - PEST Environment
  - Stakeholder Pressure
  - Industry/Competitor Activity
  - Business-related e.g. Healthcare

- Internal
  - Company Culture
  - Values
  - Leadership
  - Vision & Mission
  - Structure
  - Company Profile
  - Strategic Plan/Strategic Business
  - Business Area/Department
  - CSR Resolution Stage

Choice

- Stakeholder Prioritisation
- Task at Hand
- Organisational/Governance
  - Central/Decentralised
  - Networks of Responsibility
  - Policies/Statements
  - Awareness Training

- Projects
  - Themes
  - Themes/Projects/Initiatives
  - Policies
  - Guidelines/Codes
  - Methods

Calculation

- Measurement of CSR Impact
  - Business Value/Return
  - Reputation/Brand
  - Market Penetration
  - Sales/Pricing
  - Financial Data
  - Cost/Profit
  - Sales/Profit
  - Share of Market
  - Quality of Life
  - Biological Environment
  - Economic Wealth
  - Trust

Communication

- stir
- Sustainability
- Sustainability
  - Transparency
  - Accountability
  - Reporting
  - Financial
  - Projects/Initiatives
  - Awareness Training
  - Stakeholder Dialogue
  - Website/Chat
  - Reports/Reviews
  - Other

- Impact
  - Value
  - Default

Source: O'Riordan, 2010:358-62
CSR Opportunities in Context: Country Variations on Three Classifications of CSR

<table>
<thead>
<tr>
<th>Country 1</th>
<th>Country 2</th>
<th>Country 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altruistic Response</td>
<td>Altruistic Response</td>
<td>Altruistic Response</td>
</tr>
<tr>
<td>Response Focused on Business Return</td>
<td>Response Focused on Business Return</td>
<td>Adhere to Law</td>
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<tr>
<td>Adhere to Law</td>
<td>Adhere to Law</td>
<td>Adhere to Law</td>
</tr>
</tbody>
</table>

CSR Opportunity

Source: O’Riordan, 2010:366

Evolutionary Stages of CSR Behaviour

- Accountable Companies
- Innovators
- Parrots
- Law Abiders

Source: Author

Source: O’Riordan, 2010:371
The New Conceptual Framework
Contribution

✓ Confirms the value of conceptualising CSR
✓ Identifies where alteration is required to the existing framework
✓ Proposes an analytical tool for the practical management of stakeholder engagement activities
✓ The proposed revised framework could help to improve the effectiveness of CSR management in the pharmaceutical industry
✓ This research could help to advance this industry's overall accountability in society

Next Steps

Inference from the Data:
- The new revised explanatory framework represents an improved approach for managing CSR stakeholder engagement activities ???

Proposal for Further Research:
- All the factors and linkages suggested are new and therefore require further testing to ascertain whether they effectively address the management challenges identified
- The interview evidence concentrates on improving the original framework. This is a starting point for further work.
  + Further stakeholders
  + Other industries
1. Introduction
   - What is CSR?

2. The Management Challenge

3. The Requirement for a New Management Approach
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4. Questions
Linda O’Riordan’s Previous Publications

- PhD Thesis: “Perspectives on Corporate Social Responsibility (CSR): Corporate Approaches to Stakeholder Engagement in the Pharmaceutical Industry in the UK and Germany” (O’Riordan, 2010) Bradford University School of Management, Bradford UK
- CSR Working Paper Series No 06/05 Bradford University School of Management: “CSR - Differing Definitions and Practices” (2005) with Dr. Jenny Fairbrass and Prof. Hafiz Mirza
- MBA Thesis: “Sources of Competitive Advantage in the Pharmaceutical Industry” Bradford University
About the author

**Prof. Dr Linda O’Riordan**
is Professor of International Management at the FOM University of Applied Sciences in Essen, Germany where she teaches Business Strategy, Intercultural Management, Marketing and Customer Relationship Management to MBA and Bachelor students.

Her research focus is on Corporate Social Responsibility and Sustainability Management. Her work has been published in internationally renowned peer-reviewed journals such as the Journal of Business Ethics.

Linda is a general manager by background with a PhD from the University of Bradford, UK. She is a guest lecturer and at the University of Applied Sciences, (FH) Düsseldorf and the Heinrich Heine University, Düsseldorf.

As well as being an academic, she has business and consultancy experience in the business sector. Linda has worked for Accenture, UCB-Schwarz Pharma, and for the Government of Ireland (Bord Bia) to market Irish food and drinks products in Northern Europe.

Linda's additional qualifications include a Bachelors degree in Business Studies from the University of Limerick, Ireland, as well as an MBA and a Masters in Research from the University of Bradford, UK.
2 CSR Management at Johnson & Johnson

Frank Welvaert

Corporate Social Responsibility (CSR)

Essen - 18th Nov, 2011
Johnson & Johnson

More than 250 Operating Companies
In 60 Countries Around the World
Selling Products Throughout the World

2010 Worldwide Sales $61.6 Billion
117,000 Worldwide Employees

Strategic Framework

Our Credo

Operating Model

Broadly Based in Human Health Care
Managed for the Long Term
Decentralized Management Approach
Focused on People and Values

COMPLIANT GROWTH

High Quality, Innovative Products
Robust Pipelines
Global Presence
Talented People
Our Credo

Common set of values unifying diverse business

• Created in 1943
• Drives deep commitment to ethical principles
• The Four Tenets
  – Customers
  – Employees
  – Communities
  – Stockholders

Complex Business Environment
Managing Complexity…

Challenges

External
- Globalization
- Public Health crisis
- Tax and Social Security
- Trust deficit
- Role of Corporation in society
- EU influence on CSR
- Transparency

Internal
- Integrate into every franchise and function
- Cultural diversity
- SEC / FCPA / SOX / Patriot Act
- Healthcare Compliance Guidelines
- Pressure on bottomline
- Ownership and accountability
Responsible Business the moment of truth...

In the next society, the biggest challenge for the large company – especially for the multinational – may be its social legitimacy: its values, its mission, its vision. P. Drucker, The Economist, 3/11/01.
Creating Value

![Diagram showing the evolution of creating value over time from 1997 to 2012, with a focus on innovation and knowledge transfer.]

Source: Jane Nelson, Harvard Kennedy School

Evolution

1997 → 2008

2008 → 2012

2012 → Innovation-Knowledge Transfer
Johnson & Johnson Corporate Citizenship Trust

• Independent Registered Scottish Trust & Company limited by Guarantee

• Activities carried out across Europe, Middle East and Africa (EMEA)

• Based in Scotland, branch in Dubai

• Board of Directors – Senior J&J Business Leaders from EMEA

• Managed by the J&J CSR Europe, Middle East, North Africa Dept

Our mission is to make sustainable, long term differences in human health. We do this by investing in strategic partnerships and innovative solutions that add value to society and impact peoples lives.
Focus Areas:

Building Health Care Capacity

Saving & Improving Lives

Preventing Disease & Reducing Stigma

Advancing & Innovating in CSR
The Blue Ocean Strategy Approach

Awaken: What is at play?
Explore: What could be at play?
Reconstruct: What should be at play?

