ESPÆE GRADUATE SCHOOL OF MANAGEMENT

AT

ESCUELA SUPERIOR POLITECNICA DEL LITORAL - ESPOL

PRME AT ESPAE

SHARING INFORMATION ON PROGRESS

JULY 2009 – DECEMBER 2010

GUAYAQUIL-ECUADOR
ANTECEDENTS AND COMMITMENT

In our second progress report since the signature of the Principles for Responsible Management Education in November 2007, we describe the activities conducted during the period June 2009-December 2010, following the same pattern of our previous report.

ESPAE, Graduate School of Management, was created in 1983 at ESPOL (a Polytechnic University) in Guayaquil, Ecuador. The involvement and adoption of the value of Social Responsibility at ESPAE was mostly an unplanned and spontaneous process. In 2006, during the review of the School strategy, several faculty and administrators discussed and advocate for it. We decided to include it in our mission and therefore not only to convey a message but also to commit ourselves and school resources to the “issues in SR”, that we believed were neglected, at least in the local Academia, and were very important for a developing country such as Ecuador.

In Ecuador, like in most Latin American countries, corruption is a quasi-cultural phenomenon; manifestations of bribery and nepotism are frequent, and poverty and inequality are high. Thus, for ESPAE, it is a great challenge to work with business people, young professionals and entrepreneurs, to develop awareness and discuss about our share in the solution of social problems around us and how we can have an impact.

We have systematized and represented graphically our experience in a sort of model (see fig. 1) that we use to frame our PRME progress in practicing the Principles. We recognize that we still have ahead the challenge of the complete integration of the PRME into the School.

During the period reported, ESPAE kept working on the principles and accomplishing the objectives planned for 2010.

Virginia Lasio
Director
OUR SCHOOL

ESPAE Graduate School of Management at ESPOL

- Founded in 1983
- Guayaquil-Ecuador- Latin America
- PMBA, EMBA, Master in Project Management (MPM), Master in Hospital Management (MGH), Master in Taxation (METRI) Aprox. 350 students (ESPOL aprox. 12000 students)
- 1900 alumni
- 40 faculty members (PT & FT & visiting)
- 25 staff

Mission

- “Contribute to the improvement of managerial and business capacity of private, public and non profit organizations in Ecuador, as well as their integration into the global economy by providing graduate education to experienced professionals that is focused on entrepreneurship, ethics and social responsibility as core values. We enrich our education through applied research and the school participation in development projects and consulting”.

Nuestra misión es contribuir a mejorar la capacidad empresarial de las organizaciones privadas, públicas y sin fines de lucro del Ecuador, así como su inserción en la economía global, impartiendo educación de postgrado a profesionales en ejercicio con énfasis en el emprendimiento, la ética y la responsabilidad social. Enriquecemos la educación a través de la investigación aplicada y nuestra participación en proyectos de desarrollo y consultoría.
Values

We believe that our organization identifies with the following values:

**Academic Excellence and Rigor:** We believe that excellence and demand in all academic aspects (programs, syllabus, teachers, students, etc.) will be enhancing our mission fulfillment and the achievement of our vision.

**Ethics and Social Responsibility:** We believe that our actions must be guided by ethics and conviction because we are responsible for the society development.

**Diversity:** We believe that for the accomplishment of our mission and the development of our country all professionals and ESPAE workers should have the opportunity to access to excellence in education without discrimination of religion, race, sex or political beliefs.

**Global Vision:** We are convinced that globalization is key for society transformation. In that sense, we promote a clear vision of the global changes and trends in the world, as well as to keep a global perspective when analyzing our actions.

**Quality Service:** We believe that the quality, care, opportunity and flexibility in service we provide, is our main characteristic and allows us to satisfy our internal and external customers.

**Innovation:** We recognize as a differentiating element for people, business and society development, entrepreneurial spirit, and the search for newer and better ways to create and transform current business status.
THE PRINCIPLES FOR RESPONSIBLE MANAGEMENT EDUCATION

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.

