

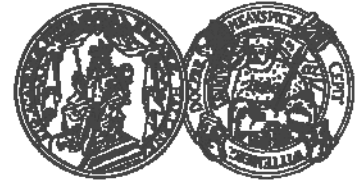


Martin-Luther-University Halle-Wittenberg
School of Economics and Business

Principles of Responsible Management Education

Communication on Progress:
Academic Year 2008





Spokesman's Note

Being one of the first subscribers of the Principles of Responsible Management Education (PRME) of the United Nations, the School of Economics and Business at Martin-Luther-University Halle-Wittenberg (MLU) has developed a clear vision how to put CSR into practice. Complying with the Global Compact's Principles of Responsible Management Education has a strategic background: The societal environment for corporations has changed radically and is expected to continue to change. For corporations, it is becoming increasingly difficult to earn and keep their license to operate (important for their everyday business operations) as well as their license to sit at the table (important for participating in processes of "New Governance"). Therefore, the School of Economics and Business at MLU is increasingly committed to cover these issues in its current and future research, teaching and outreach activities in order to endow future managers with competencies that enable them to play a constructive role in these new processes. For us, the PRME are an expedient heuristics for Sustainability and Corporate Citizenship, or, put differently: for Sustainability through Corporate Citizenship.

This year's COP documents how the School of Economics and Business has increased its efforts to implement the Principles of Responsible Management Education at MLU in Halle/Saale.

A handwritten signature in blue ink that reads 'Ingo Pies'.

Prof. Dr. Ingo Pies, Chair of Economic Ethics
Spokesman of the Institute of Economics, Martin-Luther-University Halle-Wittenberg

Principle 1

Purpose: We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.

The Curriculum

Traditional business education is concentrated on exercising maximization techniques. In addition, training the leaders of tomorrow must concentrate on teaching competencies how to shape social processes. Optimizing the moves within a given game must be complemented by learning how to improve the rules of the game. This, however, requires skills in analyzing social structure and semantics. With regard to the social structure, executives must at least learn the basics of a rational-choice based analysis of the incentive effects of institutional arrangements. And with regard to semantics, they must become familiar with the central concepts, and the (normative) thought categories on which they are based, with which social conflicts in society are perceived, described and evaluated.

This innovative concept for Economic Ethics and Business Ethics is introduced in many areas of research and teaching in our institution. The lectures listed below strictly follow this logic and address the issues of Sustainability and Corporate Citizenship.

Lecture „Ethics of the Social Market Economy“ (Bachelor Program, Winter Term 2008/2009)

The lecture „Ethics of the Social Market Economy“ treats the most pressing contemporary problems of western societies: unemployment, the environment, social security, corruption. It examines how public perception of these problems is structured and how potential solutions might look like. The students are made familiar with the analytical instruments of economic ethics and business ethics. This enables them to judge the moral quality of competitive markets and to assess the potential for business firms to make use of moral commitments as a factor of production. The lecture introduces students to alternative perspectives on the social responsibility of companies and on the possibilities and limits of institutionalized solidarity in modern market societies.

Colloquium: „Economic Ethics and Policy Advice“ (Winter Term 2008/2009, Master Program)

Academic Policy Advice requires high academic standards. According to Max Weber, controversial value judgments have to be strictly avoided. Against this background, the interactive colloquium „Economic Ethics and Policy Advice“ takes an “ordonomic” stance: it examines the interdependencies between social structure and semantics. Tailored to the needs of modern democracy, the methodical approach combines theoretical analysis with contemporary case studies. The list of typical topics that are covered includes health care, globalization, development assistance, the prevention of corruption, and political measures to encourage business contributions to sustainable development.

Seminar „Economic Ethics“ (Summer Term 2008, Master Program)

The seminar aims to provide students with the basic tools of Economic Ethics: It makes them familiar with – and deepens their understanding of – a rational-choice based analysis of the incentive effects of institutional arrangements and an analysis of the semantics of public morality communication. The range of topics covered includes globalization, sustainable development, corporate citizenship as a strategic concept (morality as a factor of production) as well as diverse case studies with concrete applications relevant to everyday business operations. This year's seminar was conducted in cooperation with the Theological Faculty of the University of Leipzig and discussed the economic, ethical and theological implication of the process of globalization.

