Inspirational Guide

Implementing the PRME in Executive Degree Programs

PRME Principles for Responsible Management Education
Foreword

Steinbeis University Berlin

The Institute Corporate Responsibility Management (ICRM) at the Steinbeis University Berlin combines the demand for global corporate responsibility with a program of research and education, which responds to increased expectations of the future generations of managers.

As a working group leader of the UN PRME Initiative the ICRM has co-developed this guide, which sets out proposals and recommendations for integrating the PRME into the curricula of executive degree programs.

The integrative perspective of the ICRM regards the possibilities of implementing the PRME into university curricula gives reason to hope that an internationally accepted discussion framework will evolve to inspire and champion responsible management education and research.

Tecnológico de Monterrey

For the Tecnológico de Monterrey it is an honor to present the Inspirational Guide for the Implementation of the Principles for Responsible Management Education (PRME) in the context of the United Nations Global Compact in cooperation with Steinbeis University Berlin. We hope that this document will be a great source of inspiration and practical support for all academic institutions that have made a commitment to educate changes agents for the establishment of a sustainable and inclusive economic system.

Ever since its formation in 1943, our institution has aligned its contribution to the development of Mexico and its regions with academic programs that “promote entrepreneurial culture, of work, efficiency, and responsibility among its alumni”.¹ In 1995 this attitude became institutionalized in the mission of the Tecnológico de Monterrey for 2005, responding to a general concern about the role of educational institutions in shaping the global society for the 21st century. The mission statement for 2015 even strengthened the commitment to “form persons with integrity, ethical standards and a humanistic outlook, who are internationally competitive in their professional fields; at the same time, they will be good citizens committed to the economic, political, social and cultural development of their community and to the sustainable use of natural resources.”²

The obvious communalities between the Mission of the Tecnológico de Monterrey and the purpose of the Principles for Responsible Management Education (PRME) open up a whole world of potential synergies. Therefore, the EGADE Business School under its former dean Dr. Jaime Alonso Gómez actively supported the PRME ever since their formation in 2007. The campus San Luis Potosi being one of the most recent members of the PRME has been one of the strongest collaborators in the development process of this guide. We are delighted about this opportunity for collaboration. We hope to be able to even intensify our relationship with the PRME in the future and to have the chance to keep contributing to the development of this highly virtuous initiative.

¹ http://www.itesm.mx/sistema/mision2005/mision.htm
² http://www.itesm.mx/2015/english/
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**Introduction**

Throughout the collaborative working process within the Working Group on the Incorporation of the PRME in Executive Degree Programs that lead to the establishment of this guide, it became clear that there are two approaches to the PRME that are mutually reinforcing and complementing. Therefore, this guide consists of two topically-parallel parts reflecting those two approaches. The **Ethics and Process** perspective has been illustrated by the Steinbeis University, while the **Concepts and Practice** perspective has been elaborated by the Tecnológico de Monterrey.

**Ethics and Process Perspective**

The Institute Corporate Responsibility Management (ICRM) at Steinbeis University Berlin is providing its recommendations for the Guide to Implementing the PRME – Executive Degree Programs by defining the scope of the initiative.

- How can the existing curricula be transformed according to the requirements of a new, holistic way of thinking?
- How can knowledge of sustainability and global social responsibility be increased?
- How can consistent and systematic management concepts be developed?
- How can the commitment to research and teaching methodologies on the basis of universally recognized values be reached in a systematic manner, and be implemented as part of the strategic core of participating business schools?
- How can learning experiences based on common frameworks, materials, and processes be created?
- How can the discussion and exchange of efficient academic approaches be initiated?

The first part of this guide will outline the ethical framework, make general recommendations for each of the six principles, and provide examples of ways to integrate the principles into single modules or the entire curricula.

**Concepts and Practice Perspective**

Working group members of the Tecnológico de Monterrey are providing recommendations for the Inspirational Guide to Implementing the PRME emphasizing the development of integrative concepts. Concepts are tuned in to deliver a flexible framework harmoniously integrating aspiration and practice, values and value creation, as well as the manifold academic fields related to responsible management. This part is aligned with the following questions:

- How to create a supportive conceptual structure for the implementation of the 6 PRME principles without restraining PRME members’ creative freedom?
- How to strictly align PRME activities with the PRME purpose?
- How to harmonize academic knowledge creation and practical application of responsible management?

The second part of this guide will provide a concise interpretation of the 6 principles, conceptual frameworks for implementation and practice examples covering many of the PRME member institutions.

*The Editors:*

*Felicitas Mocny (Steinbeis University Berlin) and Oliver Laasch (Tecnológico de Monterrey)*
**Part 1: Ethics and Process Perspective**

**Executive Summary**

The Institute Corporate Responsibility Management (ICRM) at Steinbeis University Berlin is providing its recommendations for the “Guide to Implementing the PRME – Executive Degree Programs” by defining the scope of the initiative.

This recommendation emphasizes the ethical points of view regarding the following questions:

- How can the existing curricula be transformed according to the requirements of a new, holistic way of thinking?
- How can knowledge of sustainability and global social responsibility be increased?
- How can consistent and systematic management concepts be developed?
- How can the commitment to research and teaching methodologies on the basis of universally recognized values be reached in a systematic manner, and be implemented as part of the strategic core of participating business schools?
- How can learning experiences based on common frameworks, materials and processes be created?
- How can the discussion and exchange of efficient academic approaches be initiated?

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The UN Principles for Responsible Management Education (PRME)

The mission of the Principles for Responsible Management Education (PRME) initiative is to inspire and champion responsible management education, research and thought leadership globally.

The PRME are inspired by internationally accepted values such as the principles of the United Nations Global Compact. They seek to establish a process of continuous improvement among institutions of management education in order to develop a new generation of business leaders capable of managing the complex challenges faced by business and society in the 21st century.

In the current academic environment, corporate responsibility and sustainability have entered but not yet become embedded in the mainstream of business-related education. The PRME are therefore a timely global call for business schools and universities worldwide to gradually adapt their curricula, research, teaching methodologies and institutional strategies to the new business challenges and opportunities.

Scientific background of the guide’s recommendations

In order to address PRME’s purpose, the guide is intended to provide a consistent, ethical framework throughout the research, implementation and application processes, along with recommendations for implementing the PRME into curricula, with particular consideration given to executive degree programs.

With regard to consistency, the guide will address:

- Research on ethical principles as the basis for an ethical framework
- Implementation of the PRME using ethical methods, rules and procedures
- Application of ethical structures and systems.
- This ethical framework is intended to attain the following objectives:
  - Broaden acceptance of the PRME by defining ethical principles based on international guidelines
  - Enable good, dynamic governance and quality communication by translating ethical principles into applicable rules, methods and processes related to international codes of practice
  - Develop an ethical risk and compliance program functioning as an early identification system for ethical issues
  - Make recommendations based on an ethical framework for developing curricula in order to improve responsible management education, and support the creation of knowledge-based leadership

2.1 Research process: The justification of ethical principles as a basis for the PRME recommendations

The working group is acting under the assumption that ethical principles are a basis for the PRME recommendations. We have focused on the fundamental principles behind creating ethical guidelines that apply to PRME in an effort to develop consistent curricula changes. The objective is to establish a general, consensus-enabling basis for debates in order to implement ethical decision making in the field of corporate responsibility.

Distance of thinking is a necessary component of generating an ethical orientation knowledge that can be autonomously applied to situational problems. On this basis, it is possible to create an acceptable set of decision options in accordance with an ethical point of view.

2.2 Implementation process: ethical methods, rules and procedures as recommendations for PRME

The working group will draw attention to ethical communication mechanisms as a consensus-building strategy designed to provide PRME recommendations for good, dynamic governance among economy, science and society.
Special attention will be given to discourse ethics, providing adequate proof and representation of claim by a generative stakeholder dialogue based on ethical standards. Parallel to this level of standards, the recommendations are intended to offer practical communication tools, such as rules for argumentation integrity.

### 2.3 Application process: ethical structures and systems as recommendations for curricula changes based on PRME

For an intended application phase within curricula, the working group will offer application processes as recommendations.

a. The first group of application processes within curricula modules is divided among:
   - Ethics Committee
   - Ethics Conduct Office
   - Ethics hotline
   - Processes for improving professionalism (CSR Manager; Ethics Officer)
   - Ethical displacement

b. The second group could include ethical training programs, which will be conceptually developed by each business school or university.

c. For the third group, we suggest an early identification system featuring a risk and compliance program for the early identification of ethical issues, including:
   - Ethical assessment
   - Ethical screening
   - Ethical auditing
   - Ethical monitoring
   - Ethics checklists
   - Ethical reasoning concepts
   - Ethics by agreement concepts

### 3. Progress beyond the state-of-the-art

The state-of-the-art related to an ethical framework for PRME is defined by the lack of a consistent, integrative view on the issue, which is necessary in order to be accepted and implemented by a wider audience.