Advancing Global Health Decision Making
• A journey to explore how we can advance global health decision-making

• Expedition members: a group of leaders from private, public and civil sectors who
  – understand the complexities of the decision-making processes
  – share a strategic commitment to advancing health and wellness in developed and developing markets

Challenging but Rewarding
About the author

Frank Welvaert
Director, Corporate Social Responsibility, Europe, Middle East and North Africa
Johnson & Johnson

Mr. Welvaert’s responsibilities include the coordination of the CSR activities for the Johnson & Johnson Family of companies in the EMENA region. He also serves as managing director of the Johnson & Johnson Corporate Citizenship Trust (EMEA), the operational CSR body based in Edinburgh (U.K.) with a branch in Dubai (U.A.E.).

Prior to joining Johnson & Johnson in 1997, he was senior advisor to the management board of the King Baudouin Foundation (Belgium), with responsibilities such as fundraising, legal and fiscal, corporate relations and communication. This included the setup and development of the King Baudouin Foundation U.S. in 1996.

He serves as a member of the supervisory board of the European Academy for Business in Society, an international organization of business schools and universities based in Brussels. From 2002 until 2008 he was chairman of the Board of CSR Europe, the European business network on corporate social responsibility.

He received a Masters Degree in Modern History at Ghent University (Belgium) where he specialized in economic development of the tourist industry.
In recent years there has been increasing pressure on private players to take over responsibilities for social/environmental issues. However, a critical mindset towards private enterprises and their influence on societies often prevails. To help organizations deal with this ambiguity, the International Organization for Standardization (ISO) published ISO 26000 which provides guidance on the integration of social responsibility into management processes. The ISO emphasizes that ISO 26000 is not a management system standard. However, its practical value would be rather limited if it merely provided a common understanding of social responsibility instead of also facilitating management routines and practices. A closer look at its content indeed reveals some distinct elements of a management system standard. This brings up the following questions: What kind of standard is ISO 26000, which opportunities and constraints does ISO 26000 hold, and whether or not the current understanding of management system standards is sufficient to characterize ISO 26000? The presentation comes to the conclusion that the current categorization of standards is not sufficient to fully comprehend ISO 26000. A new type of management system standard is developed since hitherto existing management system standards solely aim at providing an efficient organizational management infrastructure. For an elusive topic such as SR however, values and principles within society are decisive factors for a successful implementation since they determine the expectations towards an organization. ISO 26000 seems to be able to integrate this normative input. It combines a process- and a content-focus derived from an extensive and inclusive development process. With its broadly accepted normative guidance, the standard provides organizations with valuable predictability regarding the social “license to operate” which businesses are often asked to acquire. The potential benefits of the new standard, the managerial relevance, and specific limitations of ISO 26000 are discussed.
Introduction

Growing attention for “Corporate Social Responsibility”
(e.g. Waddock, 2008; Crane et al., 2008; Scherer/Picot, 2008)

However, (Dahlsrud, 2008)
- so far elusive and crudely defined
- measures vary widely

International Standard “ISO 26000”
- “Guidance on Social Responsibility” (Nov. 2010 / Jan. 2011)
- Goal: To provide an internationally agreed understanding of (C)SR

Prevailing Question

Is it possible to standardize an elusive concept such as (C)SR?

Similar question raised for “Quality” (ISO 9000) and “Environment” (ISO 14000)

Innovation: “Management system standards” (MSS)

Does ISO 26000 qualify as a MSS?
ISO 26000: Purpose and Self-Assessment

ISO 26000

- “... provides guidance on ... social responsibility, ... and on ways to integrate socially responsible behaviour into the organization.”
- “... is intended to assist organizations in contributing to sustainable development.”

- “... is not a management system standard [sic!]. It is not intended or appropriate for certification purposes or regulatory or contractual use.”
- “... is not intended to be interpreted as an ‘international standard’, ‘guideline’ or ‘recommendation’” (ISO, 2010)

What is ISO 26000?

What kind of standard is ISO 26000?

- Input / Output standard
  - E.g. fixed product specifications, emission limits ...
- Process standard
  - E.g. specific procedures for product tests

- Management system standards (MSS)
  - “... lists of design rules to guide the creation of ... management systems” (Uzumeri, 1997)
  - Management system (MS) \rightarrow Plan-do-Check-Act-Cycle (e.g. Taguchi/Wo, 2006)
  - 3 types of MSS according to ISO
Is ISO 26000 a MSS Type A?

Type A: Management System Requirements Standard
“...is intended to provide the market place with relevant specifications for the MS of an organization to demonstrate the ability to meet internal and external requirements” (ISO, 2001)

E.g. ISO 14001, ISO 9001

ISO 26000
- No certification, no testable specifications
- Organizations cannot prove or document their ability to confirm with ISO 26000

Is ISO 26000 a MSS Type B?

Type B: Management System Guidelines Standard
“...is intended to assist an organization to implement and/or enhance its MS” (ISO, 2001)

E.g. Guidance on the
- use of type A standards
- establishment/improvement/enhancement of a MS

MS-Phases according to ISO:
- Policy
- Planning
- Implementation and operation
- Performance Assessment
- Improvement
- Management Review

Management: Plan-Do-Check-Act
Is ISO 26000 a MSS Type B?

- Type B: Management System Guidelines Standard
  “... is intended to assist an organization to implement and/or enhance its MS” (ISO, 2001)

- All MS-Phases covered
- However, later phases only very briefly

- MS-Phases according to ISO:
  a) Policy
  b) Planning
  c) Implementation and operation
  d) Performance Assessment
  e) Improvement
  f) Management Review
Is ISO 26000 a MSS Type C?

- Type C: Management System Related Standard
  - ... provide[s] further information on specific parts of the MS or guidance on related supporting techniques in addition to MSS (ISO, 2001)
  - E.g.
    - Terminology documents
    - Standard on auditing, documentation, training, monitoring ...

- ISO 26000 ...
  - ... „Stand-Alone“
  - ... gives more than “further information” and “supporting techniques”
  - ... gives (initial) details on the implementation of a MS

The Need for a new Type of MSS

- Recent research confirms
  - Relevancy of learning processes for (C)SR
  - Typical conduct: “messy”, “trial and error” (Cramer et al., 2006)
  - Relevancy of MS for (C)SR
    - e.g. Zadek, 2004; Cramer et al., 2004 u. 2006; Molnar & Mulvihill, 2003; Castka et al., 2004

- Existing types of MS unsuitable for (C)SR (Zwetsloot, 2003)
  - Focus solely on rational control
  - Not suitable for (normative) issues of desirable organizational conduct
  - Values and wishes (e.g. of stakeholders) not accounted for in traditional (process oriented) MS
Elements of a Type D MSS

**Type D**

**MS inducing or improving standard**

Standard that is intended to enhance (or induce) a MS with regard to content and structure by systematically promoting (or introducing) continuous discourse processes.