Principle 2

Values: We will incorporate in our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.

UN Global Compact in Research and Teaching

The „Global Compact“ is the biggest initiative of corporate citizenship (CC) world-wide. MLU explicitly focuses on the issue of CC in at least two lectures each year.

Colloquium „Economic Ethics of Global Challenges“ (Summer Term 2008, Masters Program)

The emerging world society is facing major challenges. These include the opportunities and risks of globalization, but also international issues such as climate change, prevention of corruption and the fight against infectious diseases. All these tasks are part of the Millennium Development Goals Declaration of the United Nations. The problems behind these examples can all be explained by the same analytical structure: The provision of global public goods is characterized by the fact that there is often no international consensus on values, so that common goals can be formulated only at the level of institutional arrangements (rule consensus). In discussing specific applications, students learn how to successfully generate and implement strategies that aim at meeting the consensus of the players involved in these international games.

Colloquium: „Sustainability, New Governance, and Corporate Citizenship“ (Winter Term 2008/2009, Masters Program)

Initiating the Global Compact, the United Nations' Secretary General Kofi Annan officially invited the business sector to cooperate with the United Nations in a joint effort to find solutions for global problems like poverty, hunger, diseases, etc. But why should companies engage in global problem solving? Is there a business case for Corporate Citizenship? – The interactive colloquium focuses particularly on the design of processes within companies and between companies: How can formal and informal institutions get implemented that help companies fulfil their social responsibility and contribute to sustainable development? Background: Today, corporate citizens frequently find themselves in social dilemmas, i.e. situations of collective self-damage in which rational actors are not able to pursue commonly shared goals. To govern such critical situations, the institutional framework is key and

therefore determines the degree of morality that is profitable (and thus possible) under market competition. A special focus is on codes of conduct and multi-stakeholder dialogues as corporate contributions to processes of “New Governance”: “Corporate Citizenship” is interpreted as a strategic management of social dilemmas by which business firms can be conducive to “Sustainability”.

Further MLU activities with regard to responsible management education are especially conducted by the following personnel:

- Prof. Dr. Hans-Ulrich Zabel, Chair of Environmental Management, Department of Business, provides students not only with a general knowledge of natural resource management but also with more specific competencies and tools in sustainable management.
- Prof. Dr. Ingo Pies, Chair of Economic Ethics, Department of Economics, refers to an “ordonomic” approach to social theory and applies it to more specific issues of economic, business and procedural ethics. His research and teaching aims at providing a deep understanding of (a) the ethical quality of a competitive market system, (b) the role of businesses as agents of social value creation and (c) the importance of the process of new governance for business activities.
- Prof. Dr. Bernd Hansjürgens, Chair of Environmental Economics, Department of Economics, provides students with the economic fundamentals of environmental problems and policies to solve them and discusses the possibility of companies to actively engage in these processes.

Principle 3

Method: We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.

Creating innovative educational frameworks

Following an ordonomic approach to Business and Economic Ethics, the School of Economics and Business at Martin-Luther-University Halle-Wittenberg (MLU) has developed three main propositions concerning new structures that will enable an effective implementation of the PRME into academic life.

((1)) Properly understood, the PRME aim at educating corporate executives, and – more broadly – “social entrepreneurs”. This suggests that lessons in Business Ethics and Economic Ethics should also be made available to students from other fields (law, political science, sociology, etc.). At any rate, it would not hurt if future managers of government agencies, political parties, and civil society organizations as well as leaders in the growing area of the third sector were equipped with basic knowledge of how a market economy works and how companies function.