Curricula do not sufficiently and precisely define ethical values that are involved in the debate concerning good, dynamic governance between economy, science and society.

Besides this fundamental clarification and scientific debate on common international values, curricula fail to encourage societal involvement, as evidenced by the lack of recognizable communication structures and processes.

Also lacking are practical methods and tools for leading effective ethical debates, as well as decision-making processes for all stakeholders, including openness, accountability and transparency.
To progress beyond the state-of-the-art, the working group intends to achieve:

a. A balanced combination between “know what” and “know how” in developing an ethical framework for PRME that integrates all possible interests as the core of guaranteeing responsible management education.

b. A methodological approach that not only deals with single ethical recommendations for PRME-related issues, but also provides a consistent ethical framework.

The “know what” is defined by conceptualizing and developing a framework of PRME-related ethical issues, based on both ethical principles as well as international declarations and guidelines. The “know how” is characterized by defining methods, procedures and structures needed to achieve an international communication level on which ethical issues can be effectively discussed and solutions implemented.

The guide is intended to provide adequate risk and compliance management within the curricula by teaching an early identification system for relevant ethical issues by assessment, screening and auditing. In order to prevent crisis situations, the working group will develop a checklist based on ethical reasoning and ethics by agreement concepts that are applicable in monitoring systems.

4. Recommendations according particular principles

**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.

**Principle Applied**

What recommendations can the working group make for developing the capabilities of students in executive education programs to be future generators of sustainable value for business and society at large, and to work for an inclusive and sustainable global economy?

**Case Studies** (to be contributed by working group members or other PRME members)

**Initial Recommendations by ICRM**

ICRM intends to undertake common efforts with working group members to develop awareness processes that will foster a new, holistic way of thinking.

The graph below shows one possible cognitive approach for obtaining the knowledge and skills necessary to raise awareness:
**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.

*Principle Applied*

What recommendations can the working group make for incorporating the values of global social responsibility into executive academic activities and executive curricula, as portrayed in international initiatives such as the United Nations Global Compact?

*Case Studies* (to be contributed by working group members or other PRME members)

*Initial Recommendations by ICRM*

ICRM suggests beginning with recommendations focused on the integration of the human rights, labor, environmental and anti-corruption standards into executive academic activities and curricula.

Initially, ICRM suggests focusing on the vertical integration of management systems throughout the entire curricula:

- Human rights, labor, environment, anti-corruption: Leadership knowledge, ethics behavior management system, corporate communication management system, best practice tools, methods and structures
- Human rights focus: Integrative corporate ethics management system
- Environment focus: Environment management system
- Anti-corruption: Ethics compliance management system

To incorporate these values into academic activities, ICRM recommends initiating the following:

- Establishing frameworks for discussion and engagement
- Joining groups, organizations and initiatives
- Establishing groups, organizations and initiatives
- Organizing thematic on-campus workshops and conferences

**Principle 3**

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

*Principle Applied*

What recommendations can the working group make for creating educational frameworks, materials, processes and environments for executive degree programs that enable effective learning experiences for responsible leadership?

*Case Studies* (to be contributed by working group members or other PRME members)

*Initial Recommendations by ICRM*

ICRM recommends integrating one or several modules developed on the basis of the previously mentioned management systems, as well as developing a Bachelors, Masters or MBA program with specialization in CSR/corporate ethics, and a CSR/corporate ethics postgraduate degree.
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.

Principle Applied

What recommendations can the working group make for engaging in conceptual and empirical research for executive degree programs that advances understanding about the role, dynamics and impact of corporations in the creation of sustainable social, environmental and economic values?

Case Studies (to be contributed by working group members or other PRME members)

Initial Recommendations by ICRM

ICRM recommends international research cooperation with universities and academic institutions. As a first step, the working group recommends initiating an academic dialogue to determine which research issues match PRME topics. In addition, we suggest initiating international research activities and developing a research communication platform for internal and external exchange. We must also consider ways to apply the results to executive degree programs.

Recommended research issues from ICRM include:

- TBL/3BL
- Management of complex systems
- Systemic management
- Responsibility management
- Sustainability management
- Corporate ethics
- Business ethics

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.

Principle Applied

What recommendations can the working group make for interactive strategies within executive degree programs to extend our knowledge of the challenges corporate managers face in meeting social and environmental responsibilities, and explore jointly effective approaches to meeting these challenges?

Case Studies (to be contributed by working group members or other PRME members)

Initial Recommendations by ICRM

Since executive degree programs provide an interface between management interaction and knowledge transfer, the working group will focus on integrating the PRME into these programs. Students bring their views on meeting social and environmental responsibilities into the programs, and they adjust their challenges based on the program offerings. Integrating the PRME could begin the process of disseminating it to a far wider audience.

The working group should develop approaches for corporations based on input from executive degree program students. Our proposed programs should consider the needs of their specific businesses as well as scientific fundamentals and tools.
Principle 6

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

**Principle Applied**

What recommendations can the working group make for facilitating and support dialogue and debate among executive educators, business, government, consumers, media, civil society organizations and other interest groups and stakeholders on critical issues related to global social responsibility and sustainability?

**Case Studies** (to be contributed by working group members or other PRME members)

**Initial Recommendations by ICRM**

ICRM recommends facilitating and supporting dialogue and debate among the stakeholders through:

- Communication channels, including Web-based platforms and printed publications
- Communication structures, including a PRME contact point, conferences and workshops
- Communication processes, including cooperation among members of the PRME working group network, interactive stakeholder dialogues, brainstorming, and taking advantage of synergy to facilitate integration of the PRME and foster the overall initiative

5. Organizational aspects

5.1. Incorporation of responsibility and sustainability into curricula

**Target Groups:**

Business schools, universities and management-related academic institutions currently participating in the PRME initiative

Business schools, universities and management-related academic institutions that intend to join the PRME initiative

**Integrative Options:**

Integrating one or several modules into the existing curricula

Developing and integrating a compact module or module combination into the existing curricula

Incorporating the values of global social responsibility into the overall academic activities and curricula

**Benefits:**

Creation of an effective learning experience based on common educational frameworks, materials, processes and environments

Acceleration of the necessary adaptation process, thus the gaining of a substantial competitive advantage

Integration of universal values into overall academic activities

Facilitation of the PRME reporting and stakeholder dialogue
5.2 Development of corporate responsibility/corporate ethics specialization such as Executive MBA or Executive Masters specialization

Target Groups:
Business schools, universities, and management-related academic institutions currently offering Executive MBA or Executive Masters programs
Business schools, universities and management-related academic institutions currently offering full-time MBA or full-time Masters programs, if the possibility exists to teach in module blocks
Business schools, universities and management-related academic institutions intending to offer a new course in corporate responsibility or related fields

Integrative Options:
Development of corporate responsibility modules encompassing up to 40% of an MBA curriculum
Development of joint degree programs

Benefits:
Increased interest in the existing study programs by offering specialization in issues of growing global importance
Opportunity to develop a program focused on a specific target group of executives.
Accelerated adaptation of the values of global social responsibility into programs not directly connected to the specialization
Support for participation in the PRME initiative
Incorporation of the PRME into other study programs
6. Overview: Examples for basic courses, postgraduate courses, MBA and Master programs

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CSR Management II |
| Course Ethics Compliance | Leadership and Personal Governance  
Corporate Communication |
| Postgraduate Course in CSR Management | CSR Management I  
CSR Management II |
| Postgraduate Course in Ethics Compliance Management | Leadership and Personal Governance  
Corporate Communication |
| Postgraduate Course in CSR & Ethics Compliance Management | CSR Management I  
CSR Management II  
Leadership and Personal Governance  
Corporate Communication |
| Master / MBA Specialization | Development of module blocks  
Development and administration of the MBA / Master program specialization part (Blended Learning or Executive Education)  
Development of a new degree program |
| Single Module or Module Combination (fulfilling requirements of the PRME) | Integration of one or several modules in the existing curricula  
Development and integration of a compact module into the existing curricula  
Incorporating the values of global social responsibility into academic activities and curricula |
7. Executive MBA Programs (integrative, specialized) and executive Master programs (Master of Arts, Master of Science)

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## 8. Special Courses

### 8.1 CSR executive course (integrative, single)

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<tr>
<td><strong>Corporate Social Responsibility (CSR)</strong></td>
<td></td>
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</tbody>
</table>
| Responsibility                        | Leadership Dialectics I  
H. Jonas Concept of Responsibility in Corporations  
Committments to Corporate Responsibility |
| **Triple Bottom Line**                | CSR Dimensions  
Internal Dimension  
External Dimension  
Corporate Citizenship |
| **Commitments to CSR Strategy**       | Awareness  
Visions |
| **Communication of CSR Strategy**     | Corporate Policies  
Corporate Value Management |
| **International CSR Standards**       | Aspirational Principles and Codes of Practice  
United Nations Global Compact  
International Labour Organisation  
OECD Guidelines for Multinational Enterprises  
Management Systems and Certification Schemes  
SA8000  
ISO  
Rating Indices  
DJGSI  
FTSE4Good  
ASPI  
Accountability and Reporting Frameworks  
GRI  
AA1000S |
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|                                               | Transparency  
|                                               | Accountability |
| Integrated Governance, Risk and Compliance Management | Corporate Governance  
|                                                      | Risk Management  
|                                                      | Ethical Compliance |
| Managing Integrated Governance, Risk and Compliance Management | Case Study |