---

**Conclusion I**

- ISO 26000 suitable to
  - test the strategic positioning of an organization
  - initiate a MS
  - Content Focus (esp. clause 4-6)
  - Process Focus (esp. clause 7)

- Focus on the an organizations’ environment and stakeholder
  - Continuous adaptation processes, considers dynamic environment
  - Interrelations to stakeholders become “regulatory genes” influencing the respective MS

**ISO 26000 suitable to induce or improve MS via stakeholder integration**
ISO 26000

- might need to offer even *more* benefits for the addressees to be regarded as useful

but

- consensus-finding efforts might have led to too many compromises
- corporations may feel impelled to make too many concessions without much market benefits
- other groups might perceive the guideline as “too weak”

Empirical project on dissemination and utilization planned

© Prof. Dr. Rüdiger Hahn

Thank you for your attention!

Prof. Dr. Rüdiger Hahn

Assistant Professor for Sustainability and Corporate Responsibility

Faculty of Business and Economics

Universitätsstr. 1, Bld. 24.31, Rm. 02.01
40225 Düsseldorf, GERMANY
E-Mail: ruediger.hahn@hhu.de
Web: www.sustainability.uni-duesseldorf.de
SR according to ISO 26000

Social Responsibility:

The responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behaviour; and
- is integrated throughout the organization and practised in its relationships.
Clause 4 - Principles of social responsibility

- Accountability
- Transparency
- Ethical behaviour
- Respect for stakeholder interests
- Respect for the rule of law
- Respect for international norms of behaviour
- Respect for human rights

Clause 6 - Guidance on social responsibility core subjects

ISO, 2010
About the author

Prof. Dr. Rüdiger Hahn
is Assistant Professor at the Faculty of Business and Economics of the Heinrich-Heine University, Düsseldorf, Germany.

His current research focus is on sustainability management (e.g. sustainable supply chain management at the base of the pyramid, GRI reporting), corporate responsibility (e.g. ISO 26000), and international & strategic management (e.g. corporate strategy in developing countries).

His work is regularly published in internationally renowned peer-reviewed journals. Before pursuing his academic career, he worked for two years in an advertising agency as well as several months for an NGO in India.
4 Strategic CSR: Ideas and Challenges from the Perspective of an international professional Service Firm

Dr. Michael Fuchs

Summary of Presentation

Deloitte is one of the “Big Four”, the world’s biggest firms for auditing and consulting, with more than 180,000 employees in 150 countries all over the world. Our business model consists of integrated services delivered by 4 functions – Audit, Tax, Consulting and Corporate Finance – with our people being our only “factor of production”, which strongly affects our concept of CSR.

As leading professional service organization Deloitte member firms have much to contribute to public policy, business and society throughout the world. We promote the highest levels of ethical behavior, advance education and culture and advocate the stable use of natural resources and respect for the environment. We demonstrate this through:

- investments in our people
- the advice and services we provide to clients
- environmentally sustainable operations
- commitment to our local communities and the wider society.

Within this fourfold model of CSR our Community Agenda is addressed to different kinds of regional and supra-regional organizations and promotes them by means of our Deloitte Foundation and by local charity boards encouraging the social commitment of our people.

Our Quality Agenda is addressed to our clients, the public and the professional world in general. The most important contribution of a professional services firm with respect to CSR are high quality services which are in accordance with all legal requirements and standards of sustainability.

In order to ensure such high quality services we globally operate on the basis of “Shared beliefs” – Integrity, outstanding value to markets and clients, commitment to each other, strength from cultural diversity – and, based on that, a range of business ethics principals, such as

- acting with honesty and integrity
- operating within the letter and the spirit of applicable laws,
- bringing appropriate skills and capabilities to every client assignment and
- commitment to fair business practices.
There is a close relationship between our Quality and our Talent Agenda, following principles as

- promoting our people according to their individual skills,
- promoting team structures and training team leading, and team organizing skills,
- encouraging and promoting any kind of self-initiatives,
- national and international learning programs including expert knowledge and soft skills,
- respecting and appreciating work-life balance and family planning.

For Deloitte integrating CSR in our business organization is an ongoing process with constantly changing challenges.
1. International CSR Research Conference

Strategic CSR: Ideas and Challenges from the Perspective of an International Professional Services Firm

Dr. Michael Fuchs
18.11.2011

Deloitte at a Glance

North America/LACRO
79,000 employees in 31 countries

Europe/Middle East/Africa
65,500 employees in 98 countries

Asia/Pacific
37,000 employees in 24 countries
Service Areas

Audit

Tax

Integrated Service Offerings

Consulting

Corporate Finance
Corporate Social Responsibility

Clients, Politics, Professional World
- Quality Agenda
- Ethics, Regulation, Information Security, Quality

Green Agenda
- Energy & Natural Resources, Low carbon

Environment
- Corporate Social Responsibility

People
- Talent Agenda
- Investing in people Diversity

Community Agenda
- Community, Investment, Ethical supply chain

Communities

Green Agenda - Spherion
Community Agenda Deloitte Germany

Perspectives for tomorrow

Deloitte-Foundation
- University
  - University 2020
  - University sponsorship
- Students
  - Scholarships
- School children
  - JUNIOR Initiative
  - Hidden Movers
  - Charity-Boards
- Pre-school children
  - Pro-Bono-Consulting
  - Children’s Centres

Deloitte

Partners/staff

Sponsored groups

Stakeholders

Corporate Social Responsibility – Quality Agenda

Clients, Politics, Professional World

Quality Agenda
- Ethics
- Regulation
- Information
- Security
- Quality

People

Talent Agenda

Investing in people, diversity

Environment

Green Agenda
- Energy
- Natural resources
- Logistics

Communities

Community Agenda
- Community investment, ethical supply chain

Corporate Social Responsibility
Quality Agenda – Business Ethics

• Act with honesty and integrity.

• Operate within the letter and the spirit of applicable laws.

• Bring appropriate skills and capabilities to every client assignment.

• Objective in forming our professional opinion and the advice we give.

• Respect the confidentialaly of information.

