PRME COMMUNICATION ON PROGRESS REPORT 2010

BY FRANKFURT SCHOOL OF FINANCE & MANAGEMENT, GERMANY

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Preface

Frankfurt School of Finance & Management is firmly committed to PRME, the Six Principles advocated by the United Nations initiative of Responsible Management Education.

This report is but a snapshot of the efforts we have undertaken to ensure that we bestow upon our students and stakeholders the dictum of acting responsibly. The importance of responsible management is affirmed by recent developments, most notably the financial crisis. Many blame irresponsible behavior as having triggered the crisis and complain that managers failed to act responsibly even in the crisis’ aftermath. As a leading business school based in Frankfurt, continental Europe’s financial hub, Frankfurt School has been directly impacted by the effects of the crisis. Our school has provided a forum for public debate, our students and alumni – many of whom work for banks – have shared their experiences, our faculty has analyzed the causes and remedies of the crisis in their research endeavors. We are more than ever convinced that we are on the right path and are proud to share with you in this report the way in which Frankfurt School lives up to the Six Principles.

Our school is a vibrant place, buzzing with energy. Our students and faculty come from all corners of the world, creating a diverse and colorful environment. We strongly believe that economy as a whole is in dire need of entrepreneurs in a Schumpeterian sense. We educate future leaders who are eager to give socially and environmentally responsible distinction to their business – and by that support human economic and technical progress. This is a noble task – which comes with the duty to bestow upon our students the capacity to act and think long-term and use ethical criteria to benchmark their choices. Frankfurt School is happy to comply to this duty, for instance by providing incentives for student initiatives and by customizing its curricula.

Frankfurt school is also very proud to host under its roof – unusual for a business school – a highly successful international advisory services division. This division specializes in transferring knowledge and best-practice standards of financial management techniques to developing countries. Frankfurt School currently engages in over 60 advisory services projects from Haiti to the Democratic Republic of Congo. Our experts, financed by the World Bank, United Nations Development Program and others, provide assistance for banks and governments in third world countries. Our extensive experience in the developing world significantly influences our values which are brought forward to students attending any kind of program.

This report is the first one of the school’s progress in the context of the Principles of Responsible Management Education. We have selected what we consider the key highlights in terms of our development in 2009. We look forward to making use of the PRME platform to further catapult an ever increasing motivation of supporting responsibility and sustainability issues.

Udo Steffens, President
Frankfurt School of Finance & Management
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.

Frankfurt School seeks to develop responsible leaders for business and society. One of the key achievements has been to develop, across the entire university, a mission statement that highlights our purpose to qualify students and executives for acting responsibly. We have enshrined this commitment in our mission statement. This has been developed in a joint effort by all of Frankfurt School’s directors and summarizes the overarching framework in which we embed all of our education programs: Bachelor, Master and PhD as well as our executive and professional education.

We do not limit the dictum of responsibility to education but include research, the role Frankfurt School plays as a platform for practitioners’ exchange, the forum it provides for public lectures and community events. In short, Frankfurt School’s Mission statement summarizes our purpose:

Frankfurt School’s Mission:

We are an integral part of the Business & Finance community.

Our role is to advance and disseminate successful and responsible national and international business practices through education, training, research, and advisory services.

We support our national and international stakeholders to meet successfully the dynamically changing challenges they face. With our development and growth we meet societies’ increasing demand for responsible finance and management education, all driven by relevant research and service excellence.

FS enables the graduates of all its programmes to become proficient in using, applying and further developing finance and management concepts and tools by balancing theory and practice and they acquire the necessary knowledge and competencies to become responsible managers.

Our mission statement is far more than words: we live and breathe our commitment in our daily lives. Our focus rests firmly on equipping students with the capacity to reflect their decisions and judgments against the backdrop of ethical reasoning. We have developed a number of instruments which aid us in seeking to achieve this goal. We provide the appropriate incentives to encourage student initiatives, we have built curricula that emphasize the importance of acting responsibly, we expose our students to intercultural challenges, we set a good example by being a responsible employer and we engage in an active and ongoing dialogue with responsible business leaders who are role-models for our students.
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.