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.

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

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.

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.

Dialogue: We will facilitate and support dialog and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.
PRME: A Step by Step Business School Spiral Approach

Knowledge Acquisition I
- Faculty specialized training
- Faculty networking
  - Faculty basic training
  - Dean networking
  - Dean awareness

Knowledge Institutionalization II
- Curricular review: new courses implemented
- Local partnering and membership
- Signatory of PRME
- UN GC
- PRME at strategy level

Knowledge Creation IV
- General Management and practitioners’ articles
- Case writing
- Exploratory studies
- ...Other research

Knowledge Sharing & Outreach III
- Independent courses on SR, Ethics and CG
- Courses in master programs
- Executive program offering
- On demand courses
- ...

Figure 1

PRME step by step

Each group of activities triggered a knowledge cycle of a spiral that is characterized by the stages: Acquisition – Institutionalization – Sharing – Creation. Nevertheless, our experience tells us that simultaneous stages may occur and that some of the activities may overlap. The PRME spiral metaphor tries to explain that every cycle increases our knowledge, reinforce institutionalization, involve more people and develops the knowledge creation capacity.

I-“Knowledge Acquisition”

The first quadrant of the model includes instrumental activities, a kind of knowledge toolbox that feeds the process. We propose to organize these instrumental type of activities into three groups, the first one describes how the whole school got basic knowledge at the very beginning, and includes activities that happened before the
PRME signature, the second one is related expansion of our knowledge of the network and the last group has to do with specialized knowledge.

Some of the activities pertaining to Knowledge sharing & Outreach also allow for internal knowledge acquisition; when is the case we include the activity under both categories.

Following, we list the main activities of this stage:

- During the second semester of 2010, our students organized a conference around the work of C.K.Prahalad focusing on The Fortune at the Bottom of the Pyramid. (See Appendix A)

- ESPAE staff received training in a Social Responsibility program, August 2010-January 2011; 2 faculty members (those who teach Management & Strategy courses) attended as well. (See Appendix B)


- In January 2011, ESPAE, VINCULAR, the Guayaquil Chamber of Industries and the Social Responsibility group (CERES in Spanish), presented ISO 26000, a very important standard that is effective worldwide since November 2010.

II-“Knowledge Institutionalization”

The second quadrant is where three of the PRME principles, Purpose, Values and Method concur. We believe that change starts at individual level, and thus our efforts started with our faculty and students.
Purpose (1)

Besides expressing our commitment signing for the PRME, we reviewed the curricula of our Master Programs (PMBA, EMBA, Master in Project Management, Master in Hospital Management, and Master in Taxation) and ensure that at least one formal course addresses the issues on SR and/or ethics. Because ESPAE mission recognizes ethics & social responsibility as a longitudinal axis in the management education we provide, faculty in diverse fields have been including the subject through cases, articles, exercises, role playing simulations, and class discussions.

During the second semester of 2009, we assessed the degree of inclusion in courses and teaching of the three axes declared in our mission statement: Entrepreneurship, Global Perspective of Business and Ethics & Social responsibility. Faculty provided on a voluntary basis the information on which courses (not all courses of all programs resulted included) and how they were discussing the topics. We obtained the following proportions: Entrepreneurship 83.4%, Global perspective 70.6% and SR 70.6%. As a follow up action, programs’ directors are working in the review of syllabus to assess in a more systematized way the introduction of the above-mentioned topics in the courses, methods, materials, identifying the gaps and establishing a work plan with the faculty members. (See Appendix C)

Learning goals for our Master programs reveals the importance of being responsible in business; every master program has a specific learning goal related to it.

Master in Business Administration

Our graduates for the PMBA and EMBA master programs will be:

1. Competent* professionals in business management
2. Effective communicators in the business context
3. Professionals able to develop entrepreneurial ventures
4. Sensitive to the global environment of businesses
5. Socially responsible in a business context
6. Professionals able to exploit their creative and innovative abilities as they deal with an environment of continuous changes
Project Management Program

Our graduates will be:

1. Competent professionals in project formulation.
2. Effective communicators in the organizational context.
3. Competent professionals in project management.
4. Professionals able to develop new sustainable projects at the local, regional, national and international context.
5. Socially responsible professionals.