<table>
<thead>
<tr>
<th>Corporate Ethics</th>
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</table>
| Corporate Ethics Organization Structures | Ethics Committee  
|                                              | Ethics Training  
|                                              | Business Conduct Office  
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<tr>
<th>Corporate Ethics Methods &amp; Management</th>
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| Ethical Compliance Management  
| Integrated Governance, Risk and Compliance Management |

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<th>Systemic Management</th>
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| Systemic Management Knowledge | Theory of Science  
|                                   | Leadership Dialectics III  
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| Systemic Management Knowledge Transfer | System Theory  
|                                       | Systemic Thinking  
|                                       | Problem Assessment |

| Systemic Management Knowledge Implementation | Systemic Management  
|                                               | Problem Solving |
8.2 Leadership (integrative, single)

<table>
<thead>
<tr>
<th>SYSTEMIZING</th>
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<tr>
<td>Leadership Knowledge:</td>
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<td>Orientierungswissen</td>
<td>Steuerungswissen</td>
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<td>Strategic Conceptual Competence</td>
<td>Managing Strategic Conceptual Competence</td>
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<td>Innovative Leadership</td>
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<tr>
<td>(Internationally Valid Associate)</td>
<td>Leadership Model (CEO-leadership)</td>
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<td>- Theory of Strategic Management</td>
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<td>- Theory of Responsibility</td>
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<td>- Theory of Integrity</td>
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<td>- Leadership ethics</td>
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<td>Interactive Competence</td>
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<td>- Rationality</td>
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<td>- Dialectics</td>
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<td>- Logics</td>
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<td>- Emotional Competence</td>
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<td>Ethics and Economy(ics)</td>
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<td>Discursive Technology impact assessment</td>
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<td>Ethics in Information Society</td>
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<td>Bioethics</td>
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9. Overview: Program Modules

9.1 Fundamental Corporate Responsibility Modules

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<td>System Theory</td>
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<th>Leadership and Personal Governance</th>
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<tr>
<td>Leadership Ethics</td>
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<tr>
<td>Leadership Dialectics and Logics</td>
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<tr>
<td>Innovative Leadership</td>
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<th>Complexity Management</th>
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<td>Behavior Management</td>
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<td>Dilemmata Management</td>
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<td>Ethical Displacement</td>
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<tr>
<th>Corporate Communication Management</th>
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<tr>
<td>Discourse Ethics Structures</td>
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<td>Theory of Argumentation</td>
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<td>Argumentation Integrity</td>
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<tr>
<td>Moral Reasoning / Morals by Agreement</td>
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9.2 Corporate Ethics Management Modules

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<td>Holistic Corporate Management</td>
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<td>Corporate Ethics: Orientation Knowledge</td>
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<tr>
<td>Corporate Ethics: Management Knowledge</td>
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</tbody>
</table>
## Compliance and Risk Management

**External Dimension:**
- Federal Sentencing Guidelines for Organizations (FSGO)
- Sarbanes-Oxley Act (SOX)
- Enterprise Risk Management (ERM)
- International Financial Reporting Standards (IFRS)
- National and EU Compliance Guidelines and Regulations

**Internal Dimension:**
- Ethical Compliance Management

## Corporate Value Management

**Code of Ethics / Code of Conduct:**
- Value Commitment
- Value Implementation
- Value Communication
- Values Balancing: Harvard Business School Concept
- Procedural Fairness

## Institutional Corporate Ethics Structures

- Ethics Committee
- Conduct Office
- Corporate Ethics Committee
- Ethics Training Department
- Ethics Hotline
- Code of Ethics / Code of Conduct

## Corporate Governance

- Ethics Standards of Corporate Governance
- Ethics Standards of Leadership
- Ethics Standards of Controlling
### 9.3 Corporate Social Responsibility Management Modules

#### CSR Strategy

**Analytical Component:**
- Commitments to CSR Strategy
- Corporate Policies and Principles
- Stakeholder Analyses

**Operational Component**
- CSR Structures
- Communication of CSR Strategy, Policies and Principles
- Cross-sector Partnerships
- Stakeholder Dialogue

#### CSR Status Assessment, Auditing and Monitoring

**Certification Schemes:**
- SA8000
- ISO26000

**Rating Indices:**
- Dow Jones Sustainability Index (DJGSI)
- FTSE4Good
- ASPI Eurozone®
- Ethibel Sustainable Indices (ESI)

#### Aspirational Principles and Codes of Practice

- United Nations Global Compact based CSR Management
- International Labour Organisation Standards related CSR Management
- OECD Guidelines based CSR Management
- Best Practices and CSR Management Models

#### CSR Reporting

**Accountability and Reporting Frameworks:**
- Global Reporting Initiative
- AA1000S
Corporate Citizenship

- Corporate Giving
- Corporate Foundations
- Corporate Volunteering
- Social Sponsoring

9.4 Corporate Sustainability Management Modules

<table>
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<td>Environmental Ethics</td>
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<td>Political Ecology</td>
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<td>Environmental Management Systems</td>
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<td>EU Environmental Directives and Legislations</td>
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<td>EMAS</td>
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<td>Ecological Risk</td>
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<tr>
<th>Environmental Sustainability - Topics</th>
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<td>Pollution</td>
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<td>Ecological Systems</td>
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<td>Water Supply and Waste Water</td>
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<td>Waste Management</td>
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<td>Biodiversity</td>
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<td>Biotechnology</td>
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<th>Climate Change</th>
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<tr>
<td>Politics of Global Warming</td>
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<tr>
<td>Economics of Global Warming</td>
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<tr>
<td>Low Carbon Society</td>
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</tbody>
</table>
9.5 Specific CSR Related Modules

- Competition Policies
- Supply Chain Management
- Bribery and Corruption
- Product Responsibility
- Fairness in Trading and Dealing
- Ethics and Procurement
- Socially Responsible Investing
- Insider Trading
- Social Impact Assessment of Corporate Projects
- Corporate Communication
- Intercultural Communication
- Conflict Management
- Corporate Image
- Organizational Culture
- Diversity Management
- Personal Governance
- Equal Employment Opportunities
- Aging Workforce
- Gender Equality
- Consumer Affairs
- Ethics in ICT
- Conflicts of Interest
- Health and Safety
- Implementing Codes of Conduct
Part 2: Implementing the PRME: An Integrative Perspective

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.

Framing Principle 1: Purpose

We...

Refers to academic institutions educating people involved in management activities. Usually such institutions are business schools. The field could also be broadened to include, for instance, institutions educating engineers in management positions. Intra-institutional actors include educators as well as administrators.

...will develop...

Student development can be fostered during and by all kind of interaction between student and academic institution. Curricular as well as extra-curricular activities are included. The development period typically includes the time as active student, but could also be extended to interaction with alumni.

...the capabilities of students...

Capabilities refers not only to responsible management job skills, but also to character and attitude as well as the ability to achieve a high-impact job position.

...future generators...

Refers to the common positions of students who are not yet employed and therefore not yet able to create value from a business position.

...sustainable value...

Means sustainable in a sense of durability and in a sense of balance between the three dimensions of sustainable development: economy/business, society, and environment.

...for business and society at large...

Refers to a co-creation of value. Both entities business and society have to gain value from the students’ activity. In the context of the whole phrase also a value creation for the environmental is implied as it has to be interpreted in relationship with the concept of sustainability which as mentioned always also includes the environmental dimension.

...and to work for...

Establishes a second goal apart from value creation on a business level that refers to the global economic system in general.

...an inclusive and sustainable global economy.

Inclusive carries three connotations. First, it means to include less developed countries as a whole into the economic system. It also refers to the term of inclusive businesses, meaning the inclusion of the world’s poor into business activities. Finally, inclusiveness also means to include groups that are often discriminated against on the basis of gender, disability, age, race, or sexual orientation into a discrimination-free work process. Sustainable economy refers to the balance between the three dimensions of business/economy, society, and environment, as well as the necessity to sustain each of these dimensions for future generations. While earlier sustainable referred to a business level, here it refers to the sustainability of the global economic system as a whole.
Necessary Competences for Achieving the Purpose of the PRME

The purpose of the PRME as stated in principle 1 is to educate students in a way that enables them to fulfill two functions in their vocational context: First, students, then managers, should be creators of value for society and environment. Of course they also have to fulfill their classical function of creating value for the business itself. In the best case, an alumnus of a PRME member institution should be able to create a cycle of harnessing the social and environmental business performance for creating tangible benefits for the business, which could then be used to re-invest in society, environment, and business. Second, students should act as change agents for an inclusive and sustainable economic system. Managers’ function as change agents can be realized on two levels. First, bringing about more sustainable and inclusive practices in their own companies has an exemplary effect on the economic system as a whole. Second, managers could also be involved in industry and economic forums or organizations, directly exerting an influence on the rules, standards, norms and culture influencing the shape of the economic system. What follows are examples of PRME member institutions’ missions that are closely aligned with the PRME purpose.