((2)) Education in these competencies should be integrated into the bachelor and master programs, not with a separate degree for “ethicists”, but as a possible major within classical management education. Unlike in the US (with its Sentencing Guidelines or the Sarbanes-Oxley Act), German legislation cannot be expected to create massive incentives for a new profession of “ethics officers”. Therefore, especially in Germany, Economic Ethics and

Business Ethics must choose the path to strengthen general managers' education in the area of "strategic management".

((3)) The traditional division of labour between business administration and economics is starting to crumble. However, a rational-choice based approach to Economic Ethics and Business Ethics can help overcome the gap. In general, students who see themselves as future managers will develop an interest in such courses to gain a better understanding of markets and competition, corporate action and the profit principle. Since it is to be expected that the increasingly mathematics-oriented field of economics will be less and less able to meet this need for providing a fundamental understanding of the working properties of business in competitive markets, new courses in the field of Economic ethics and Business Ethics could (and should) fill the resulting vacuum.

In order to put these three propositions into practice, the School of Economics and Business at Martin-Luther-University Halle-Wittenberg (MLU) has already in the last years integrated a number of lectures with a focus on topics like Sustainability or Corporate Citizenship into several academic programs within the Faculty of Law, Economics and Business:

- Legum Magister (LL.M)
- Master of Business Law and Economic Law
- B.Sc. Information Management
- B.Sc. Economics
- B.Sc. Business Economics
- B.Sc. Business Studies
- B.Sc. Economics
- M.Sc. Information Management
- M.Sc. Economics
- M.Sc. Business Economics
- M.Sc. Business Studies
- M.Sc. Empirical Economics and Policy Consulting
- M.Sc. Human Resources Management
- M.Sc. Accounting and Taxation
- M.Sc. Financial Management

In order to enhance the societal competencies of future managers, the School of Economics and Business has integrated into the curricula of their business and economic Bachelor and Master programs a number of lectures from other faculties, even as majors:

- Seminar Weltgesellschaft im Werden ("Development of World Society", Faculty of Sociology)
- Seminar Umweltmaßnahmen in Staat und Wirtschaft ("Environmental Provisions in Government and Economy", Faculty of Sociology)
- Parlamentarismus ("Parliamentarism", Faculty of Politics)
- Governance und Gewaltenteilung I and II ("Governance and the Separation of Powers I und II", Faculty of Politics)
- Theorien politischen Wandels („Theories of Political Change“, Faculty of Politics)
- Theorien der Zivilgesellschaft („Theories of Civil Society“, Faculty of Politics)

((4)) Competencies in analyzing the interdependencies between social structure and semantics requires new teaching forms. In the innovative field of Economic Ethics and Business Ethics, instructional formats must be interactive and interdisciplinary. Co-teaching and group work,

including role-plays, strategy simulations and practical projects, are conducive to helping students see with their own eyes how conflicts can be structured and how consensual conflict solutions can be implemented. In order to further develop these competencies, the School of Economics and Business in 2008 supported the following activities:

- Since 2008, MLU intensively co-operates with the ‘German Development Agency’ (GTZ - Gesellschaft für Technische Zusammenarbeit). Within the scope of academic courses, student teams analyze a practical project currently carried out by a division of the GTZ. This initiative is supported by a GTZ-internal project titled “Hörsaal&Projekt”.
- In 2008, MLU actively encouraged the foundation of the student initiative sneep—the student network for ethics in economic education and practice. Supported by the Chair for Economic Ethics, the growing sneep team Halle has already conducted a number of workshops and a series of lectures at MLU.

Principle 4

Research: We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.

Research

Sustainability and Corporate Citizenship are also two important research fields in the School of Economics and Business at the Martin-Luther-University. The following list presents recent publications on these topics. Interested readers may download most of these publications from the Chair of Economic Ethics’ website (<http://ethik.wiwi.uni-halle.de/>).

[in English language]

Beckmann, Markus and Ingo Pies (2008): Ordo-Responsibility – Conceptual Reflections towards a Semantic Innovation, in: Corporate Citizenship, Contractarianism and Ethical Theory, hrsg. Von Jesús Conill, Christoph Lütge und Tatjana Schönwälder-Kuntze, Farnham und Burlington, pp. 87-115.