• Commited to fair business processes.
Corporate Social Responsibility – Talent Agenda

Talent Agenda – Basic Principles

• Promoting the individual skills

• Promoting team work and fair communication

• Promoting: „Wer kann, der darf !“

• Learning/training: expert skills, business skills, soft skills

• Encouraging work-life balance, career and family planning

• Ethic hotlines
About the author

Dr. Michael Fuchs
Partner Deloitte & Touche GmbH

Tätigkeitsschwerpunkte:
- Serviceline Leader Tax Real Estate
- Mitglied im Real Estate Management Team (Real Estate Industry)
- Mitarbeit in der HR-Arbeitsgruppe der Steuerfunktion
- Referent bei internen Fortbildungsveranstaltungen zum Thema Business Ethics
- Ethics-Officer Deloitte Deutschland
5 Providing Better Guidance to Corporate Sustainability

Dr. Rodrigo Lozano

Summary of Presentation

Corporate leaders and employees have been increasingly recognising their role in contributing to sustainability. In this context, different voluntary tools, approaches, and initiatives have been developed by and for corporations to engage with sustainability. However, there has been a lack of clarity in explaining how the initiatives address the different elements of the company system (operations and processes, management and strategy, organisational systems, procurement and marketing, and assessment and communication), how they contribute to sustainability's dimensions (economic, environmental, social, and time), how they are linked, or how they could be combined to help leaders better embed sustainability a company's system. The paper provides an analysis of sixteen of the most widely used initiatives (e.g. life cycle assessment, eco-design, cleaner production, corporate social responsibility, and sustainability reporting). Each initiative was analysed on how it contributes or addresses the four dimensions of sustainability, and the company system. It was found that each initiative has advantages with respect to scope and focus for the sustainability dimensions and the company system's elements, but it has certain disadvantages when it comes to dealing with the complexity and broadness of sustainability. The paper discusses how relying on one initiative can result in a limited and narrow contribution to sustainability and curtail coverage of the company's system. The results indicate that the least addressed elements of the company system have been organisational systems and procurement and marketing. A new framework, the Corporate Integration of Voluntary Initiatives for Sustainability (CIVIS) framework, is proposed with two purposes: (1) to help company leaders better understand how to improve their company's contribution to sustainability, and (2) to foster a holistic approach through the combination of company initiatives that would help to embed sustainability into company's system with the least effort and maximum results.
An analysis of voluntary corporate initiatives contributions to sustainability

Dr. Rodrigo Lozano
email: R.Lozano@leeds.ac.uk

18th November 2011

International Research Conference »Management Approaches in CSR«

Corporations and sustainability

• Corporate leaders and employees have been increasingly recognising the relations and inter-dependences of economic, environmental and social aspects (C.E.C., 2001; Elkington, 2002),

• And and their inter-relations within and through the time dimension, *i.e.* in the short-, long- and longer-term, the Two Tiered Sustainability Equilibrium (TTSE) (Lozano, 2008)
Corporate Initiatives

- Different tools, approaches, and initiatives, going beyond legal requirements, have been developed by and for corporations to engage with sustainability (Dunphy, et al., 2003)
- However, they have been limited in capturing the full spectrum of sustainability and its implications for corporations (Oskarsson & von Malmborg, 2005)
- In most cases they have been poorly linked to each other, leading to confusion about the initiatives, how they could fit together or how they should be used

Voluntary corporate initiatives

- Cleaner Production
- Corporate Citizenship
- CSR
- Design for Environment
- Eco-efficiency
- Environmental Management Systems
- European Corporate Sustainability Framework
- Factor X
- Industrial Ecology
- Life Cycle Assessment
- MIPS and the ecological rucksack
- Socio-efficiency
- Sustainability Balanced Scorecard
- Sustainable Livelihoods
- Sustainability Reporting
- The Natural Step
- Triple Bottom Line
Corporate system (1)

- **Operations and production**: technologies, materials, and product development (DeSimone & Popoff, 2000; Hart, 2000)
- **Management and strategy**: productivity, investment and profit (Dyllick & Hockerts, 2002; Robert, et al., 2002), business values and attitudes (DeSimone & Popoff, 2000; Quazi, 2001), and stakeholder engagement (C.E.C., 2001; Langer & Schön, 2003)
- **Organisational systems**: people, culture, structures, systems (Doppelt, 2003; Lorenzi & Riley, 2000), and change management (Dunphy, et al., 2003; Lozano, 2009)
- **Procurement and marketing**: supply chain, customers, and consumers (DeSimone & Popoff, 2000)
- **Assessment and communication**: reporting (Dalal-Clayton & Bass, 2002; G.R.I., 2007), risk disclosures (Cannon, 1994), and accountability (ISO, 2009)

Cleaner Production

- CP is the continuous use of integrated preventive strategies to process products and services, utilising raw materials efficiently to reduce waste at source, and minimising risks to the environment and society (DeSimone & Popoff, 2000; Robert, et al., 2002; UNEP, 2000a, 2001)
- Focus mainly on company operations and production part of companies, and mainly on the environmental dimension
Corporate Social Responsibility (CSR)

- Voluntary (C.E.C., 2001) and about ethical behaviours (Mintzberg, 1983), being responsible and aiming at improving societal welfare and well-being (Farmer & Hogue, 1973; Frankental, 2001; Mintzberg, 1983), going beyond legal expectations and compliance (C.E.C., 2001; Raynard & Forstater, 2002; Swift & Zadek, 2002)
- In many cases equated to philanthropy; and being perceived as referring only to social dimension.
- CSR efforts usually take place under the aegis of management and strategy, with some links to assessment and reporting

Life Cycle Assessment (LCA)

- LCA refers to the evaluation of all processes, *i.e.* the life cycle, involved with a certain product or service, from downstream, *i.e.* extraction, to upstream, *i.e.* disposal, including use and disposal (DeSimone & Popoff, 2000; Holliday, et al., 2002; Robert, 2000)
- Concerned with assessing the environmental impact of products and services. It deals with operations and production, and only touches upon assessment and communication.
Triple Bottom Line (TBL)

- Focuses on incorporating environmental and social performance indicators, complementing and balancing economic ones, into a company’s management, measurement and reporting processes (Atkinson, 2000; Elkington, 2002; Frankental, 2001; Wilenius, 2005)
- Focus links management and strategy assessment and reporting
- Integrates, in a comprehensive and simply way, economic, environmental, and social aspects. However, as a concept per se it does not explicitly address the time dimension.