Hospitals Management Program

Our graduates will be:

1. Competent professionals in the management of health-care organizations.
2. Effective communicators in the organizational context.
3. Professionals able to exploit their creative and innovative abilities.
4. Professionals able to develop new ventures.
5. Socially and ethically responsible professionals in the context of health-care service organizations.
6. Socially politically and economically sensitive to the health-care systems at the global context.

In previous years specific courses on ethics, social responsibility, and corporate governance were included in the pensum; already 453 students have attended those courses as can be seen in table 1.
Table No: 1

Courses in master programs

<table>
<thead>
<tr>
<th>PROGRAMS</th>
<th>MODULES</th>
<th>DATES</th>
<th>STUDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAE25</td>
<td>Law and Business Ethics</td>
<td>MAY-AUG 2009</td>
<td>19</td>
</tr>
<tr>
<td>MAE26</td>
<td>Social Responsibility and Business Law</td>
<td>MAY-AUG 2010</td>
<td>21</td>
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<tr>
<td>MAE24y25</td>
<td>Corporate Governance Seminar</td>
<td>JUNE 6-7 2009</td>
<td>25</td>
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<tr>
<td>MAE26</td>
<td>Corporate Governance Seminar</td>
<td>24, 25 SEPT, 1, 8 OCT 2010</td>
<td>22</td>
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<tr>
<td>METR15</td>
<td>Ethics and Values</td>
<td>14, 15 MARCH 2009</td>
<td>31</td>
</tr>
<tr>
<td>METR16</td>
<td>Ethics and Values</td>
<td>20, 21 MARCH 2010</td>
<td>31</td>
</tr>
<tr>
<td>MGP3</td>
<td>Ethics and Social Responsibility</td>
<td>13, 14 SEPT 2008</td>
<td>29</td>
</tr>
<tr>
<td>MGP3</td>
<td>Environmental Impact Analysis</td>
<td>24, 25 JAN 2009</td>
<td>32</td>
</tr>
<tr>
<td>MGP3</td>
<td>Analysis and Evaluation of Social Projects</td>
<td>27, 28 JUNE, 11 JULY 2009</td>
<td>26</td>
</tr>
<tr>
<td>MGP4</td>
<td>Ethics and Social Responsibility</td>
<td>17, 18 OCT 2009</td>
<td>44</td>
</tr>
<tr>
<td>MGP4</td>
<td>Environmental Impact Analysis</td>
<td>10, 11 APRIL 2010</td>
<td>45</td>
</tr>
<tr>
<td>MGP4</td>
<td>Analysis and Evaluation of Social Projects</td>
<td>19, 20 JUNE 2010</td>
<td>46</td>
</tr>
<tr>
<td>EMAE13</td>
<td>Corporate Social Responsibility</td>
<td>5, 6 SEPT 2009</td>
<td>30</td>
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<td>EMAE14</td>
<td>Corporate Social Responsibility</td>
<td>4, 5 SEPT 2010</td>
<td>27</td>
</tr>
<tr>
<td>MGH4</td>
<td>Ethics and Social Responsibility</td>
<td>6, 7 FEB 2010</td>
<td>25</td>
</tr>
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</table>

Values (2)

We believe that understanding diversity is a valuable skill in our students and faculty; one that makes them better citizens prepares them for the business world. Accordingly, we promote diversity and tolerance by developing teamwork skills.

ESPAE developed its own code of conduct, however starting this year we included in every syllabus a paragraph on Academic Integrity and discuss the implications at the beginning of every course.

The Honor Code was approved by the University Council in the last quarter of 2009.
Methods (3)

Starting in 2008 ESPAE organizes study teams composed by diverse and complementary members; for the conformation of study teams we take into account demographics, temperament test (MBTI), admission test, etc., conduct team building sessions at the beginning of each program, and assist students with their conflict resolution during their masters.