Buttkereit, Sören and Ingo Pies (2008): Social Dilemmas and the Social Contract, in: Corporate Citizenship, Contractarianism and Ethical Theory, hrsg. Von Jesús Conill, Christoph Lütge und Tatjana Schönwälder-Kuntze, Farnham und Burlington, pp. 135-147.

Pies, Ingo and Stefan Hielscher (2008): Sustainability in Research and Teaching – Principles for Responsible Management Education, in: Global Compact Deutschland 2007, hrsg. von Elmer Lenzen, Münster, pp. 49-52.

Pies, Ingo and Stefan Hielscher (2008): The Role of Corporate Citizens in Fighting Poverty: An Ordonomic Approach to Global Justice, Diskussionspapier Nr. 2008-10 des Lehrstuhls für Wirtschaftsethik an der Martin-Luther-Universität Halle-Wittenberg, hrsg. von Ingo Pies, Halle.

Pies, Ingo and Stefan Hielscher (2008): Why the International Market for Pharmaceuticals Fails and What to Do About It: A Comparison of Two Alternative Approaches to Global Ethics, in: Corporate Citizenship, Contractarianism and Ethical Theory, hrsg. Von Jesús Conill, Christoph Lütge und Tatjana Schönwälder-Kuntze, Farnham und Burlington, pp. 169-190.

[in German language]

Beckmann, Markus (2008): Governance durch politische Selbstbindung – Wider die Ausbeutungsspiele afrikanischer Eliten, in: Zeitschrift für Politik (ZfP), 55. Jg. 2/2008, pp. 199-220.

Beckmann, Markus und Ingo Pies (2008): Ordnungs-, Steuerungs- und Aufklärungsverantwortung – Konzeptionelle Überlegungen zugunsten einer semantischen Innovation, in: Heidbrink, Ludger und Alfred Hirsch (Hrsg.): Verantwortung als marktwirtschaftliches Prinzip. Zum Verhältnis von Moral und Ökonomie, Frankfurt und New York, pp. 31-67.

Hielscher, Stefan und Markus Beckmann (2008): Social Entrepreneurship und Ordnungspolitik: Zur Rolle gesellschaftlicher Change Agents am Beispiel des Kruppschen Wohlfahrtsprogramms, Diskussionspapier Nr. 2008-5 des Lehrstuhls für Wirtschaftsethik an der Martin-Luther-Universität Halle-Wittenberg, hrsg. von Ingo Pies, Halle.

Hielscher, Stefan und Markus Beckmann (2008): Social Entrepreneurship und Ordnungspolitik: Zur Bearbeitung ökologischer und sozialer Herausforderungen aus ordonomischer Perspektive, in: Ökologisches Wirtschaften 4(2008), pp. 12-13.

Hielscher, Stefan (2008): Die Sachs-Easterly-Kontroverse: „Dissent on Development“ Revisited. Eine ordonomische Analyse zur Interdependenz von Sozialstruktur und Semantik moderner Entwicklungspolitik, in: ORDO - Jahrbuch für die Ordnung von Wirtschaft und Gesellschaft, Band 59, Stuttgart, pp. 441-473.

Pies, Ingo, Stefan Hielscher und Markus Beckmann (2008): Corporate Citizenship as Stakeholder Management: An Ordonomic Approach to Business Ethics, Diskussionspapier Nr. 2008-4 des Lehrstuhls für Wirtschaftsethik an der Martin-Luther-Universität Halle-Wittenberg, hrsg. von Ingo Pies, Halle.

Pies, Ingo und Stefan Hielscher (2008): Der systematische Ort der Zivilgesellschaft. Welche Rolle weist eine ökonomische Theorie der Moral zivilgesellschaftlichen Organisationen in der modernen Gesellschaft zu? Korreferat zum Beitrag von Karl Gabriel, in: zfwu - Zeitschrift für Wirtschafts- und Unternehmensethik 9(3), pp. 337-344.