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Initiatives critiques

• There have been proposals to explore the initiatives’ potential synergies, but they have been limited in contributing to:
  – the economic, environmental, and social dimensions of sustainability
  – the time dimension
  – company processes
  – how they are linked to each other; or
  – how could they be combined to address the entire company system

Solving the critiques

• For the sixteen initiatives discussed there could be 65,535 combinations
• One option would be to use all, but this requires endless resources, efforts, and coordination (and potential duplication of activities)
• Another option is to choose only one initiative, but this does not address the company system and the four dimensions of sustainability
Solving the conundrum

• Using the principles of mathematical combinatorial group theory the Corporate Integration of Voluntary Initiatives for Sustainability (CIVIS) framework is proposed, where a combination of initiatives is constrained by:

1. **the least number** of initiatives are used and

2. **full coverage** of the company **system** and the four dimensions of **sustainability**

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Corporate and Industrial Voluntary Initiatives for Sustainability (CIVIS) framework

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Combinations that satisfy CIVIS

- With three initiatives:
  - LCA, TBL, TNS and
  - CP, Eco-labelling, TNS
- With four initiatives:
  - EMS, Factor X, SLs, TBL
  - CP, CSR, TBL, TNS
  - CP, SR, TBL, TNS
  - CP, EMS, SLs, TBL
  - CP, CSR, Eco-labelling, TNS
  - ESA, LCA, Eco-labelling, TNS and
  - ESA, TBL, TNS, and CP

Example

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- Full contribution
- Limited contribution
- Variable contribution
Caveats

• The combination of initiatives is dependent of the company’s strategy, organisational culture, and contextual factors
• The initiatives are limited when addressing Organisational Systems and the time dimension

Conclusions (1)

• A number of initiatives have been developed by and for corporations to engage with sustainability. However:
  – there has been a lack of clarity in explaining how the initiatives address the company system
  – how they are linked or
  – how they contribute to sustainability’s four dimensions
Conclusions (2)

- The challenge that leaders and sustainability champions face is to understand the structure of their companies and the context where they operate, so that they can choose a combination of initiatives that would be able to address their company needs, as well as the four sustainability dimensions.

Conclusions (3)

- The CIVIS framework can help overcome these challenges by:
  1. helping company leaders and champions to better understand the initiatives, and
  2. fostering a holistic approach through the combination of company initiatives that would help to embed sustainability with the least effort and maximum results.
Conclusions (4)

• The least addressed elements of the company system have been *organisational systems* and *procurement and marketing*
• Perhaps, technocentric fixes are insufficient, and, rather, the answer lies in recognising the power that *people have in changing* companies in order to help current generations and future ones to become more sustainable

“Not everything that can be measured counts, and not everything that counts can be measured”

Thank you Vielen Dank
About the author

Dr. Rodrigo Lozano
is a lecturer in Corporate Sustainability at the Sustainability Research Institute, University of Leeds, UK.

For the last ten years Rodrigo has been working towards Sustainability in NGO's, universities, and corporations. His projects have ranged from indoor-air quality and energy efficiency, to sustainability assessment and reporting, and to organisational change management. He has developed assessment tools such as the GRaphical Assessment of Sustainability Performance (GRASP), the Sustainability Tool for Assessing UNiversities Curricula Holistically (STAUNCH®) (shortlisted for the Times Higher Education Awards in 2008), and the Graphical Assessment for Sustainability in Universities (GASU™).

Rodrigo holds a BSc in Chemical Engineering (graduated with honours) from Monterrey Tec, Mexico; a MSc in Environmental Management and Policy, from the International Institute for Industrial Environmental Economies (IIIEE) at Lund University, Sweden; and a PhD on organizational change management for Corporate Sustainability at Cardiff University, Cardiff, UK.

Rodrigo is also the managing director of Organisational Sustainability Ltd. (www.org-sustainability.com).
Summary of Presentation

Prof. Dr. Olaf Müller-Michaels explained the legal framework for CSR in Germany. There are no specific statutes or rules on CSR activities. The management board has to comply with their general fiduciary duties. Their main duty is to act for the company good. The interpretation of the legal term "company good" is difficult and subject to a lot of discussion in legal literature and court rulings. Under the mainstream opinion, board members would only be allowed to spend company money for CSR if they can show a potential profit from such CSR measure in the future. This opinion is wrong since it perverts ethic measures to a mere means to generate profits: Ethics must pay! To avoid this, Olaf Müller-Michaels developed the SANCT concept. Under the SANCT concept the management board may spend money for CSR under the following conditions: The measure must not endanger the long-term "s"tability of the company, it must be "a"dequate, there must be "n"o "c"onflict of interest and CSR action must be "t"ransparent.
International Research Conference:
Management Approaches in CSR

Must Ethics Pay?
Legal Framework for CSR in Germany

Essen, 18 November 2011
Prof. Dr. Olaf Müller-Michaels

Global Frameworks

- OECD Guidelines for Multinational Enterprises
- Global Compact: The Ten Principles
- EU Strategy for CSR
- Deutscher Nachhaltigkeitskodex
- Global Reporting Initiative (GRI)
- EFFAS KPIs for ESG
- IIRC Discussion Paper: Towards Integrated Reporting
ISO 26000

- **ISO 26000**

Social responsibility: 7 core subjects

- Community involvement and development
- Human rights
- Organisational governance
- Consumer issues
- Labour practices
- Fair operating practices
- The environment
- Interdependence

* The figure depicts the seven core subjects in ISO 26000.

Legal Rules in Germany

- German Stock Corporation Act and Criminal Code

- The management board has to manage the company in its own responsibility

- A member of the management board does not violate his fiduciary duties if in a management decision he could reasonably assume to act on the basis of adequate information for the company good (*Business Judgement Rule*)

- A person who misuses his power to dispose over assets owned by another person, and by this negatively affects the monetary interests of such other person, is subject to imprisonment of up to five years or penalties
Company Good

- Shareholder value und stakeholder value embedded in German Corporate Governance and Sustainability Codices

- Pluralism of interests to be considered by management board
  + Shareholder
  + Employees
  + Customers
  + Other groups related to the company

- Companies should contribute to the enhancement of the public good

Social Expenses

- Internal measures
  + Advantages for employees
  + Better workplace

- External measures
  + Donations
  + Sponsoring
  + Charity

- Essentials
  + Voluntary
  + Altruism
Classical Reasoning

- „Good corporate citizen“: Social acceptance secures economic success
- Social activities and profit are complementary goals
- „Do good and talk about it“
- Good reputation increases profits in the mid- and long term
- Ethics pay

Criticism

- No empirical proof for profit increase caused by CSR
- Ethics must pay: no true altruism
  + Unprofitable measures not allowed
  + Social activities as smart way for maximizing profits
  + CSR as tool for public relation policy
  + Ethics as factor of financial analysis
- Ethics should be primary goal, not secondary means for profit
Guidelines: SANCT

- „SANCT“ concept as legal guideline for management

  + Long-term Stability and rentability

  + Adequacy
    • No one size fits all solution
    • Tax deductibility irrelevant
    • No fixed limit (1% of earnings)
    • Strategy, industry, social and macro-economical role of company
    • Financial situation and capability

  + No Conflicts of interest (no „pet projects“)

  + Transparency

About the author

Prof. Dr. Olaf Müller-Michaels
is attorney in the Düsseldorf office of Orrick.

He focusses on corporate transactions and on corporate and capital markets law. Olaf Müller-Michaels advises on strategic measures, privatizations, shareholder disputes as well as on corporate governance and compliance. He is chairman of the supervisory board of Murphy&Spitz Green Capital AG, a listed private equity company focussed on renewable energies. Moreover, he is arbitrator and counsel in national and international arbitration.

