Division of Economics at Martin-Luther-University Halle-Wittenberg

Principles of Responsible Management Education

Communication on Progress: Academic Year 2007
The Division of Economics at Martin-Luther-University Halle-Wittenberg (MLU) belongs to the first subscribers of the Principles of Responsible Management Education (PRME) of the United Nations that were accepted at the conduct meeting of the "Global Compact" of the United Nations from July 4th to July 5th 2007 in Geneva.

At the same time, the Martin-Luther-University as an institution of higher learning involved in the education of current and future managers fulfils the recommendations of the European Commission (2006):

“For CSR to become a mainstream business practice, the right knowledge and skills need to be developed among future entrepreneurs, business leaders, company managers and employees. CSR is also a lifelong learning issue. The Commission invites business schools, universities and other education institutions to incorporate CSR into education, as a cross-cutting issue, in particular into the curricula of future managers and graduate students.”

We are proud that the Martin-Luther-University belongs to the international pioneers in this field. The Economic Division at MLU has developed – and is in the process of implementing – a clear vision how to put CSR into practice. To us, complying to both the Global Compact’s PRME as well as to the EU’s recommendations 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 Economic Division at MLU is committed to cover these problems – and possible solutions – in our research, teaching and outreach activities. For us, the PRME are an expedient heuristic for Sustainability and Corporate Citizenship – more precisely: for Sustainability through Corporate Citizenship.

Sincerely yours,

Prof. Dr. Ingo Pies (Chair in Economic Ethics)  
Prof. Dr. Heinz Galler (Dean)
The Curriculum and Academic Life

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, demands 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 current academic life. The lectures listed below follow this structure and address intensively the issues of Sustainability and Corporate Citizenship.

Lecture „Ethics of the Social Market Economy“ (diploma and bachelor program)

The lecture „Ethics of the Social Market Economy“ diagnoses 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 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. Then 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“ (master program)

Political consulting places high demands on academic integrity. Following Max Weber, controversial value judgments are to be avoided. Against this background, the interactive colloquium „Economic Ethics and Policy Advice“ takes an “ordonomic” approach: it examines the interdependences 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“ (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.

Principle 2

Values: We will incorporate into 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 topics „Global Compact“ and “Millennium Development Goals of the United Nations“ were in the focus of two lectures at the Martin-Luther-University last year.

Colloquium „Economic Ethics of Global Challenges“ (master 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“ (master program)

With 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”.

[Image of people]
**Principle 3**

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

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**Creating innovative educational frameworks**

At MLU, we have developed three theses 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 some 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)) In general, students who see themselves as future managers will develop an interest in courses that help them gaining a better understanding of markets and competition, corporate action and the profit principle. Therefore, new courses in the field of Economic Ethics and Business Ethics can support the mathematics-oriented field of economics. With this additional input the students are able to assess the fundamental working properties of business in competitive markets.
To comply with these proposals, the Division of Economics at the Martin-Luther-University has started to integrate lectures with a focus on topics like Sustainability or Corporate Citizenship into a number of academic programs. These lectures are accessible to the following programs of study 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. Human Resources Management
- M.Sc. Accounting and Taxation
- M.Sc. Financial Management

Moreover, further efforts have to be made to successfully integrate the visions of the PRME into “Everday Academic Life”. Point ((4)) sheds light on the efforts to come:

((4)) Competence development in analyzing the interdependencies between social structure and semantics requires new teaching forms. In the innovative filed 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 thought up and implemented.
Sustainability and Corporate Citizenship are two important research fields in the Division of Economics at the Martin-Luther-University. The following list presents recent publications on these topics. Interested readers can get a free download of these publications from the website of the Chair in Economic Ethics. The link is: [http://ethik.wiwi.uni-halle.de/](http://ethik.wiwi.uni-halle.de/)


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

A further component of our approach is a strong outreach to other universities, the corporate sector and civil society organisations. As part of our efforts, we are a member in the academic network of the Global Compact and we work closely with the Global Compact’s German network. In our latest “Theorie-Praxis” Dialogues, for example, we have helped to develop new formats for mutual learning.

Other Partnerships in the Field of CSR and Sustainability

Academic Partners

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

- SNEEP – Student Network for Ethics in Economics and Practice
- Wittenberg-Center for Global Ethics
- 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 Division of Economics at the Martin-Luther-University has created several platforms for scientific exchange between academia and business. In the following, we want to shortly present two of these programs:

Young Leaders' Seminars 2007

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 are aimed at future leaders – students
and young professionals from academia, politics, business, and civil society.

From, May 08th to May 10th 2007, the Chair in 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 – held a three-day workshop on the topic: "Global Compact – opportunities and conditions for a successful learning platform.

From, November 14th to November 16th 2007, the Chair of Business Ethics at the Martin Luther University of Halle-Wittenberg held a second Young Leaders' Seminar in Wittenberg. Topic of the workshop: "Scenario 2030 – Global Challenges for a Social Market Economy".

“Theorie-Praxis” Dialogues

“Theorie-Praxis” Dialogues are a format designed to encourage a fruitful discussion between academia and business. The selected topics focus on relevant social problems. To discuss these problems, the “Theorie-Praxis” Dialogues bring together influential decision-makers from business, politics, civil society with researchers and young aspiring academicians and give them a platform to communicate with each other.

Already in 2006, the first of these events was successfully held in collaboration with the Dieter-Schwarz Foundation. The workshop on "Prevention of Corruption – Diagnoses and Therapies" focused on the development and implementation of better anti-corruption measures in companies.
In 2007, 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 – held a workshop from June 20th to June 21st. In close cooperation with the German Friends of the Global Compact, it addressed the following problem: "How Can Corporate Citizens Learn from Each Other? – Suggestions for the Global Compact of the United Nations."

Conclusion

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