Frankfurt School has taken measures to incorporate the values of global social responsibility in its academic activities and curricula. We have, in addition, taken measures to encourage extracurricular student initiatives. We want to provide an environment that pushes students to challenge themselves, their beliefs and to help them help others. We strongly believe that a person who is trained to take into account multiple points of view and who has thought through the consequences of his or her actions for others is far better able to take and implement sustainable decisions.

Key achievements in the year 2009 include the establishment of a framework that provides incentives for student Corporate Social Responsibility (CSR) initiatives, the continuous incorporation of subjects and courses on responsibility, ethics and sustainability in our curricula. The introduction of a code of conduct emphasizes international understanding.

2.1 Extracurricular Accomplishments

Amongst our major achievements we ought to mention that in 2009, Frankfurt School has provided a framework that encourages students’ initiatives.

We are proud to share that we have, over the past year, improved the way in which we encourage student initiatives. Frankfurt School students are encouraged to be social entrepreneurs. Even though our student body is rather small, there are many extracurricular activities to choose from – most of them spring from students’ initiatives. Frankfurt School faculty and staff strongly support students’ initiatives and are always ready to provide feedback for new ideas or help out with marketing, standing in as a panelist, etc. The available activities are manifold and ever evolving.

To show our appreciation and to provide an incentive for students who devote their spare time to Frankfurt School initiatives, Frankfurt School introduced Social Credit Points in 2009. The concept of Social Credit Points has been designed in a joint staff-student working group comprised of individuals from Learning Advisory, Relationship Management, Program Development and Student Council. They form the Social Credit Point Awarding Committee, which decides which activity is worth how many credits. The benchmark is the Bologna currency: each 30 hours of extracurricular spare time are counted as a social credit point. The Social Credit Points are published in the Transcript of Extracurricular Accomplishments.

To name but a few examples of the various activities:

Frankfurt School International Network is a student initiative that seeks to support incoming international students to settle in Germany. Each foreign student is assigned a German buddy who will help with daily chores: overcoming bureaucratic hurdles, finding supermarkets, securing a suitable mobile phone tariff and so on. Frankfurt School believes that this initiative is a win-win for both sides. The new student feels immediately welcome and the German buddy develops a sense for what it is like to be a foreigner and how to resolve situations that he or she would usually take for granted.
Another initiative is Frankfurt School Charity which raises funds to support a foster child in a children’s home in Bolivia. The society hosts a number of events each year: a charity run, a cake-sale and a Christmas jamboree. The proceeds are used to pay for the foster child’s toys, clothes and books. Typically, at least one of the students would visit the foster child during travels or the semester abroad and bring back personal stories of the child’s development. In short, the members of the society agree to accept responsibility for the wellbeing of another, less well-off individual.

One of the more recent and very successful initiatives is the Business with Africa Forum. Originally founded by Frankfurt School’s Master of Development Finance students, who wanted to show the local business community that Africa has much more to offer than civil war and famine, this forum is now an established monthly event that attracts leaders from the development finance community the world over. Press coverage is substantial and Frankfurt School is proud that its students are assuming responsibility to change Africa’s image.

Another very noteworthy initiative, founded by Frankfurt School’s “Management, Philosophy and Economics” students, is Frankfurt School Debate. Students meet once a week to practice ‘Parliamentary Style Debating’ and participate in national and international debating contests. Parliamentary style debate encourages teamwork and challenges students to defend opinions that may ex-ante not be their own – which encourages tolerance.