- Mission Handelshochschule Leipzig (HHL) (Germany): “We educate effective and responsible business leaders through excellence in teaching, research and practice.”

- Mission Tecnológico de Monterrey (ITESM) (Mexico): “The mission of Tecnológico de Monterrey is to form persons with integrity, ethical standards and a humanistic outlook, who are internationally competitive in their professional fields; at the same time, they will be good citizens committed to the economic, political, social and cultural development of their community and to the sustainable use of natural resources.”

- Mission Hanken School of Economics (Finland): “The Swedish School of Economics and Business Administration (Hanken) promotes the acquisition of new knowledge in the scientific field of economics and business administration with a view to enhancing the level of economic knowledge within business life and in the world outside. The aim is to develop expertise of a socially responsible nature and an ethically high standard.”

- Davis College of Business, Jacksonville University (USA): “We build thoughtful, engaged leaders who create sustainable high performance and value in their careers, organizations, communities, and world.”

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3 PRME Report 2009, Handelshochschule Leipzig
4 http://www.itesm.mx/2015/english/mission.html
5 PRME Report 2009, Hanken School of Economics
6 Principles for Responsible Management Education (PRME), Sharing Information on Progress (SIP) Report 2008-2009, Davis College of Business, Jacksonville University
In order to fulfill these two functions, students need a specific set of capabilities and resources that classical management education is unable to provide sufficiently. Capabilities can be subsumed under three competence sets: personality and character, responsibility management job skills, and high impact job position. The question that lead to these competence sets is: "What does a student need in order to create sustainable value once working in a management position inside a business?" Each set is a necessary condition for managers to fulfill the PRME purpose.

1) **Personality and character** refers to the student’s moral and ethical development as well as the willingness and appropriate attitudes to create value, not only for the business, but also for society and environment.

2) **Responsibility management job skill** refers to the ability to apply concrete responsibility management frameworks and tools to business scenarios. Examples might be a student’s ability to plan a cause-related marketing campaign, or to conduct a socio-environmental SWOT analysis in order to assess the strategic impact of non-financial business factors. **High-impact job position** in the context of PRME refers to a position in which a manager is able to exert significant influence over the social, environmental and economic dimensions of a business. Jobs directly related to responsible management are an attractive, growing and well-paid segment of the labor market. Still, a high impact
job position does not necessarily have to be located within this special segment. Increasingly, traditional management positions have a strong influence on businesses’ social and environmental performance. Therefore, a high-impact job position can mean either a student’s placement in specialized responsible management jobs such as sustainability or community relations manager, or placement in an influential general management position. It is of utmost importance to implement a responsible management education that covers each of the aforementioned competences. If an academic institution focuses merely on educating an ethical person or character, for example, but does not provide the necessary job skills to implement activities with an added social and/or environmental value, an alumnus typically will have an exceptionally strong and well-shaped personality and character, but lack the job skills to express this character in his or her vocational environment. Such a manager is unlikely to suffer an ethical lapse and will always try to minimize social and environmental harm resulting from his or her vocational activity. However, this person might lack the practical tools necessary to create exceptional social and environmental value. This is but one example of imbalance among the three necessary competence sets for achieving the PRME purpose. As a review of the PRME Sharing Information on Progress reports revealed, there are very few member institutions undertaking activities that foster all three necessary competences.

<table>
<thead>
<tr>
<th>1) Personality &amp; Character</th>
<th>2) Technical RM Job Skills</th>
<th>3) High Impact Job Position</th>
<th>Resulting Manager Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Managers with a personality that drives them to seek responsible business solutions, the job skills to implement activities adding social and environmental value and a high-influence job position allowing them to do so with significant impact.</td>
</tr>
<tr>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>Managers with high potential to fulfill the PRME purpose, but experiencing career barriers inhibiting a significant social and environmental value creation.</td>
</tr>
<tr>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>Managers who want to make a difference and even have an influential job position to do so, but lack the practical know-how to create social and environmental value.</td>
</tr>
<tr>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>Managers having all job skills and the right position to make a positive social and environmental impact. Still, their personality and character inhibits actual implementation activities for the fulfillment of the PRME purpose.</td>
</tr>
</tbody>
</table>

Figure 2 Necessity and complementary character of the three competences for the achievement of the PRME purpose
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.*

**Framing Principle 2: Values**

*We will incorporate into our academic activities and curricula…*

Refers to incorporation into all kinds of academic activities, curricular as well as extra-curricular. Unlike Principle 1, here the reference is made not only to activities involving students, but also any activity of the academic institution. The phrase broadens the sphere of influence of the PRME from a purely educational focus to the perspective of the academic institution as a whole.

…*the values…*

In spite of only mentioning values, in conjunction with Principle 1 it can be assumed that the values are seen as the first step towards the creation of sustainable value by institutions’ alumni.

…*of global social responsibility…*

As principle 1 embraced not only the social, but also the environmental and economic dimensions, we interpret the concept of responsibility as being extended to environmental and economic responsibilities as well. Responsibility should be taken from a holistic and global, not purely regional or national perspective.

…*as portrayed in international initiatives…*

Hints at international responsibility initiatives as reference for the identification of values to be implemented.

…*such as the United Nations Global Compact.*

Mentions the global compact as one exemplary international initiative for the identification of values to be implemented.
The PRME Value System

Principle 3 explicitly mentions the Global Compact as a reference initiative for the identification of PRME-related values. The core values promoted by the Global Compact are related to the areas of human rights, labor standards, the environment, and anti-corruption. Undoubtedly, this value system provides an important point of departure for the identification of the values a PRME member institution could implement. Still, the PRME value system as a whole is also influenced by a set of other connected value systems that stem from the three different categories illustrated below.

Figure 3 Exemplary value systems implicitly linked to the PRME

First, the values promoted by Academic Disciplines related to responsible management have a conceptual influence on PRME activity. As an example, one of the values of sustainable development as described in the Brundtland Report (1989) is “inter-generational justice”, while one of the values of corporate citizenship would be the ideal of a “good corporate citizen”. Second, responsible management is also based on the bettering of various social and environmental causes. Every cause has a different set of cause-related values such as the one reflected by the declaration of human rights for the cause of human rights protection. Finally, the values of institutions influences the implementation of responsible management education. As mentioned in principle 1, values should be aligned with those of global CSR institutions such as the Global Compact. Of course, the values of the PRME itself and its partner institutions such as AACSB or the Aspen institute also exert a significant influence. Due to different institutional history, affiliations and reality, every PRME member institution will align its activities in responsible management education with a set of individually chosen values that represent a subset of the complete PRME value system.

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7 Report of the World Commission on Environment and Development: Our Common Future
The purpose of the PRME clearly locates value creation by the alumni of PRME member institutions in the economic and business context, not in their private lives. Therefore, PRME values must be compatible with business reality, incentives and drivers of business life. This does not mean one should blindly tolerate irresponsibility for profit reasons, but rather promote management practices that achieve a mutually reinforcing co-creation of socio-environmental and economic value. PRME member institutions are responsible for integrating social, environmental and ethical value creation and values with day-to-day management practice and profit generation.

The Center for Integration of Economic and Social Value (CIVES) at the EGADE Graduate School of the Tecnológico de Monterrey (Mexico) conducts research on responsible management solutions that deliver the generation of business advantages from socially responsible activity. 8

The School of Economics of Martin-Luther-University (Germany) highlights the strategic background of the PRME and stresses the importance of educating managers in the conjunction between ethics and strategy. 9

8 http://www.itesm.edu/wps/portal/egade
9 Principles of Responsible Management Education Communication on Progress Academic Year 2008, School of Economics, Martin-Luther-University Halle-Wittenberg
As indicated by principle 2, the values chosen by the member institution should be integrated into both their curricular and co-curricular (academic) activities. The following table illustrates concrete examples of ways in which values have been integrated into the activities of academic institutions.