Pies, Ingo und Stefan Hielscher (2008): Nachhaltigkeit in Forschung und Lehre – Principles for Responsible Management Education, in: Global Compact Deutschland 2007, hrsg. von Elmer Lenzen, Münster, pp. 46-48 and p. 50.

Pies, Ingo (2008): Korruptionsprävention: Wie aktiviert man die Selbstheilungskräfte des Marktes?, Diskussionspapier Nr. 2008-9 des Lehrstuhls für Wirtschaftsethik an der Martin-Luther-Universität Halle-Wittenberg, hrsg. von Ingo Pies, Halle.

Pies, Ingo (2008): Theoretische Grundlagen demokratischer Wirtschafts- und Gesellschaftspolitik – Der Beitrag von Douglass North, Diskussionspapier Nr. 2008-8 des Lehrstuhls für Wirtschaftsethik an der Martin-Luther-Universität Halle-Wittenberg, hrsg. von Ingo Pies, Halle.

Pies, Ingo und Peter Sass (2008): Wie sozialschädlich ist Korruption? – Ein Überblick zum Erkenntnisstand der empirischen Forschung, in: Ingo Pies (Hrsg.): Wie bekämpft man Korruption? Lektionen der Wirtschafts- und Unternehmensethik für eine ‚Ordnungspolitik zweiter Ordnung‘, Berlin, pp. 9-78.

Pies, Ingo (2008): Theoretische Grundlagen demokratischer Wirtschafts- und Gesellschaftspolitik – Der Beitrag Jon Elsters, in: Ingo Pies und Martin Leschke (Hrsg.): Jon Elsters Theorie rationaler Bindungen, Tübingen, pp. 1-31.

Pies, Ingo und Jörg Viebranz (2008): Jon Elster und das Problem lokaler Gerechtigkeit, in: Ingo Pies und Martin Leschke (Hrsg.): Jon Elsters Theorie rationaler Bindungen, Tübingen, pp. 181-202

Pies, Ingo (2008): Karl Homann und die Interdependenz von Zielen und Mitteln, in: Ingo Pies et al. (Hrsg.): Freiheit durch Demokratie. Festschrift für Karl Homann, Berlin, pp. 51-73.

Pies, Ingo und Stefan Hielscher (2008): Das Problem der internationalen Arzneimittelversorgung: Eine wirtschaftsethische Perspektive, in: Peter Koslowski und Aloys Prinz (Hrsg.): Bittere Arznei. Wirtschaftsethik und Ökonomik der pharmazeutischen Industrie, München und Paderborn, pp. 209-233.

Pies, Ingo (2008): Markt und Organisation: Programmatische Überlegungen zur Wirtschafts- und Unternehmensethik, in: Wolfgang Kersting (Hrsg.): Moral und Kapital. Grundfragen der Wirtschafts- und Unternehmensethik, Paderborn, pp. 27-58.

Pies, Ingo (2008): Unternehmensethik für die Marktwirtschaft: Moral als Produktionsfaktor, in: die bank. Zeitschrift für Bankpolitik und Praxis Nr. 4, April 2008, pp. 18-20.

Pies, Ingo (2008): Fragen und Antworten – Wie reagiert eine ökonomische Theorie der Moral auf die „Frequently Asked Questions“ zur Wirtschafts- und Unternehmensethik?, in: List Forum für Wirtschafts- und Finanzpolitik, Band 34, Heft 1, pp. 1-7.

Principle 5

Partnership: We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.

Outreach

MLU's activities also focus on a strong outreach to the corporate sector, to civil society organisations and to other universities. As part of our efforts, ...

- ... we are a member in the Academic Network of the Global Compact,
- ... we closely work together with the Global Compact's German network and
- ... we develop new formats for mutual learning in civil-society-academic-business partnerships (e.g. in the scope of our "Theorie-Praxis" Dialogues, see principle 6).