Other student initiatives include a China Panel, FS Sports, FS Invest and a Global Executive Talk.
2.2 Intercultural Understanding

Frankfurt School is an international business school that actively promotes intercultural understanding. The Business Unit International Advisory Services (IAS) undertakes many consulting, education and research projects worldwide. The objective of IAS activities is to support and to ensure know-how transfer of our Finance and Management expertise to institutions providing financial services in developing and transition countries as well as emerging markets; and to improve the social and economic conditions of people. IAS is, as per end of May 2010, involved in more than 70 socially responsible projects with a project volume of € 11 million. A fully committed team of 150 employees and consultants is implementing this project worldwide. The areas of core competences are:

- Micro Banking
- SME Finance
- Sustainable Energy Finance / UNEP Collaborating Center
- Risk Management
- Housing Finance
- Rural and Agricultural Finance

By implementing these projects IAS sets standards and leads by example with providing high quality services reflecting both our technical and academic know-how.

Furthermore, Frankfurt School Students work together in international teams and there are many lecturers and professors that do not come from Germany. Frankfurt School believes that intercultural exchange is one of the pillars of responsible management and actively encourages open and respectful communication.

Each new student and each new faculty member has to pledge his or her commitment to international tolerance by signing the Academic Code of Conduct, which enshrines these principles. The Code is a binding document – failure to abide can be seriously sanctioned.
2.3 Frankfurt School’s Curricula

Frankfurt School addresses global social issues in its degree programs, certificate programs and executive education. We are proud to share in this report on progress some examples and recent success stories:

2.3.1 Undergraduate Curricula: the Bachelor in "Management, Economics and Philosophy"

In 2006, Frankfurt School launched its first interdisciplinary program – an unusual step for a business school that has its roots in finance. The program is by now well-established in the German higher education market and the first batch of graduates have received their official certificates in early 2010. Many of our graduates seek employment with NGOs, international organizations or in compliance departments etc.

The Bachelor of Science in "Management, Philosophy and Economics" combines humanities, quantitative methods, economics and management in one single program. Students are taught to think outside the box. They become accustomed to assessing arguments, that may appear intuitive at first, from a different angle – potentially arriving at different conclusions. Theoretic and business ethics are an integral part of the curriculum. Students are encouraged to reflect upon the impact of their decisions and actions and to develop a framework for analytically benchmarking their choices.

2.3.2 Graduate Curricula: Master of Finance with a Concentration in Development Finance

Frankfurt School is also proud to offer students from all over the world the option to study Development Finance within the context of Frankfurt School’s very popular flagship program, the Master of Finance (M.Sc.).

Development Finance is about shifting the financial frontier outward. In many countries of the world, would-be entrepreneurs, farmers, businesses and even governments do not have access to formal financial infrastructure – they are trapped in poverty behind the financial frontier.

Development Finance initiatives promote inclusive finance – making finance work for all. These initiatives include capital market development, management of remittances, infrastructure finance, micro financial products (micro loans, - insurance, - savings), micro financial institutions (micro banking, - fund management, - and supervision), financial infrastructure, energy and commodity finance.

The Frankfurt School Master of Finance Development Finance Concentration prepares recent graduates of social sciences, economics and related disciplines for a career in international development work. This program is ideal for all those who wish to work for

- an international organization
- an international development non-governmental organization
- international development finance projects
• commercial banks and financial institutions with an interest in sustainable finance
• various government specialist positions in economics, finance, technical cooperation.

The concentration in development finance attracts a very international student cohort – from Congo to Brazil. It includes an assessed internship in a developing country which exposes students to other cultures and creates sensitivity for those less privileged.

2.3.3 Graduate Curricula: Modules on Sustainability, Responsibility and Ethics

Besides the Master of Finance curriculum, in particular the Master of International Business (M.A.) curriculum as well as the Executive Master curricula provide discussion and group work on sustainability, responsibility and ethics topics:

• Business and Corporate Ethics
• Workshop on Sustainable Development
• International Economic Systems: Analysis and Policies
• Global Financial Architecture
• Development of East Asian Economies
• Current Issues in Chinese Business and Economy
• Renewable Energy Finance
• Module “Cross-cultural Management” (contains: International Leadership Management, Cross-cultural Social Network Theory, Workshop on Cultural Diversity in Asia and Europe, Workshop on Diversity Management, Workshop on Intercultural Communication)
• various excursions to European, Asian, African and Latin American destinations in order to enhance intercultural understanding

2.3.4 Executive Education

In its executive education, Frankfurt School offers the diploma courses “Certified Sustainability Investment Advisor” and “Renewable Energy Finance” as well the “Anti-Fraud-Manager” and the “Compliance Officer”.