We also recognize that ethics and SR are not silos, and consequently to promote discussion among faculty, integrate E&SR in diverse courses as well as into research, interdisciplinary work should be promoted as well. In an effort to achieve this goal, a seminar on teamwork was conducted for faculty and staff members. (September, 2009)

MBA Students Business Plans

In 2010 for the first time, we identify among the students’ proposals for their Business Plan (Final project for the MBA) several business ideas with an environmental and social objective:

- MAE 26: 5 of 10 projects focus in resource conservation
  1. Computers and electronics recycling
  2. Isy-bike-bicycle provides bicycle transportation for institution with recreation areas. It reduces pollution and promotes health.
  3. ECP-Input pellets plastics industry recycling
  4. Green-Gas-Biodigestores health energy
  5. Ticlay-based polymer. Plastic bag for Banana’s Industry

- EMAE 13: 2 of 13 projects focus in social environmental
  1. Foundation Proguadua- Caña stuff – (Production and Marketing)
     Gedes, Electric Energy decentralized: Alternative solution for small customers (no more 1 MW)
III—“Knowledge Sharing & Outreach”

The third quadrant includes all the activities aimed at communication and development of relationships with stakeholders, alliances, and outreach activities. We consider that the Principles of Partnerships and Dialogue fit in here, thus we inform the following activities:

**Partnerships (5) & Dialogue (6)**

- Maintained Cooperation agreement with SNV (Netherlands Development Organization) to collaborate in their Inclusive Business Project.
- Cooperation agreement was signed with Good Corporate Governance Project with the commitment to incorporate in our curricula seminars on CG, identify and disseminate good practices.
- Started the second executive education program in SR; August 2010
- ESPAE is sponsoring with scholarships a Values campaign organized by a local business group - Ecuador Triunfador / NOBIS Group. 2008, 2009, 2010
- In 2007, 2008, 2009, and 2010 ESPAE faculty contributed with materials development and teaching in a leadership program of the Andean Corporation of Foment CAF, to develop communitarian leaders. During the period, several MBA students were involved in administrative duties as well as course facilitators in this program.
- On January 2010, the Director of ESPAE participated as a panelist at the conference organized by FLACSO, to discuss the role of the Universities on Social Responsibility. *(See Appendix D)*
- We signed a Cooperation Agreement with Ecuador Chapter of the Business Council for Sustainable Development (CEMDES in Spanish). The partnership allowed ESPAE to run a Breakfast Series on Sustainable Business Development organized from July to October 2010 for our faculty, students, alumni, and business community; we plan a second cycle from August –October 2011. The conferences mostly dealt with environmental issues that we do not currently address in our MBA programs. *(See Appendix E)*
• August 2009, “Consequence of Environmental Management and Business Development.”
• September 2009, “Business Opportunities with change climate”
• October 2009, “Eco-efficiency and cleaner production”
• August 2010, "Inclusive business: profitable business ideas"
• September 2010, “Measuring Social impact”
• October 2010, “Vision 2050- new business agenda”

• During the Annual Congress of CLADEA (Latin-American Council of Business Schools) in November 2009, we organized a panel on sustainability with the support of Business Association of Latin-American Studies (BALAS)

• A joint event with CEPAL on Poverty and Commercial Openness. November 2009

• April 2010, Presentation of ESPAE experience at PRME affinity Group meeting (During AACSB ICAM 2010)

• On August 2010, ESPAE organized a workshop for the winners of the Values campaign: Ecuador Triunfador, “Community entrepreneurs”. (See Appendix F)

IV- “Knowledge Creation”

The fourth quadrant includes research activities. We view research on SR not as an end but as a mean to develop academic materials to feed into the classroom and to lead to a better understanding of local practices. Thus, we plan to include cases, technical notes, books, and scholarly research. Until now the following work has been done by ESPAE professors:

  Aimed at primary school students, has the objective to assess the impact of the Access to multicultural collections in childrens’attitudes toward libraries, technology and diverse cultures.
In this principle our work is very slow, and we do not have a specific plan to improve our accomplishments in the short term.