<table>
<thead>
<tr>
<th>Value System</th>
<th>Curriculum Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davos Oath: Integrity, honesty, reliability and responsibility (Institution)</td>
<td>European Representative (Academic Initiative, European Business School, Germany)</td>
</tr>
<tr>
<td>Global Compact (Institution)</td>
<td>Academic Member Institutions, e.g. Audencia School of Management (France), Institute of Productivity and Management (India), ISAE (Brasil)</td>
</tr>
<tr>
<td>Non discrimination in the workplace (Cause)</td>
<td>“Promotion of Equal Opportunities” (Course, Audencia, 2008, France)</td>
</tr>
<tr>
<td>United Nations Millennium Development Goals (Cause &amp; Institution)</td>
<td>“A Hub in Africa” (Educational Program, Grenoble École de Management, France)</td>
</tr>
<tr>
<td>Academic Integrity (Cause)</td>
<td>“Academic Integrity System” (Initiative, Bentley University, USA)</td>
</tr>
<tr>
<td>Intellectual Property Protection (Cause)</td>
<td>“Intellectual Property and Competition Law” (Course, Hanken School of Economics, 2009, Finland)</td>
</tr>
<tr>
<td>Business Sustainability (Academic Discipline)</td>
<td>“Global Business Administration on Corporate Sustainability” (Course, CEIBS, 2009, China)</td>
</tr>
<tr>
<td>Business &amp; Economics Ethics (Academic Discipline)</td>
<td>“Ethical Issues in Corporate Life” (Course, Bentley University, 2008/2009, Graduate, USA)</td>
</tr>
<tr>
<td>Humanitarianism (Academic Discipline)</td>
<td>“Humanitarian and Development Intervention” (Course, Grenoble École de Management, 2009, France)</td>
</tr>
</tbody>
</table>

10 Communication of Progress on Principles for Responsible Management Education (PRME) at EUROPEAN BUSINESS SCHOOL EBS, 2009
11 http://www.unglobalcompact.org/ParticipantsAndStakeholders/academic_participation.html
12 4th Report on Global Responsibility, Audencia School of Management Nantes, 2009
13 Grenoble École de Management (GEM) & The UN Global Compact, 2009
14 Bentley University Academic Year 2008-2009 Communication of Progress United Nations Global Compact Academic Network
15 PRME Report 2009, Hanken School of Economics
16 Communication on Progress Report 2008, China Europe International Business School (CEIBS)
17 Bentley University Academic Year 2008-2009 Communication of Progress United Nations Global Compact Academic Network
18 Grenoble École de Management (GEM) & The UN Global Compact, 2009
Principle 3

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

Framing Principle 3: Method

We will create…

To create here also includes to apply existing material to the topic of responsible management.

…educational frameworks, materials, processes and environments…

Includes any institutional reality, in teaching and other activities, that supports the purpose forming the capabilities students need to become future value creators for society and environment.

…that enable effective learning experiences…

Learning experience has to be effective in terms of supporting the PRME purpose (Principle 1).

…for responsible leadership.

Refers to the leadership that students are to assume in their role as business executives for the achievement of the PRME purpose (Principle 1).

➢ Building Necessary Competences for Achieving the PRME Purpose

In our discussion of principle 1, we identified three necessary competences that PRME institutions must foster in order to make students social and environmental value creators and change agents for an inclusive economic system. Accordingly, educational methods promoting the PRME purpose must focus on creating these very competences in students. The following are examples of educational practice and achievement of each competence:

1) **Personality and character**: The Mendoza College of Business at the University of Notre Dame (USA) offers a wide variety of courses aimed at preparing students’ personality and character for the creation of sustainable value. For instance, the course “Giving Voice to Values” develops students’ ethical decision-making skills. Another example fostering personal development is the course “Spirituality and Work”. Through international immersions in challenged regions, students develop a wide range of personality and social skills related to diversity of culture and lifestyle.

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19 Principles for Responsible Management Education Report 2009, Graduate School of Management, La Trobe University, Australia

20 Communication on Progress Report 2007-2008, Mendoza College of Business, University of Notre Dame
2) **Technical responsibility management job skills:** The Institute for Corporate Responsibility Management (ICRM) at Steinbeis University (Germany) offers a masters program in Corporate Responsibility Management. More than half of the curriculum covers courses related to concrete responsibility management job skills such as the courses “Sustainable Finance”, “Responsible Marketing” and “Corporate Responsibility Management”. The majority of students are business executives who have the chance to directly apply course content to their day-to-day work processes. As a product of both realities, graduates will have a highly developed portfolio of responsibility management job skills and know how to apply them to the realities of business.\(^{21}\)

3) **High-impact job position:** The Tecnológico de Monterrey (ITESM) (Mexico) has achieved an excellent job positioning among its graduates. In 2009, while accounting for only 3% of the higher education in Mexico, 22% of the directors of the country’s 100 largest enterprises and 22% of its state governors were alumni of ITESM. Twenty years after their graduation, 68% of ITESM alumni are either owners or partners of a business. Individuals in such positions have the potential to make an outstandingly high impact for achieving the PRME purpose.\(^{22}\)

- **Educational environments of RM**

Creating the necessary competences need not be reduced to merely the classroom situation. The capabilities and resources forming the three competences can also be fostered in the broad institutional, degree program, course, and classroom environments. Here are some examples.

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\(^{21}\) [www.steinbeis-icrm.eu](http://www.steinbeis-icrm.eu)

\(^{22}\) [http://www.onlineunesco.org/conferencias/5_pdf_(3_por_pagina).pdf](http://www.onlineunesco.org/conferencias/5_pdf_(3_por_pagina).pdf)
A: Classroom implementation includes the employment of teaching techniques such as service learning or project-based learning. Figure 6 provides a list of teaching techniques and their respective advantages for implementation in a PRME context. Classroom implementation also includes managing the social and environmental impact of the classroom activity. Negative impacts might include excessive use of paper, while positive impacts might include the development, transfer and implementation of social and environmental solutions throughout the course. Course impact assessment and management not only improves the footprint of the academic institution, but also connects to the aforementioned teaching techniques. The education by example technique, for instance, is based on the assumption that an educator has to “walk the talk” in order to develop credibility among students. The service learning technique promotes usage of class content to help external individuals or organizations. Using service learning, students create a positive social class footprint while deepening their understanding and application of class content. Following are a few examples of PRME member institutions improving the impact of their classroom conduct and successfully applying some of these teaching techniques:

Bentley University (USA) has put the Academic Integrity System (AIS) in place, ensuring an ethically positive class impact while pursuing the goal of instilling “a commitment to ethical behavior as part of business education and subsequent practice”.  

In early 2010, the San Luis Potosi campus of the Tecnologico de Monterrey (Mexico) introduced the use of E-readers in a two-course pilot project and in the library in an effort to eliminate print materials such as books and lecture notes. The project has proven successful and the number of classes will be expanded. Moreover, several courses are further reducing the paper footprint by using double-sided printing and recycled and/re-used paper for course materials.

Bentley University (USA) has integrated service learning into its course curriculum on a large scale. During the academic year 2008-2009, more than 1,000 students were involved in supporting about 30 community organizations.

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23 Bentley University Academic Year 2008-2009 Communication of Progress United Nations Global Compact Academic Network

24 http://www.itesm.mx/cronicaintercampus/no_100/institucional_sec_2.html

25 Bentley University Academic Year 2008-2009 Communication of Progress United Nations Global Compact Academic Network
### Case Study Method
- Studying real cases with the subject of responsible management in practice fulfills two purposes. First, it confronts students with weakly structured information and real-life complexity. Second, best practice cases have the potential to convince students of the practical relevance of responsible management.

### Research-Based Learning
- Research-based learning (RBL) has the potential to connect classroom activity with knowledge creation about social and environmental business responsibility. It also can support principles 4 (Research) and, depending on the research design, also principles 5 (partnership) and 6 (dialog).

### Project-Based Learning
- Projects in cooperation with businesses and their stakeholder groups can serve to support students' learning process while creating solutions to managers' challenges in responsible management (principle 5).

### Ethical Dilemmas
- The discussion of ethical dilemmas hones ethical reasoning as well as supporting students' moral development.

### Service Learning
- Service learning provides students with the opportunity to apply the knowledge and skills acquired in classroom situations to the real-life context while also making a positive socio-environmental impact.

### Education by Example
- Implementing the same high ethical social and environmental standards taught in classroom situations is crucial for the credibility of commitment.

### Textbook Learning
- Especially in terms of the technical skills required for responsible management, learning basic concepts, frameworks and tools as typically presented in textbooks is highly important.

### Simulation Games
- Business simulation games related to responsible management offer the chance to experience close-to-real-life complexity and dynamics, while avoiding severe consequences of real-life failure.

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Figure 6 Classroom teaching techniques and their advantages for PRME member institutions
As part of their coursework, students of Grenoble École de Management (GEM) (France) participated in the business game “Citizen Act” with the goal of shaping the socially responsible bank of the future.26

Goethe University Frankfurt (Germany) has established a responsible management collection in its library, including a wide variety of titles related to sustainable development, CSR, and ethics. The collection supports classroom implementation.27

The European Business School (EBS) (Germany) has created the program “Do it! Service Learning at EBS” in which students engage with local communities and welfare organizations.28

B: COURSE DESIGN: The second educational environment is the integration of responsible management into course design. It includes the development of stand-alone responsibility management courses as well as the integration of responsible management contents into mainstream business courses. The latter can be achieved by using cases and examples related to both the course topic and RM. Another possibility is integrating relevant responsible management concepts related to the course topic. Most mainstream business topics also allow for seamless integration of a topical social, environmental or ethical issue. Figure 7 provides examples for each of these techniques.