These courses are customized for persons who are already working or who are seeking positions in business divisions which are devoted to the sustainable development of their companies. In recent years we have experienced a strong rise in demand for these programs – which reflects that market participants are looking to us as the education institution that caters to sustainable and responsible management education needs.
In addition, our afore mentioned International Advisory Service division, which advises banks, governments and microfinance institutions the world over regarding best-practice principles in housing finance, project finance, risk management, micro banking and SME financing, also offers an International Summer Academy each year.

The summer academies are highly successful — and they are very relevant in the context of the PRME. The summer academies convey to countries at a different stage of development that long-term and sustainable thinking are the key not only to building an efficient business model but also in serving the mission of many microfinance institutions, which is to combat financial exclusion.

The summer academies will celebrate their 10th anniversary this year. For 10 years microfinance practitioners from all corners of the world have traveled to Frankfurt to learn about the newest developments in this field. The topics of the summer academies vary:

- Microfinance Institution Management (since 2000)
- Commercial Micro Banking (since 2000)
- Microfinance Principles (since 2008)
- Housing Finance (since 2008)
- Sustainable Energy Finance (new in 2010)

Frankfurt School believes that its summer academies strongly adhere to the values of the PRME in that they bring together leaders in microfinance institutions in developing countries and provide a catalyst to promote the values of responsible management the world over.
2.4 Advocating Diversity

Frankfurt School cultivates an atmosphere that facilitates team work amongst international students and faculty. We acknowledge plurality and encourage respect for one another’s work. We believe that a cultural exchange encourages openness and mutual respect. Thus, the school tries to attract internationally experienced faculty as well as an international student body.

The programs MBA in International Hospital and Healthcare Management, Master of International Business and Master of Finance, with its concentration in Development Finance, are especially tailored for an international student body. In particular, Frankfurt School respects the Muslim and the Chinese calendar when determining dates. For cohorts with a high percentage of Muslim students classes are not held during Ramadan or important Muslim holidays. For Chinese students, their relations to specific good and bad numbers are respected.

2.5 Green Campus

As a contribution to environmental protection, a number of activities have been put into effect, amongst them:

- Reconstructions to reduce carbon dioxide emission
- Preference of suppliers that hold environmental certificates
- Up to date standards for products are required, e.g. electricity from renewable energy and paper from PEFC (Program for the Endorsement of Forest Certification Schemes)
- Facilities are operated with modern technologies such as energy saving lamps, motion sensors, heat recovery and green IT and virtualization.

These are key achievements that we are proud of. However, as a goal for the next year, Frankfurt School shall strive to further improve its greening efforts. Most of our efforts at the moment are “event-based” and rather intuitive. For the next years, we would like to develop a more inclusive,
comprehensive concept for improving the eco-impact of our facility management and perhaps even strive for a certification.

2.6 Academic Code of Conduct

Another key objective is the revision of the Academic Code of Conduct. One of the major objectives that is considered for the new version is a strong emphasis on abandoning plagiarism. Plagiarism, or the accusation of plagiarism, has in the past marred teamwork and we seek to enforce a commitment-tying device. The Code of Conduct seeks to bring to the attention of students the fact that breaching the rules of citation is an irresponsible act and deserves to be penalized. Penalties for transgressing the Code of Conduct will be brought to the attention of the examination board.

Signed acknowledgement of the Code of Conduct has thus far not been required. To make it more binding in future, it is meant to be signed by all students together with their contract of study. The revised Code of Conduct is to be published on the intranet.
Principle 3: Method

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

Frankfurt School is very proud of the environment is has created to enable effective learning experiences.

3.1 Exposing Students to Diversity

Frankfurt School has established a broad spectrum of academic programs in contents as well as in formats and thus attracts students from various backgrounds, who represent diversity in organizational means: full-time students as well part time students with work experience, students who are interested in more ethical and philosophical aspects and those who are more interested in practical management. They all bring their specific backgrounds of various organizational cultures and Frankfurt School understands itself to provide an exchange platform of mutual learning.