Other Partnerships in the Field of CSR and Sustainability

Academic Partners

- Professorship „Sustainability and Global Ethics“, Handelshochschule Leipzig (HHL – Graduate School of Management)
- Chair of Applied Ethics, Friedrich-Schiller-University Jena
- Chair of Institutional Economics, University Bayreuth
- Chair of International Management, Otto-von-Guericke-University Magdeburg
- Chair of Philosophy and Economics, Ludwig-Maximilians-University München
- Umweltforschungszentrum Leipzig-Halle (UFZ)
- Chair of Economics, Friedrich-Schiller-University Jena
- Chair of Economic Ethics, University Hohenheim
- Chair of Political Science, University Bamberg
- Chair of Public Law, Martin-Luther-University Halle-Wittenberg
- Chair of Political Philosophy, Martin-Luther-University Halle-Wittenberg
- Chair of Finance, Helmut-Schmidt-University Hamburg
- Chair of Political Science, University Göttingen

Civil Society

- SNEEP – Student Network for Ethics in Economics and Practice
- Wittenberg-Center for Global Ethics (WCGE)
- Gesellschaft für Technische Zusammenarbeit (GTZ)
- Global Compact Germany

Foundations

- Dieter-Schwarz-Foundation
- Zeit-Foundation
- Konrad-Adenauer-Foundation
- Ludwig-Erhard-Foundation

Principle 6

Dialogue: We will facilitate and support dialogue and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

Platforms for Dialogue

The School of Economics and Business at the Martin-Luther-University has created several platforms for mutual exchange between academia and business, most importantly among them rank the Young Leaders Seminars and the "Theorie-Praxis" Dialogues:

Young Leaders' Seminars 2008

With the Young Leaders' Seminars, the Chair in Economic Ethics at the Martin-Luther University of Halle-Wittenberg has developed a platform for discussing and illuminating social problems. The seminars focus on future leaders, i.e. students and young professionals from academia, politics, business, and civil society from all over Germany.

- In spring 2008, the Chair for Economic Ethics at the Martin-Luther University of Halle-Wittenberg – in cooperation with the Wittenberg Center for Global Ethics and with the financial support of the Dieter-Schwarz Foundation – conducted a three-day workshop on the topic: “Develop – Unternehmerische Markterschließung zur Bekämpfung extremer Armut” (“Develop – Fighting Poverty through Market Development by Companies”)
- In fall 2008, the Chair of Economic Ethics at the Martin Luther University of Halle-Wittenberg conducted a second Young Leaders' Seminar in Wittenberg. Topic of the workshop: “Unternehmen als Entwicklungsagenten” (“Companies as Development Agents“).

“Theorie-Praxis” Dialogues (TPD)

“Theorie-Praxis” Dialogues are a format designed to encourage a fruitful discussion between academia and business on relevant social issues. In order to intensively discuss these issues, a “Theorie-Praxis” Dialogue brings together influential decision-makers from business, politics, civil society with researchers and young academics and give them an inspiring platform for communication.

In 2008, the Chair of Economic Ethics at the Martin Luther University of Halle-Wittenberg – in cooperation with the Wittenberg Center for Global Ethics and with the support of the Dieter-Schwarz Foundation – conducted a workshop in close cooperation with the German Friends of the Global Compact. The workshop „Growing Inclusive Markets – Markterschließung zur Bekämpfung von Armut” addressed the practical challenges which current “Base of the pyramid”-approaches pose to market-entry strategies of companies who strive for activity in developing countries.

Conclusion and Outlook

The School of Economics and Business at Martin-Luther-University has a clear vision how to put the Global Compact's Principles of Responsible Management Education into practice: MLU will further focus on sustainable development and on the potential of corporate citizenship to meet this challenge. Furthermore, MLU will work harder to making a wider audience of students familiar with these concepts. Finally, MLU will intensify its outreach activities, bringing together academia with business, politics, and civil society. In order to document the commitment to the Global Compact and its principles, MLU will continuously report on all related activities.