26 Grenoble École de Management (GEM) & The UN Global Compact, 2009
27 http://www.wiwi.uni-frankfurt.de/abteilungen/arbeitsstelle-wirtschaftsethik/arbeitsstelle-wirtschaftsethik/willkommen.html
28 Communication of Progress on Principles for Responsible Management Education (PRME) at EUROPEAN BUSINESS SCHOOL EBS, 2009
Vertical Integration Techniques

<table>
<thead>
<tr>
<th>Case Combining Class Topic and Responsibility Management</th>
<th>Related Responsibility Management Concept</th>
<th>Responsibility Management Issues Related to Class Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: In a class on strategic management you could use the case of the movie theater chain Cinépolis that generated a strategic product differentiation using a philanthropic marketing approach.</td>
<td>Example: In a class on costs and pricing, you could integrate the topic of external costs, in order to include external socio-environmental costs of a product into its price.</td>
<td>Example: A class on business information systems could dedicate some course time to the ethically correct usage of information.</td>
</tr>
</tbody>
</table>

Figure 7 Techniques for the integration of responsible management content into mainstream business courses

Stand-alone responsible management course offerings include general courses based on academic disciplines such as “Business Ethics” or “Corporate Citizenship”, special causes of responsible management such as “Human Rights in the Workplace” or “The Economic Effect of Corruption” or courses providing technical responsibility management skills such as “Environmental Management”, “Stakeholder Management” or “Social Entrepreneurship”. Based on the pedagogical intention (practical skill or character development) and the course context (private-individual or vocational-business) stand-alone responsible management courses can be classified into four categories. While most PRME member institutions focus on the vocational-business context, others have achieved great results by first teaching in a private-individual context and then transferring the results to the vocational-business sphere. What follows are two examples for this strategy:

- **IESEG School of Management (France)** divides its educational activities for responsible management into two categories: initial education towards responsible behavior (savoir être) and educational activities aiming at concrete business-related knowledge and skills (savoir et savoir faire).²⁹

- **The Tecnológico de Monterrey’s San Luis Potosí campus (Mexico)** has implemented a set of lectures accompanying the core curriculum of all undergraduate degrees. “Personal Ethics” and “Social Responsibility and Citizenship” aim at developing students’ personality and character in a private context, while “Professional Ethics” and “Social and Environmental Responsibility of Businesses” aim at developing concrete job skills for creating social, environmental and economic value.³⁰

²⁹ **IESEG School of Management Putting PRME into Action**, 2009

Figure 8: Generic stand-alone responsible management course types classified by context and pedagogical intention

**C: DEGREE PROGRAM**: An environment that fosters responsible management education can be divided into stand-alone degrees in related topics the integration of responsible management into a mainstream management degree.
Traditional undergraduate business and MBA programs (A) typically lack significant integration of topics and activities related to responsible management education. They focus on the coverage of core business topics. While these programs often contribute strongly to the ability of alumni to obtain a high impact job position, they typically lack the educational features necessary for developing a socio-environmentally responsible person and character, and they do not provide the technical job skills needed for managing the socio-environmental business impact.

Stand-alone responsible management degrees (C) are, for instance, masters programs in Responsibility or Sustainability Management with courses strongly focusing on business responsibility while neglecting the classical core business topics. Few such undergraduate programs exist. Alumni typically exhibit traits of character and personality well suited for creating socio-environmental value. They also possess very well-honed job skills for socially and environmentally responsible management. Without parallel or prior management experience and/or education, this might negatively affect their ability to reach a high impact job position in general management.

The integration of responsible management into mainstream business degrees (B) is the most common way that PRME institutions implement the principles. The integration of PRME-related content can be fulfilled in two basic ways:

1. **Horizontal integration** consists of offering stand-alone courses exclusively covering topics related to responsible management. Such courses accompany the mainstream business curriculum and might be elective or compulsory. Depending on the organizational structure of the institution, these courses could also be bundled into a specialization or minor in responsible management. Such an additional certification can be valuable when students search for jobs, especially in fields highly related to responsible management.
2. **Vertical integration** consists of a responsible management-related section within mainstream business courses. Three possible approaches were discussed previously in Section B: Course Design. Figure 11 identifies exemplary responsible management concepts to achieve a vertical implementation throughout all courses of a typical MBA program. This vertical integration usually is implemented by individual professors developing RM-related content within their field of expertise. Another viable model could be one or several professors who cover a wide range of responsible management topics and integrate them throughout existing courses taught by other educators in a team-teaching style.

![Figure 10: Exemplary horizontal integration of responsible management topics into a typical MBA program](image)

- The European Business School (EBS) (Germany) has introduced various courses with a cross-functional, vertically-integrated responsible management approach. Examples include the courses “Marketing on a Stakeholder-Based Approach” and “CSR and Sustainability in Logistics and Supply Chain Management”. EBS applies a questionnaire among faculty members in order to identify opportunities for the implementation of PRME in their academic activities.31

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31 Communication of Progress on Principles for Responsible Management Education (PRME) at EUROPEAN BUSINESS SCHOOL EBS, 2009
The McCoy College of Business Administration at Notre Dame University (USA) has vertically integrated ethics-related topics such as ethics in the financial services industry, and political, social and ethical issues associated with E-commerce in the E-commerce course.\textsuperscript{32}

Figure 11: Exemplary vertical integration of responsible management contents into typical mainstream business courses of an MBA

<table>
<thead>
<tr>
<th>Sem</th>
<th>Course 1</th>
<th>Integrated RM Topics</th>
<th>Course 2</th>
<th>Integrated RM Topics</th>
<th>Course 3</th>
<th>Integrated RM Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Marketing Management</td>
<td>-Cause-related Marketing -Social Marketing - Ethics in Marketing</td>
<td>Accounting &amp; Controlling</td>
<td>-Social &amp; Environmental Accounting, Reporting, Certification -Social &amp; Environmental Performance</td>
<td>Strategic Management</td>
<td>-Strategic CSR -Sustainable Competitiveness</td>
</tr>
<tr>
<td>2</td>
<td>Organizational Theory &amp; Management</td>
<td>-CSR in the Value Chain -Organizational Integration of RM -Corporate Governance</td>
<td>Technology &amp; Operations Management</td>
<td>-Operational Efficiency &amp; Eco-efficiency</td>
<td>Financial Management</td>
<td>-Sociably Responsible Investment -Microfinance</td>
</tr>
<tr>
<td>3</td>
<td>Leadership &amp; Entrepreneurship</td>
<td>-Social &amp; Environmental Entrepreneurship, Intrapreneurship &amp; Leadership</td>
<td>Business, Government &amp; Economy</td>
<td>-Social &amp; Environmental Regulations</td>
<td>Human Resources Management</td>
<td>•International Labor Standards &amp; Human Rights •Ethics in HRM</td>
</tr>
<tr>
<td>4</td>
<td>Decision Science</td>
<td>-Ethical Decision Making</td>
<td>Managerial Economics</td>
<td>•Externalities •Principal Agent Theory •Public Economics</td>
<td>International Management</td>
<td>•Sustainable Value Chain Management •Ethics &amp; Globalization</td>
</tr>
</tbody>
</table>

**ACADEMIC INSTITUTION:** On the academic institution level, both the responsible management of the institution itself and the purpose and values on which the institution’s behavior is based must be in accordance with the other levels. Congruence between the institution and the degree, course and classroom level is important to achieve a compatible commitment throughout all parts of the of the academic institution. Responsible management on the institutional level follows not only the purpose of realizing social and environmental responsibility and performance of academic institutions, but also should be harnessed for the responsible management education of students. Involving students in institutional sustainability management activities facilitates additional and highly practice-oriented learning. The responsible management of academic institutions can be seen as a special sub-segment of business responsibility as portrayed in the United Nations Global Compact, but especially attendant to the reality of academic organizations. While the ten principles for Global Compact member institutions have a strong focus on their operations, the PRME focuses on academic institutions’ product- the alumnus and his socio-environmental performance. It is in the responsible management of the academic institution that both initiatives are united. The following are examples of how PRME member institutions have fulfilled their social and environmental responsibilities outside their curricular activities:

\textsuperscript{32} Report on Progress 2008-2009, McCoy College of Business Administration, Texas State University San-Marcos
The Maharishi University of Management (USA) applied Vedic Architecture and provided accessibility for disabled persons in its installations and has achieved LEED silver certification.\(^{33}\)

CEIBS (China) offers the “EU-China Business Development Certificate Program”, which offers high-quality business education for managers of economically marginalized regions of China. This way, they foster the economic development and inclusion of those regions.\(^{34}\)