Students are also exposed to diversity in the compulsory semester abroad that all undergraduates have to do. The fifth semester across all undergraduate programs is to be spent in a non-German speaking country. The experience of being foreign forces students to reflect on their choices and prompts them to acquire the skill set inherent in responsible leaders: that of thinking about the implications of one’s actions on others.

The school defines intercultural and social competencies as core learning outcomes. This is mirrored in the curricula, which integrate exchange programs and language courses as well as in didactic means namely group work and small group sizes.

Furthermore, cross cultural management and diversity management are taught subjects in our Master programs "Master of International Business" and "Master of Finance".

Diversity standards are written down in the quality assurance handbook, e.g. topics like application and admission procedures, program development, course management and student support, for example:

- Application and admission: Objective decisions will be taken during the selection process to ensure that no applicant is discriminated or given preferential treatment due to being a member of a certain social group.

- Program development: For on-the-job training and studies on a parallel-to-profession basis, private situations must be considered when designing a program to ensure that the work load can be managed and that professional experience can be integrated.
3.2 Teaching Methods

Frankfurt School aims to cultivate a learning culture that is appropriate to acquire the necessary competencies to become responsible managers. Therefore it provides a suitable educational framework, with adequate teaching methods.

Classroom teaching is held mostly in small groups to train an open discussion culture. The core educational belief behind this is that the study experience itself is of central importance. Therefore, in subjects where it is feasible, courses will be designed to actively involve students and develop their team skills. Only a small number of classes follow the pattern of the traditional lecturer-centric style.

Some examples of the innovative teaching in the Master of International Business include:

- In the first semester, the "Principles of Economics" and "Principles of Business Law" are primarily problem-oriented courses. The textbooks will be used as supplemental knowledge resources to learning problems. Real cases from the practice of business management and economics are fully utilized.

- The "Human Resource Management" course evaluation consists mainly of a team presentation on current, real-life HR topics, as well as a final individual oral presentation to the professor.

- The entire topic of International Economics is part of a negotiation simulation in which student groups will represent individual countries and interest groups, whereupon a fictitious conflict situation must be resolved. The lecturers will act not as teachers, but as consultants, whose limited time must be managed carefully.
At the beginning of the Master programs “Master of International Business” and “Master of Finance” students participate in an Outdoor Campus. This helps them to develop personal, social and action competences that will improve their ability to contribute to the success of a team. The main objectives therefore are: to develop a team spirit, to increase awareness of individual responsibility, and to develop self-confidence in mastering new challenges.

In their third semester, those students of the Master of Finance, who have chosen the concentration “Development Finance”, will undergo a six-week project immersion worldwide. They will be placed with employers such as International Advisory Services Frankfurt School, Connective Capital Frankfurt School and these organizations’ customers and clients (e.g. Kreditanstalt für Wiederaufbau (KfW), Deutsche Investitions- und Entwicklungsgesellschaft (DEG), European Investment Bank, Austrian Development Bank, Pro Credit etc.). Students gain in-depth knowledge of one particular development finance project; improve their ability to identify the appropriate procedures, including the relevant technical steps for managing projects in developing countries (knowledge). They improve their ability to identify the appropriate procedures, including the relevant technical steps, for managing projects in developing countries (skills). They gain real world practical experience that can be applied to later work assignments (competencies).
In terms of further deepening students’ learning experience, Frankfurt School is deliberating whether to introduce **study-groups made up of students of heterogeneous backgrounds and interests**. By encouraging students to pair up with students that are different from themselves we hope to create an even more inspiring learning environment conducive to developing responsible behavior.
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.

Frankfurt School is strongly committed to responsible research standards. Frankfurt School’s faculty advances the research on topics that are of interest to the global (scientific) community at large. Research themes revolve around trust, networks, financial system development, to name a few.