**MONITORING**

Following some formal and informal monitoring activities:

**Through Students**

From the Exit Survey we apply to PMBA and EMBA students we can assess their perceptions on the improvement in Ethical Awareness. (See table 2)

**Table No: 2**

Exit Survey Results: Ethical Awareness

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008-2009</th>
<th>2009-2010</th>
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<tbody>
<tr>
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<td>8,54</td>
<td>8,8</td>
<td>8,1</td>
<td>8,4</td>
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<tr>
<td>PMBA</td>
<td>7,24</td>
<td>8</td>
<td>9</td>
<td>9,01</td>
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On a 10-point Likert type scale

**Trough Alumni**

From an MBA alumni follow up study conducted in 2009:

- 80% consider that course content includes SR principles & ethical values
- Only 26% consider that course content includes environmental topics.

**Trough Faculty**

According to our faculty response to a voluntary survey on their inclusion of RS topic in their courses; besides the specific course con SR the proportion of inclusion is high, which means that the topic is discussed in several other courses. As we can see from table 2 Finance course are not dealing with the subject, and we plan to work on a balance on the topic areas in each master. (See table 3)
Table No: 3

Educational Axes

<table>
<thead>
<tr>
<th>Materias</th>
<th>Entrepreneurship</th>
<th>Global Perspective</th>
<th>Social Responsibility</th>
<th>Research</th>
<th>% by subject</th>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>100%</td>
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<tr>
<td>Comunicación y liderazgo</td>
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<td>100%</td>
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<tr>
<td>Desarrollo de habilidades gerenciales</td>
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<td>Contabilidad Administrativa</td>
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<tr>
<td>Porcentajes por eje</td>
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<td>70,59%</td>
<td>70,59%</td>
<td>58,82%</td>
<td>70,59%</td>
</tr>
</tbody>
</table>

NEXT STEPS

Until now, ESPAE has mainly focused the efforts on the academic aspects, teaching and research; although in the latter we have not made good progress. The challenges for ESPAE are: on the educational side, to integrate environmental issues that have been neglected until now and on the organizational side to fully become a socially responsible organization. Thus, besides the continuity in scholarly activities and giving continuity to projects started in previous years, for the year ahead we plan to:
a) Introduce environment and sustainability issues through conferences for students, faculty and general audience (in a similar way as we used to introduce SR issues years ago). For this purpose, we are maintaining and growing our alliance and relationship with the local chapter of the Business Council for Sustainable Development (CEMDES).

b) Offer SR training to the school staff and administrators. ESPAE is currently contributing with a campus wide initiative of paper recycling, and individually has been campaigning for printing reduction; in addition, since 2009, all presentation cards for faculty and staff have been printed in recycled paper, and we will continue efforts for a better management of our consumption. Starting in 2010 we only buy paper sheets made from recycled paper, and the same for publications when possible.

c) Develop a recycling project at ESPAE area in Peñas Campus. (See Appendix G)

REMARKS

For 2011, we do not foresee special activities besides the maintenance, and reinforcement and consolidation of those started previously. With our staff and faculty more aware and knowledgeable of social responsibility we may be able to devise new projects in the near future.
APPENDIXES

Appendix A

Students Conference

C.K. Prahalad

Appendix B

Faculty Team Building Workshop
Appendix C

GEM- Global Entrepreneurship Monitor 2008

Appendix D

The role of the Universities on Social Responsibility - (FLACSO)
Appendix E

Breakfast Series on Sustainable Business Development

Consequence of Environmental Management and Business Development

Business Opportunities with change climate

Eco-efficiency and cleaner production

Inclusive business: profitable business

Eco-efficiency and cleaner production

Measuring Social impact

Vision 2050- new business agenda
Appendix F

Workshop Community Entrepreneur

Appendix G

Recycling Project