Various PRME member institutions have created organizational structures such as centers and working groups for responsible management topics. Some examples are:

- Thunderbird School of Global Management (USA): “Lincoln Center for Ethics in Global Management”\(^{35}\)
- ITESM, Campus San Luis Potosi (Mexico): “Center for Business Responsibility and Sustainable Competitiveness”\(^{36}\)
- Bentley University (USA): “Bentley Alliance for Ethics and Social Responsibility”\(^{37}\)
- Instituto de Estudios para la Sustentabilidad Corporativa (IESC) (Argentina): “Laboratory for Learning in 1) Sustainable Innovation and 2) Base of the Pyramid”\(^{38}\)
- Steinbeis University (Germany): “Institute for Corporate Responsibility Management”\(^{39}\)

Montpellier Business School (GSCM) (France) measures and reports paper usage in a detailed fashion, identifying the primary sources of paper consumption as a basis for paper-usage reduction activities.\(^{40}\)

The Indira School of Business Studies (India) promotes the anti-smoking campaign “Breath: Joy for the moment, pain for life”, addressing the health of its students.\(^{41}\)

The Talal Abu-Ghazaleh College of Business (Jordan) promotes the PRME beginning from students’ first encounter with the institution by integrating PRME into student orientation sessions.\(^{42}\)

The Graduate School of Management of LA TROBE University (Australia) is “leading responsible practice through example”. The institution integrated sustainable practices

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\(^{33}\) Principles for Responsible Management Education (PRME) Annual Update Report, Maharishi University of Management, 2009

\(^{34}\) Communication on Progress Report 2008, China Europe International Business School (CEIBS)

\(^{35}\) PRME Report: August 2009, Thunderbird School of Global Management

\(^{36}\) www.slp.itesm.mx

\(^{37}\) Bentley University Academic Year 2008-2009 Communication of Progress United Nations Global Compact Academic Network

\(^{38}\) Principios para una Educación Responsable en Management Reporte de Progreso, Instituto de Estudios para la Sustentabilidad Corporativa, 2009

\(^{39}\) www.steinbeis-icrm.eu

\(^{40}\) Communication sur le Progres N° 1, Groupe Sup de Co Montpellier, 2009

\(^{41}\) Report on Progress, Indira School of Business Studies, 2009

\(^{42}\) Achievements Curriculum Integration in the Field of Corporate Responsibility and Sustainability, Talal Abu-Ghazaleh College of Business, 2009
Throughout its activities and installations. Examples include responsible purchasing, alternative energy solutions and external sustainability audits.  

Methods of Measurement and Assessment

PRME member institutions so far have strongly focused on implementing activities fostering the PRME purpose of educating students as sustainable value creators and change agents for a sustainable and inclusive economy. Nevertheless, after the implementation of those activities, the outcome must be measured. Measuring fulfillment of the PRME purpose can provide valuable insight into the activities’ effectiveness and serve as a basis for readjustment and continuous improvement. Therefore, a crucial task for PRME member institutions is developing measurement methods and practices related not only to PRME activity, but also to the outcome of those activities. The degree of success in creating the three necessary competences and achieving the two performance indicators (sustainable value creation and change agent function of alumni) should be assessed.

Principle 1: PRME Performance

Performance
- Purpose Fulfillment

Performance Indicators
- Creators of Social and Environmental Value
- Change Agents for a Sustainable and Inclusive Economic System

Necessary Competences
- 1. Person & Character
- 2. RM Job Skills
- 3. High-Impact Job Position

PRME Activities
- Principle 2: Values
- Principle 3: Methods
- Principle 4: Research
- Principle 5: Partnership
- Principle 6: Dialogue

Figure 12 Subjects of measurement of PRME performance in activity and performance

43 Principles for Responsible Management Education Report 2009, Graduate School of Management La Trobe University Australia
While the assessment and reporting of PRME activities can be conducted by simply listing activities throughout PRME principles 2-6, measuring the necessary competences for fulfilling the PRME purpose is more complex. Measuring the three competences (or capability-resource sets) of personality and character, responsible management job skills, and those of achieving a high-impact job position requires a reliable set of indicators for each. The strength of the competence in personality and character, for instance, could be measured by a questionnaire, asking for the inclination to engage with responsible management topics and testing the capability to analyze ethical dilemmas. Responsible management job skill assessment can consist of an exam, testing the knowledge about responsible management instruments and causes. The competence set for the achievement of a high-impact job position probably needs the most complex measurement methodology, assessing a diverse set of competences and resources important for entering such a position. Data gathering could be organized in a series of assessments, starting at the moment students begin their studies at the PRME member institution. This first assessment would provide an initial capability and resource inventory for each of the three necessary competences. Such an inventory would serve as a basis for evaluating competence development throughout students’ activity at the institution. An inventory based on the same methodology should be established once the student leaves the institution to start his or her professional life. This final inventory can be used to analyze students’ competence development throughout their studies. Once the student has entered a vocational activity, frequent assessment of the two indicators for fulfilling the PRME purpose could be pursued to check on the “PRME performance” of the student in his vocational reality. Evaluating an alumnus’ performance as creator of sustainable value could be achieved by a series of questions about job position, and involvement with stakeholders and socio-environmental issues. Alumni’s performance as change agents could be assessed by questions about activities, introducing innovative sustainable practices and technologies or the participation in responsible-management-related initiatives such as multi-stakeholder and industry forums.

Figure 13: Assessment system tracking the achievement of the PRME purpose (principle 1)
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.

Framing Principle 4: Research

*We will engage in conceptual and empirical research…*
Research pursued by PRME member institutions can and should be both conceptual and empirical.

*…that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.*

The purpose of research should be closely aligned with the PRME purpose of sustainable value creation and transformation of the economic system as depicted in principle 1.

☶ Aligning Research with the PRME Purpose

Research of PRME member institutions following principle 4 has two important functions in the fulfillment of the PRME purpose as depicted in principle 1.

First, research results regarding the creation of social, environmental and economic value when transferred to practice are an important factor supporting the change process of businesses and the economic system itself. Such research also prepares alumni of PRME institutions for the moment they start putting their potential to be sustainable value creators and change agents into practice. The conditions illustrated in the following are meant to support this first function of PRME research:

1. PRME research should not be pursued as an end in itself, but with an eye toward the value such research can have for the change process of businesses, industries and the economic system.
2. The PRME research process must include and assure a theory-practice transfer of results to businesses, improving their sustainable performance. Such transfer could be realized through direct interaction between PRME member institution and the business sector (principles 5 and 6) or indirectly using students as “carriers” and implementers of research outcomes, once they secure a role in business.

Second, research can also be used in educating students to hone their capabilities to fulfill the PRME purpose. This strategy often finds its practical application in a thesis that students write at the end of their studies. Also, research papers assigned at the end of specific courses provide an opportunity to cover responsible-management-related contents. An excellent possibility to involve students in the PRME research process is the didactical technique “research based learning”, promoting the use of smaller research assignments with the goal of creating a closer connection between academic research and classroom activities.
3. As the purpose of the PRME is based on the formation of students as change agents, research must contribute to this process by involving students in the creation and dissemination of knowledge.

➤ Synergies Between Research and Other Principles

PRME research has the potential to create manifold synergies with other principles. As seen in principle 3, it can be a method for developing students’ competences. Applied research, in particular, provides manifold opportunities to connect directly with businesses. It therefore can be harnessed for the promotion of business partnerships as depicted in principle 5. The dissemination and practice transfer of research results can be conducted in a form that supports the dialogue process as intended by principle 6.

➤ Research Topics and Outputs

Defining the value of research outputs in a PRME context should be revised. Due to the special focus on the fulfillment of the PRME purpose, academic recognition of research output cannot be the only indicator defining the value of research. For example, an academic article published in a top-tier journal might contribute less than an applied research project involving 50 students and tangibly improving five small and medium enterprises’ social and environmental performance, but which is documented only in a teaching case.

As described by principle 4, research should be related to sustainable value creation of businesses. Within this broad arena, several research fields and approaches might be of special importance. Much research has been conducted from an ethical and responsible point of view, highlighting the importance and necessity for businesses to engage in responsible management practices. This stream of research has proven an invaluable driver in helping businesses understand and accept their social and environmental responsibilities. Now that this responsibility is widely accepted, research must focus more on the practice-oriented responsible management process and the harmonization of socio-environmental and economic value creation. In addition, research on the actual implementation of PRME by member institutions is invaluable for its progress and the achievement of its purpose. Based on these observations, we would like to recommend the following research focuses:

1. Research on the concrete management process, providing concise techniques and tools, is needed to support businesses in the implementation process. Such research must be cross-functional, not only touching on the overall business, but also providing concrete guidance throughout the value chain from logistics to sales and from procurement to human resources.