4.1 Research Principles of Good Scientific Practice

Frankfurt School is dedicated to the basic principle that scientific work is a valuable means of disseminating and spreading knowledge. It is evident, therefore, that honest scientific practice is of utmost importance.

Frankfurt School has enshrined this goal in the Frankfurt School Research Principles of Good Scientific Practice. These rules provide a definition of what we understand by sound academic practice and what to do in case scientific malpractice – e.g. plagiarism – is suspected. Any person who harbors suspicion is entitled to call upon an ombudsman. In significant cases, Frankfurt School’s board can impose penalties such as informal or written reprimands or dismissal.

4.2 Relevant Research Achievements

4.2.1 Development Finance

The Center for Development Finance was established in 2008. The Center’s main research focus is on:

- the development of financial systems in developing, transition and emerging market countries,
- the impact of financial systems on economic growth and development in those countries,
- strategies to develop financial systems, including development finance approaches aimed at increasing access of low-income households and micro and small businesses to financial services,
- strategies to integrate financial systems of developing, transition and emerging market countries into the global financial system.

Research output of the Center includes theoretical and empirical studies as well as policy-oriented work responding to current challenges of financial development and economic policy.

In both cases the Centre welcomes cooperation with international financial institutions, development banks, microfinance institutions and consulting companies in the field. Against this background, the Centre collaborates closely with Frankfurt School’s International Advisory Services (IAS). On behalf of international donor organizations, non-governmental organizations (NGOs) and international financial
institutions (IFIs), IAS draws up and implements consulting and training projects in emerging markets and developing countries, particularly in the area of microfinance. More recently, the Centre has become involved in research projects sponsored by the German Academic Exchange Service (Deutscher Akademischer Austausch Dienst – DAAD) as well as the German Department of the Treasury (Bundesministerium der Finanzen).

Current research projects include

- Financial system development and foreign banks: The impact of the financial crisis on South-East Europe and the Commonwealth of Independent States.
- Financial globalization and global imbalances
- Microfinance institutions: how resilient to financial crises?
- Institutional aspects of microfinance institutions in the Democratic Republic of Congo
- Impact and implications of the financial crisis on growth and development in the Democratic Republic of Congo

4.2.2 SME Finance

Various research projects related to small and medium-sized businesses are on Frankfurt School’s agenda. They cover topics such as SME’s resiliency in the business cycle or the possibilities to widen their access to external finance. Other research topics deal with the effects of credit ratings on the stability of financial markets, the amount of private information that is contained in credit ratings or the role that credit rating agencies have on firm financing via credit covenants that are tied to credit ratings. Another area of research deals with management compensation structures, in particular the question whether steep bonus systems lead managers to take on higher risks.

Recent publications include:

4.2.3 East-West Center for Business Studies and Cultural Science

With generous financial support by the German Dr Werner Jackstaedt Foundation, the new research center “East-West Center for Business Studies and Cultural Science (ECBC)” was established at Frankfurt School in spring 2009.

The fundamental challenge of the 21st century global economy and business is complexity; e.g. the tension between the complexity of the financial system and the lack in the ability of regulators and business to cope with it was a major reason for the recent financial crisis.

The Center acts upon the maxim that leaders in 21st century organizations find themselves, more than ever, being pushed to manage this complexity responsibly. ECBC’s mission is to enable them to do so.

On account of this, the ECBC’s research is dedicated to innovation and change in modern business at the interfaces between economy and culture, society and politics. Currently, efforts concentrate on case studies in economic and cultural change with a special focus on the “Eurasian” continent. In particular, the subjects of consideration are China and Russia. Both seem to be excellent laboratories of economic, social and cultural change.

4.2.4 Finance and Business Development in China

With the aim to support the social and economic development especially in disadvantaged regions in interior China, Frankfurt School participates in the EU-China Business Development Certificate Program in corporation with its partner school China Europe International Business School (CEIBS) in Shanghai.