Prof. Dr. Olaf Müller-Michaels has published numerous articles in legal books, law journals and newspapers, and operates the legal blog (http://www.verschmelzungsbericht.de).

Since 2009, Olaf Müller-Michaels is a regular professor for business law at FOM Hochschule in Essen. Besides corporate law he teaches European and International Business Law as well as legal drafting and negotiation.
CSR & Business Ethics Education – Conjectures & Certainties

Prof. Dr. Stefan Heinemann

CSR & Business Ethics Education – Conjectures & Certainties*

International Research Conference 11 | 18 | 2011
»Management Approaches in CSR« | FOM Essen

Prof. Dr. Stefan Heinemann | Researcher Business Ethics
Vice-Rector Cooperations | FOM Sustainability Representative

Introduction and Relevance
Ethics in Management Education

- Business scandals -> (self-contradictory “trend towards sustainability”)

- Who can do something about it? -> **Integrating ethical aspects in management education** has been a matter of increasing critical debate among various stakeholders for a number of years.

- The online edition of SPIEGEL magazine recently talked of the economy in terms of “brainwashing”, and Jacobs asks: “Would Bernie Madoff have acted differently if he had aced his ethics final?“.

**Conditions and new challenges for higher education institutions**
Growing pressure on the higher education institutions (1/2)

### Framework

- **Politics**
  - UNECE Strategy For Education For Sustainable Development (2005)
  - Qualification Framework for German Higher Education Qualifications (Gemeinsame Richtlinien (GRL) der HRK, Ständige Konferenz der Minister von Bildung und Kultus der Länder (MKBL) - 2006)
  - The first concrete support at Länder level: up to 2015, 15 million euros are to be made available to the higher education institutions in Hamburg in a “Science for Sustainability” funding line by the Ministry for Universities, Culture and Science and the Ministry of Science, Research and Art.
  - of the Länder in the Federal Republic of Germany - do you need the full title? I’ve added Higher here – I could only find “Bildung für nachhaltige Entwicklung” on the website

- **Corporations**
  - Economic and financial crises
  - Corporate scandals
  - Demand to succeed at citizenship
  - Strategy (ISO 26000, audits and sustainability reports, business case CSR, reputation, …)
  - Operationalization: specific demands in the subfunctions of an enterprise (Finance, HR, Strategy, Production, …) and increasing pressure to operationalize (measurability? KPIs?)
  - Managers demand value-oriented management: 59% of managers questioned consider “values” to be a key element in solving problems in education, in other words, in a field 80.7% consider to be a particularly pressing social issue.
  - UN Global Compact-Accenture CEO Study 2010 – CEOs have long been calling globally for “sustainability” to play a greater role in management training
  - Manager image: not a “long-ride profession” in sight – where is the new model of the “reputable manager”?

### New Challenges for the Educational Sector

- **Education**
  - UN Decades “Education for Sustainable Development” (2005-2014)
  - “Principles for Responsible Management Education” (UN PRME)
  - World Business School Council for Sustainable Development (WBCSD)
  - Globally Responsible Leadership Initiative (GRLI)
  - “Stipendio” - a joint project of UN PRME, GRLI and WBCSD
  - Stifterverband der Deutschen Wirtschaft (”Fond mission“)
  - Accreditation (AACSB, EQAS, FBAA, …)
  - Quality assurance organizations; the key ones are: ULSF, GRI, STARS
  - “Council on Business and Society”
  - “Statements” (e.g. Pies et al 2007)
  - Empirical findings on CSR education in Germany (2008)
  - Name professional base
  - Online platform for courses and research opportunities: www.leitfaden-nachhaltigkeit.de (FU Berlin)
  - Bertelsmann Stiftung: MBA degree looking into aspects of ethics and sustainability in business school curricula
  - Hippocratic alternative? The “MBA Oath”
  - “Beyond Grey Pinstripes” - Ranking

- **Science**
  - Forming schools
  - Institutionization
  - Broad consensus, little dissent
  - Research on “Sustainable Development” at higher education institutions
  - BMBF, HIMM, …
  - Research in “Corporate Ethics and Business Administration” (IWBEE): Collaboration between the Association of University Professors of Management (ABV), the Association for Business Ethics Education in Business Administration (WBBE)
Conditions and new challenges for higher education institutions

Growing pressure on the higher education institutions (2/2)

Students

- Student surveys by institutions: 74% of MBA students would welcome “Corporate Social Responsibility” as new course content, and 67% “new course content that includes aspects of ethics and sustainability” (MBA Study 2010)

- Student surveys by student-based initiatives: in the sneep survey (2009), 66% of students call for “…business and corporate ethics as a compulsory subject in business and economics education”.

- “Open Letter to Higher Education Rectors” was sent by sneep to all the rectors of higher education institutions in Germany in 2010, asking how more ethics could be integrated in business and economics degrees. As sneep’s results show, the response was not overly impressive, with just 14% of the 361 institutions that were sent the letter replying to it. Of those that did, only 40% were overtly positive.

- sneep position paper “Business ethics for higher education institutions. Not if, but how!”

- FOM EthikControl “Handlungsfeld Lehre” - “Teaching” focusing on student surveys (see below) and clearly positive signals for more and compulsory elements of ethics in management education.

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Project „Business Ethics and Sustainability at the FOM“

Sustainable Sustainability (1/2)

Assumptions and Objective

**Assumptions**

1. Appropriateness
   - Appropriate to the differentia specifica of the institution
   - No excessive demands on students and faculty, particularly not in the form of empty promises (“quick wins”)
   - Open debate on the ‘dimensions of doubt’

2. Seriousness
   - Not a marketing gag (“Academic Green Glamour”)
   - Strategic issue at rectoral level
   - Staying power, as this issue is not a self-starter

3. Sustainability
   - Project to run until 2017
   - Model includes social, ecological and economic elements

**Goal**

Systematic conceptualization, implementation and evaluation of “Business Ethics and Sustainability” at the FOM to encourage socially, ecologically and economically responsible management philosophy and practice as an essential prerequisite for creating a just and successful global future among managers, companies and social systems.
New professional profiles in "Business Ethics" and "Sustainability" for long-term implementation

New training and continuing education options to reinforce the effect

Business ethics and sustainability in classic management education as a basis

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Prof. Dr. Stefan Heinemann
Project "Business Ethics and Sustainability at the FOM"
Sustainable Sustainability (2/2)

Heinemann, Stefan / Krol, Bianca: Nachhaltige Nachhaltigkeit (2011): Zur Herausforderung der ernsthaften Integration einer angemessenen Ethik in die Managementausbildung, Essen; all other specific sources are available in this paper