2. Research should not neglect the profit dimension as the main driver of businesses. Little research has been conducted with the goal of systematically creating business advantages from social and environmental performance. The natural incentive for a business is profit. Strengthening the virtuous mechanism of profit generation harnessing social and environmental performance of businesses has the potential to provide managers with the tools to serve business and society in the best way, bridging common conflicts of interest.

3. Research on the implementation and outcomes of PRME activity can provide valuable insights for continuous improvement and inspire prospective members to follow this good practice.

The following best-practice examples illustrate several of these recommendations.
The Advanced Institute of Administration and Economics of Getulio Vargas Foundation (ISAE) (Brasil) has published a book titled “Sustainable Shift” describing the institutional history and experience in the pursuit of a responsible management education.\textsuperscript{44}

The Tecnológico de Monterrey (ITESM), campus San Luis Potosí (Mexico) developed a concept for the profitable implementation of corporate social responsibility called “CSR 2.0” in a collaborative approach involving 8 undergraduate student researchers and 15 high-profile CSR professionals from leading international corporations. The research outcome has been published in a CSR handbook and serves as the basis for a series of highly-frequented business workshops.\textsuperscript{45}

Hanken School of Economics (Finland) organizes its institutional research outcomes (faculty publications and student theses) by departments. Departments reflect certain business functions such as accounting, marketing or supply chain management. The search results are actively disseminated to relevant stakeholders.\textsuperscript{46}

**Principles 5 and 6**

**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.

**Principle 6: Dialog**: 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.

\textsuperscript{44} Global Compact, Millenium Goals and Principles for Responsible Management Education Communication on Progress ISAE/FGV 2009

\textsuperscript{45} www.slp.itesm.mx/

\textsuperscript{46} PRME Report 2009, Hanken School of Economics
Framing Principle 5: Partnership

*We will interact…*
Interaction in the context of principle 5, which is titled “partnership”, does not refer to mere communication, but includes deeper cooperation.

*… with managers of business corporations…*
Principle 5 only refers to the partnership with managers of businesses; additional partners are identified in principle 6.

*… to extend our knowledge of their challenges in meeting social and environmental responsibilities and…*
The purpose of principle 5 is to familiarize each PRME member institution’s community with the managerial realities and tasks that come with social and environmental responsibilities.

*… to explore jointly effective approaches to meeting these challenges.*
Compared with principle 6 (Dialogue), principle 5 (Partnership) describes a relationship exceeding the communicative level through implementing joint activity with the goal of improving responsible management practices.

Framing Principle 6: Dialog

*We will facilitate and support dialog and debate…*
Dialog does not necessarily consist of merely sharing joint points of view, but should also foster a mutual exchange of differing opinions while engaging in debate.

*… among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders…*
Dialog should be conducted including a wide variety of groups concerned about issues related to responsible management. Businesses, despite being addressed in principle 5, are mentioned again. Businesses could be engaged both in pure dialog (principle 6) and more profound partnership (principle 5).

*… on critical issues related to global social responsibility and sustainability.*
Differentiation between Principles 5 and 6

As documented in many PRME sharing information on progress reports, Principles 5 (partnership) and 6 (dialog) are easily confused, merged, extended and misunderstood. However, there are distinct differences.

Principle 5 describes a cooperative activity exceeding the level of pure communication, while principle 6 is restricted to communicative activity. Interaction partners for principle 5 are only business managers, while principle 6 displays a much broader range of potential interaction partners such as educators, government agencies, and consumers. Principle 6 can also cover activities in interaction with businesses, but restricts them to the communicative level. As soon as such a communication would result in a partnership for the co-creation of solutions to responsible management tasks, this activity would be subsumed under principle 5. The purpose of principle 5 is this very joint creation of solutions, while the purpose of principle 6 is the exchange of opinions and intellectual cross-fertilization. As a result, principle 5 needs a rather homogeneous background of interaction partners in terms of a responsible management approach, preferences and values. Principle 6 is built on the differences between interaction partners, which are crucial for a lively dialog and debate. As principle 6 aims at facilitating and supporting the dialog process, the PRME institution does not necessarily have to take an active part in the dialog itself. The institution could merely provide the platform for such a dialog, while the partnership promoted by principle 5 always needs the institution as one of the interaction partners.

<table>
<thead>
<tr>
<th>External Interaction</th>
<th>Principle 5</th>
<th>Principle 6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title</strong></td>
<td>Cooperation</td>
<td>Dialog</td>
</tr>
<tr>
<td><strong>Activity</strong></td>
<td>Collaborative interaction</td>
<td>Dialog &amp; debate</td>
</tr>
<tr>
<td><strong>Partners</strong></td>
<td>Narrow scope: Managers of business corporations</td>
<td>Broad scope: Educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders</td>
</tr>
<tr>
<td><strong>Purpose</strong></td>
<td>Co-creation of solutions to meet managers’ challenges in fulfilling social and environmental responsibilities</td>
<td>Mutual learning from different groups’ points of view on critical issues related to global social responsibility and sustainability</td>
</tr>
<tr>
<td><strong>Opinion &amp; Approach</strong></td>
<td>Homogenous</td>
<td>Homogenous or heterogeneous</td>
</tr>
</tbody>
</table>

As demonstrated in the following practice examples, there are also many valuable activities exhibiting characteristics of both principles 5 and 6. Therefore, it makes sense to merge principles 5 and 6 under the title external interaction.

Practice Examples for Principle 5:

The Institute for Corporate Responsibility Management at Steinbeis University (Germany) has founded the Student Consultancy “CampusResponse”, which develops consulting solutions in students’ area of expertise Corporate Social Responsibility.⁴⁷

⁴⁷ [www.steinbeis-icrm.eu](http://www.steinbeis-icrm.eu)
Students of the Grenoble École de Management (GEM) (France) developed the program “CSR Together” aiming at providing responsible management solutions to small and medium enterprises in the Grenoble area.\textsuperscript{48}

\begin{itemize}
    \item \textbf{Practice Examples for Principle 6:}
    \begin{itemize}
        \item The Leipzig Graduate School of Management (HHL) (Germany) organizes the “Annual Discourse on Corporate Responsibility”, a forum for exchange between manifold stakeholder groups such as business executives, faculty, students and the public sector.\textsuperscript{49}
        \item The Montpellier Business School (GSCM) (France) organizes the annual “Sustainable Development Week”. This event includes a series of speeches and debates facilitating exchange of diverse experience and points of view.\textsuperscript{50}
    \end{itemize}
\end{itemize}

\begin{itemize}
    \item \textbf{Practice Examples with Characteristics of Principle 5 and 6:}
    \begin{itemize}
        \item The Grenoble École de Management (GEM) (France) and the Strate Design College cooperate in the development of sustainable design solutions.\textsuperscript{51}
        \item Faculty, students and staff of the Maharishi University of Management (USA) have been actively involved in developing the community sustainability plan for the city of Fairfield.\textsuperscript{52}
    \end{itemize}
\end{itemize}

\textsuperscript{48} Grenoble École de Management (GEM) & The UN Global Compact, 2009
\textsuperscript{49} PRME Report 2009, Handelshochschule Leipzig
\textsuperscript{50} Communication sur le Progres N° 1, Groupe Sup de Co Montpellier, 2009
\textsuperscript{51} Grenoble École de Management (GEM) & The UN Global Compact, 2009
\textsuperscript{52} Principles for Responsible Management Education (PRME) Annual Update Report, Maharishi University of Management, 2009
Conclusion

Bringing together the two perspectives illustrated throughout this guide, the following clues and recommendations can be summarized.

**Ethics and Process Perspective**

**Recommendation 1**
PRME members are working on defining values. This efforts should come along with an integrative perspective related to the values of principle 1.

**Recommendation 2**
PRME members should focus on the integration of human rights, labor, environment and anti-corruption standards into executive academic activities and curricula.

**Recommendation 3**
PRME Members should contribute to ethical frameworks, practical methods and tools that enable the education of responsible leaders.

**Concepts and Practice Perspective**

**Recommendation 1**
PRME member institutions have injected life into PRME principles 2-6 in many different ways. Now this activity should be honed to become even more aligned with the PRME purpose as stated in principle 1.

**Recommendation 2**
Many PRME member institutions have already implemented extensive activities based on the 6 principles. The next step must be not only to measure and document PRME activity, but also to assure the actual fulfillment of the PRME purpose of educating managers who can be sustainable value creators and change agents.

**Recommendation 3**
PRME member institutions have implemented a wide variety of activities forming students’ personal ethics skills, attitude, and responsiveness to responsibility issues. Academic institutions now increasingly have to create effective, pragmatic and practice-relevant responsible management competences. A crucial research task is to identify a consistent set of responsible management concepts and tools with the goal to translate those into effective educational materials tuned in to the creation of the responsible management job competence.

>This guide cannot be a static product, but has to continuously integrate new developments.

For the establishment of future versions an open communication and collaboration will be emphasized.

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