The program provides practically oriented training for start-up companies with a focus on training participants for planning, funding and managing new businesses. The program offers nine courses with six intensive modules each in Financial Reporting & Accounting, Macroeconomics & Business Funding, Organizational Behavior & HR Management, Marketing & Sales Management, Corporate Entrepreneurship as well as Strategic & Operations Management in selected cities in the Western, Central and North-Eastern regions of China. Frankfurt School is responsible for the accounting and the corporate finance courses. Two programs were already conducted in Hefei, others are scheduled for Chongqing, Xi’An, Harbin, Kunming, Chengdu, Hohhot and Guiyang.

To support the development of China’s financial industry and the integration of China in the global finance world, Frankfurt School runs, jointly with the CEIBS, the EU-China Research Fellowship Program. The current research focuses on the analysis of the transformation of China’s banking sector.
towards a European style universal banking system with elements of “bank assurance” as well as the development of Shanghai into an international finance center. It is intended to integrate European experiences in the research work.

Both programs are part of the EU-China Business Management Training Project, a joint project of Frankfurt School with China Europe International Business School, the European Foundation for Management Development (EFMD) and IESE Business School of the University of Navarra.

Publications include:


4.2.5 Management

Current research projects include the theoretical and empirical impacts of changes in reimbursement schemes of hospitals, of the impact of corruption on the capabilities of countries to consolidate their budgets and the analysis of potentially anti-competitive effects of all-unit discounts.

Recent publications in high-ranked journals include the papers:


Prof. Carsten Herrmann-Pillath continued with his research on the implications of evolutionary economics for diversity management. He embarked on the development of a new approach to the balanced scorecard, which goes beyond existing models of a Diversity Management balanced scorecard: The „open balanced scorecard“ focuses on the application of Diversity Management principles on the process of generating and designing a balanced scorecard:


4.2.6 Legal Studies and Ethics

Two professors of Frankfurt School devote their research particularly to philosophical and ethical aspects of business life. One works on “Trust in Business and Economic exchange”. The other one works on business ethics and how to teach it. He is also interested in issues of responsible action in situations of scarcity – i.e. when ethics meets economics like in priority setting in health care.

Recent publications in this field are:


4.3 International Research Center for Microfinance

Frankfurt School has been chosen by the German Academic Exchange Service (DAAD) to establish the Congolese-German Center for Microfinance in collaboration with the Université Protestante au Congo (UPC).

The Center of Excellence is dedicated to developing future microfinance professionals in Congo. Even though microfinance is of crucial importance for the country’s sustained economic wellbeing, there is a dramatic skill gap. Local microfinance institutions and banks are unable to recruit suitably qualified personnel. The Center seeks to close or at least diminish the skill gap. To this end, the center hosts a Master Program that has been developed in close collaboration with practitioners, for 35 hand-picked students, 15 of which receive a scholarship. Admission is strictly based on merit and only the best are admitted. The Center also participates in an international research network with the Université Libre de Bruxelles, Université de Mons and the Université de Lubumbashi.
4.4 International Research Studies

In addition to the above mentioned research centers, IAS has been assigned to conduct several studies in the past and currently has a project volume of almost € 5 million. Some of the studies have been published, according to their substantial support to the financial sector development of the respective regions.

Practice-oriented research conducted by International Advisory Services include:

- **Remittances Study for the Austrian Development Bank** (OeEB): Assessment of the amounts and channels of remittances flowing from Austria to Southeast Europe as well as existing financial products in Austria and recipient countries, as well as remittances use in recipient countries. The assessment includes the development of concrete project/product suggestions to be implemented by OeEB to increase the development impact of remittances.

- **In-Depth Demand Analysis Regional MSME Investment Fun for Sub-Saharan Africa** (REGMIFA): A preliminary feasibility study to confirm market potential to build a € 250 million portfolio in Sub-Saharan Africa. Based on the summit declaration "Growth and Responsibility for Africa" the G8 support the creation of a Regional MSME Investment Fund for Sub-Saharan Africa (REGMIFA). This fund shall be a source of innovative funding to micro, small and medium enterprises in response to the particular requirements of the African market. The study analyzed concrete demand for refinancing and technical assistance by conducting on-site visits and interviews with MSME stakeholders in 10 African countries.