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Evaluation

- Content
- Didactics
- Lecturer Trainings
- Representative/Advisory Board
- Communication/Engagement/Networking
- Energy/Resources-management
- Diversity
- Institution FOM
- University Management
- Practise
- Teaching
- Research
- Publications/Lectures
- Projects
- Round Table
- Scientific Events
- Dialog with Corporations
- Service Learning
- Events
- Trainings
**Project „Business Ethics and Sustainability at the FOM“**

Some current and planned Activities

**Teaching**
- Introduction of a compulsory "Responsible Practice..." component as from WS 2011 in B.A. and all M.A. courses
- Master: Integration Module
- Bachelor: Integration Module
- MBA: Integration Module
- Verifiable ethics/sustainability transfer in written homework assignments
- Integrating aspects of business ethics in course development
- Extending continuing education of faculty in ethics
- "Didactics of Business Ethics" working party
- FOM EthikControl 2011 "Handlungsfeld Lehre" – "Teaching"
- Cooperation with media agency and industrial concern on "ethics e-learning/blended-learning"

**Research**
- Making an overview of research activities in business ethics and sustainability an integral part of the FOM annual research report as from the 11th report
- International Research Conference 2011 "Management Challenges in Corporate Social Responsibility (CSR)"
- Integration in other research work (e.g. FOM id Institute for Logistics and Service Management: Green Logistics, Humanitarian Logistics)
- "Ethic Survey of Young Professionals" (Prof. Dr. Jäger, FOM Essen)
- "Nachhaltigkeitsindex" ("Sustainability Index") (Dr. Jeschke, FOM Munich)

**University Management**
- Business Ethics and Sustainability Representative at the FOM
- Internet page to communicate activities to internal/external stakeholders www.fom.de/nachhaltigkeit (1Q 2012)
- Activities such as within the UNESCO BNE "Higher Education" Working Group
- Founding partner of the zdi-Zentrum MINT-Netzwerk Essen, a network promoting educational activities in the MINT subjects
- Advisory council of external and internal experts
- Membership of the "Bildung für eine Nachhaltige Entwicklung (Vision 2030): Ein Dialog im Ruhrgebiet mit Wirtschaft und Gesellschaft." event of the BENA/University of Duisburg-Essen/UNESCO
- Special internships ("Service Learning")

**Practice**
- Various events, including:
  - "Aspekte verantwortlichen Handelns" (Aspects of Responsible Practice)
  - Symposium with businessman Klaus Hips (FOM Munich)
  - "Mehrwert Glück: Vom Homo economical zum aktiven Wirtschafts-bürger" (Added value satisfaction: from homo economicus to active economic citizenship) with Prof. Wallacher (HIS Munich School of Philosophy) (FOM Munich)
- Partner to the "Hochschulen für nachhaltige Entwicklung: Vision 2030: Ein Dialog im Ruhrgebiet mit Wirtschaft und Gesellschaft." event of the BENA/University of Duisburg-Essen/UNESCO
- Diversity in human resources (the BildungsCentrum der Wirtschaft alone, as the organization supporting the FOM, has employees from 16 countries)

**Evaluation**

**Dialog (internal)**
- Lecturers
- Students
- Scientific Researchers and Administration Staff

**Advisory Board (external)**
- 1x p.a.
- Ad hoc (if nec.)

**Inclusion in the FOM quality assurance system**
- in accordance with the accreditation process
Integration Ethics FOM-Management-Education (Teaching)
Challenges and Success Factors

Challenges

- Developing knowledge and skills among faculty
  - Resources at a business school are limited, 90% general business administration and economics professorships

- Breaking down inhibitions
  - Acknowledging the dimensions of doubt among faculty and students

- Didactics
  - The interactive didactics of the FOM ("FOM ID") are to be applied to ethics

Success Factors

- Continuing education programmes for faculty

- Cooperation with philosophical/theological/business ethics institutions

- Communicating the main concerns and expectations of the higher education institution to faculty and students

- Application and possible further development of the didactics of business ethics in the specific higher education context (e.g. blended-learning programmes for business ethics)
Heinemann, Stefan / Krol, Bianca: Nachhaltige Nachhaltigkeit (2011): Zur Herausforderung der ernsthaften Integration einer angemessenen Ethik in die Managementausbildung, Essen; all other specific sources are available in this paper

FOM EthikControl 2011 „Teaching“

Objectives, Methods and Questions

Objectives

- Generating information on fundamental questions within the framework of the “Teaching” section of the “Business Ethics and Sustainability at the FOM” project
- Comparing student and faculty perspectives: are the main opinions about the integration of ethics in FOM management education similar or do they diverge?
- Explaining levels of doubt: potential resistance to (broad) integration of business ethics and sustainability in FOM teaching should be identified and taken seriously.

Methods

- In line with the concept behind the FOM EthikControl, online surveys were conducted in December 2010 and in January/February 2011.
- First the 700 faculty and subsequently the 17,000 students of the FOM Hochschule für Ökonomie & Management were surveyed.
- Both questionnaires contained mainly closed questions with Likert scale response categories. These were supplemented by a few open questions.

Questions

- How do students and faculty essentially view the relevance of ethics in manager training now and for the future?
- In the opinion of faculty and students, who is responsible for training managers in ethics, and to what extent? Can a higher education institution make a difference, and if so, to what extent?
- What would students and faculty like to see, particularly in relation to ethics education at the FOM?
- How do the students feel about ethics as a compulsory course component and an “oath” as part of their FOM education?
- What benefits do the students see in greater integration of ethics components in FOM education?
- Further information
Results Student Survey
Excerpt

Main Statements

- Around 85 % consider ethics principally to be considerably relevant in management education.

- At an average of 1.94, students believe the higher education institutions to be almost equally as responsible for ethics training as companies (1.69).

- Over 68 % consider the introduction of a compulsory ‘ethics’ course component to be desirable.

- Only just over 13 % would welcome an ‘ethics oath’. Comparing the averages puts the desire for an ethics oath in last but one place ahead of the other wishes category.

- With an average of 1.79 in both cases, students would like to see efforts made to raise ethical awareness in management practice and the development of ethical skills for professional life (1.80).

- Students consider the main benefit of more “ethics” in FOM education in particular to be character building (84 %) and expanding their knowledge base (51 %). Just 3 % see no real benefit.

Doubts

- “There must be more to it than pseudo-philosophical waffle”

- “Ethics is a fashion that will pass”
  “Irrelevant topic”

- “Is it possible to operate ethically without being overtaken by those who don’t?”
  “Is ethics good for your career?”

- It must be appropriate
  Explain Relevance
  Theoretical Foundation
  Career Impacts

Heinemann, Stefan / Krol, Bianca: Nachhaltige Nachhaltigkeit (2011): Zur Herausforderung der ernsthaften Integration einer angemessenen Ethik in die Managementausbildung. Essen; all other specific sources are available in this paper.
Main Statements

- 83% consider in principle that ethics has considerable relevance in management training.

- At an average of 1.71, the higher education institutions share almost equal responsibility with the companies for ethics in management training (1.62). Politics has an average of only 2.63.

- 61% consider the higher education institutions to have a good chance of instilling a greater sense of responsibility in management practice and thinking.

- Just under 68% see business ethics in management education to be a potential profile area for the FOM.

- At an average of 1.67, raising awareness of ethical issues is expressed as the most important wish.

- Many measures to support integration of ethics in FOM training are warmly welcomed by faculty.

Doubts

“Ethics lessons have no place in business administration.”

“Explaining the Responsibility of the B-School”

“Develop Didactics”

“Diskus the Scientific Logic”

“A matter for the students.”

“I’m not a priest!”

“I doubt that ethics is something you can learn or teach”
For additional details…

Primary Source for this Presentation:

Heinemann, Stefan / Krol, Bianca (2011): Nachhaltige Nachhaltigkeit: Zur Herausforderung der ernsthaften Integration einer angemessenen Ethik in die Managementausbildung, Essen

There you can find the references for the diverse data in this Presentation. (Websites, Literature etc.).

Download:

www.fom.de/KCS-Publikationen

Contact

FOM Hochschule für Oekonomie & Management

Prof. Dr. Stefan Heinemann
Vicerector Cooperations

Leimkugelstraße 6
45141 Essen
Germany

Fon
+49-(0)201 81004 - 587
Fax
+49-(0)201 81004 - 399
eMail
stefan.heinemann@fom.de

http://www.fom.de/die-fom/kooperationen.html
About the author

Prof. Dr. Stefan Heinemann
is Vicerector for Cooperations and Sustainability Representative at the FOM University of Applied Sciences (Germany).

In addition, he is the Representative of the BCW BildungsCentrum der Wirtschaft within the zdi-Zentrum MINT-Netzwerk Essen [NPO Initiative of the Ministry for innovation, science, research and technology in the country North Rhine Westphalia, which addresses Skilled Worker Shortage in mathematics, informatics, natural sciences and engineering]. He is also a committed Member of the workgroup "tertiary institutions" of the UNESCO World Decade of Education for Sustainable Development. Furthermore, he is a Member of the Supervisory Board of the FOM-dips Institute [Research Institute for Asset Allocation and Finance], research Professor for Public Management at the FOM-ild Institute [Research Institute for Logistics and Service Management] and Scientific Research Director Business Ethics at the FOM-KCC KompetenzCentrum Corporate Social Responsibility.

In the field of University Management Research he is a Partner of the HKR NRW Hochschulkompetenzzentrum Rechnungswesen at the University Duisburg-Essen [competence center for Accounting and Finance in the field of University Management, representing all State Universities of North Rhine-Westphalia].

Prof. Dr. Heinemann's teaching and research is focused on Business Ethics and Public Management (Finance and Strategy).
International Research Conference
»Management Approaches in CSR«
18th November, 2011
FOM Hochschule für Ökonomie & Management
Sigsfeldstraße 5 | 45141 Essen
10:00  WELCOME ADDRESS
       Prof. Dr. Burghard Hermeier,
       Rector, FOM

       Prof. Dr. Thomas Heupel,
       Vice-Rector for Research, FOM

10:15  INTRODUCTION
       Prof. Dr. Linda O’Riordan
       Professor for International Management,
       CSR Researcher, FOM Essen

10:30  SESSION I
       “A New Conceptual Framework
       for Managing CSR”
       Prof. Dr. Linda O’Riordan
       Professor for International Management,
       CSR Researcher, FOM Essen

11:00  SESSION II
       “CSR Management at J&J”
       Frank Welvaert, Director CSR,
       Johnson & Johnson
       ENEMA Europe, Middle East &
       North Africa
11:30  SESSION III
“The ISO 26000 Guideline – New Perspectives for Managing CSR and Sustainable Development”
Prof. Dr. Rüdiger Hahn, Assistant Professor for Sustainability and Corporate Responsibility,
Heinrich-Heine-University, Düsseldorf

12:00  LUNCH BREAK

13:15  SESSION IV
“Strategic CSR: Ideas and Challenges from the Perspective of an International Professional Services Firm”
Dr. Michael Fuchs, Ethics Officer, Deloitte Germany, Düsseldorf

13:40  SESSION V
“Providing Better Guidance to Corporate Sustainability”
Dr. Rodrigo Lozano, Lecturer & Researcher in Corporate Sustainability,
University of Leeds, Leeds (UK)

14:05  SESSION VI
“Is it Necessary to Differentiate between Services & Industry when Managing CSR?”
Katrin Wagner, Director CSR, HSBC Trinkaus & Burkhardt AG,
FOM Alumna, Düsseldorf
14:25  SESSION VII
“Must Ethics Pay?
Legal Framework for CSR
in Germany”
Prof. Dr. Müller-Michaels
Professor for Business Law,
Attorney at law, FOM Düsseldorf

14:45  SESSION VIII
“CSR & Business Ethics Education –
Conjectures & Certainties”
Prof. Dr. Stefan Heinemann,
Professor for Business Ethics,
FOM Essen

15:15  COFFEE BREAK

15:45  PANEL DISCUSSION
with the Audience:
“How to Effectively Manage CSR
& Sustainable Development? –
The Practical Value of CSR
Management Instruments for
Responsible Managers”
Moderator:
Prof. Dr. Markus Braunewell
Professor for Business Law, FOM Essen

16:45  WRAP-UP
Prof. Dr. Burghard Hermeier, Rector, FOM / 
Prof. Dr. Thomas Heupel, Vice-Rector for Research, 
FOM
The «Corporate Social Responsibility» (CSR) debate has increased in intensity since the recent global financial crisis. Against the background of ongoing corporate scandals over the past 15-20 years, companies are now beginning to respond to the CSR challenge.

The basis for the CSR concept is the triple bottom line (e.g. Elkington, 1999) which suggests that managers are required to balance social and environmental aspects alongside their economic goals. A 2009 study (BBDO) identified that ethical values in social and ecological matters have become increasingly important in public opinion.

While 58 % of Germany’s mid-sized companies report that they undertake CSR activities (KfW 2011), 93 % of leading CEOs around the world see sustainability as important for their company’s future success (Accenture, 2010).

Global corporations in the pharmaceutical industry such as Johnson & Johnson, Novartis, Sanofi-Aventis, and Merck Darmstadt have already implemented CSR-dedicated departments. Companies in other industries also actively address CSR. Daimler for example has a Board Member responsible for «Integrity and Legal Affairs».

To address these challenges, these conference proceedings focus on management approaches in CSR. As this was an international research conference, the conference proceedings are in English. Both include the typical FOM approach which applies research and theory to management practice.