- **EIB (European Investment Bank) – Feasibility Study to develop new options for private sector investment financing**: The overall objective of this study was to identify and compare sustainable and "bankable" options to increase and enhance private sector investment financing in Syria.
• **Banking Environment and Performance Study in Europe and CIS**: Assessing the conditions and constraints of commercial banks in the countries of Eastern and Central Europe and Central Asia. The survey was aimed at collecting data from banks which was done through direct interviews. Almost 415 institutions in 20 countries were envisaged to participate in the survey.

• **Feasibility Study to Develop a Concept to Support MSME Lending in Afghanistan**: The objective of the study is to develop a concept for access to finance in Afghanistan.
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.

Frankfurt School is deeply associated with the local, regional, national and international business community. We are not unique in that we live in an ever more quickly evolving world that poses new challenges every day. An environment that is rapidly changing all the time requires us to compare and contrast our own actions with other – notably partners from the industry – on a frequent basis.

5.1 UNEP Collaborating Center on Sustainable Energy & Climate Finance

The UNEP Collaborating Center on Sustainable Energy & Climate Finance was established through an agreement between the United Nations Environment Program (UNEP) and the Frankfurt School of Finance & Management. It is supported by the German Ministry for Environmental Affairs and Nuclear Safety (BMU).

It aims to increase finance sector engagement in the sustainable energy sector and its goal is to promote increased investment in the energy efficiency and renewable energy sectors in both industrialized but also and first of all in developing countries. The Collaborating Center should academically elaborate different topics in the context of sustainable energy finance but also implement various concrete projects around the world.
5.2 Cooperation with Deutsche Investitions- und Entwicklungsgesellschaft (DEG)

The Deutsche Investitions- und Entwicklungsgesellschaft (DEG) is a subsidiary of the German Development Bank Kreditanstalt für Wiederaufbau (KfW) and a corporate partner of Frankfurt School. It sponsors annual workshops with students on subjects such as sustainable investment and project financing of CSR projects — such as rose plantations in Kenya. DEG faces conflicts similar to Frankfurt School: is it morally permissible to provide assistance for the development of financial systems in a way that is profitable or should development aid always be not for profit?

Beyond this close cooperation with Germany’s Development Bank, we work on various projects in the developing world together with our partners such as the European Investment Bank (EIB), European Bank of Reconstruction and Development (EBRD), European Union (EU), ProCredit and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ).

For 2010, Frankfurt School would like to expand its corporate partnerships with institutions that are actively thinking about CSR related activities.
Principle 6: 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.

Interaction with Partners and Dialogue with Stakeholders

Frankfurt School maintained close ties with the business and finance community to whom it wants to serve beyond teaching. The school wants to spread knowledge, especially on developing finance and on ethic questions and thus serves as a platform for information exchange and discussion.

- Frankfurt School’s branch International Advisory Service has its focus on **addressing the needs of developing markets in order to make finance viable for people all across the world**. Two summer academies on Micro Banking and Housing Finance are offered to spread knowledge on responsible national and international business practices. For many years Frankfurt School had an advisory mandate for the EFSE fund (European Fund for Southeast Europe), a pioneer of ethical investment such as the financing of small businesses and housing development in Southeast Europe.

- Frankfurt School organizes **various lectures and initiatives on responsible management**; mainly in its series “Frankfurt School im Dialog”. For example, the School invites representatives from the catholic and the protestant church, to give talks on subjects of ethics, religious value system and the economy. In 2008, a lecture series together with the Sankt Georgen Graduate School of Philosophy and Theology was organized. Furthermore, lectures for teacher’s further education on topics such as global imbalance and chances and threats of globalization are given.

Furthermore, we have hosted **conferences on Responsible Finance, Sustainable Wealth Management and Renewable Energy**. Students and the community are always invited to join the lectures at no cost. As we note a dramatically rising interest in topics related to responsibility and sustainability, particular attention is given to these activities. We expect an even more intensified interest in the future.