

The European
Foundation for
Management
Development

GLOBAL RESPONSIBILITY



AN **efmd** INITIATIVE
TOWARDS SUSTAINABLE SOCIETAL AND
BUSINESS MANAGEMENT DEVELOPMENT

- Supported by
The efmd President's Task Force

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An Open Invitation



January 2003

The world of today is getting smaller, the interdependence between people, nations, organisations, businesses and regions is more apparent than ever, and the responsibility for sustainable long-term development is recognised by many.

A key word for long-term socio-economic and environmental sustainable development is trust. Trust between stakeholders is needed to ensure such development. Without the trust factor, in the long run transactions and communication between the different stakeholders will neither be smooth nor efficient and will lead to social chaos, economic and environmental disaster combined with political disturbances.

What if representatives from the leading Business Schools, Management Centres and Companies in Europe, - together with colleagues from other parts of the world - gather with regard to a long-term responsible action?

A number of leading organisations are addressing issues related to *Global Responsibility*; sustainable development based on economic growth, social responsibility and environmental concern. The UN – with its Global Compact initiative today embracing more than 100 leading companies from all over the world, the World Bank, the International Monetary Fund, a large number of NGOs, proactive enterprises, etc..., are all clear in their strivings, although the way forward is complex and also disputed.

efmd has the ambition to contribute as a catalyst with its specific resources and competencies and by that, support and complement the many activities that others are conducting around the world. Gathering different stakeholders to develop a deeper understanding, a stronger involvement, relevant activities and learning for each of us, and as a community, with regard to long-term responsible action, is a challenging, but also a much needed initiative. Now is the time to investigate what activities are a priority, what impact we can expect from those activities and how we can be pro-active in this respect.

efmd's ability to contribute to the further development of responsible action is based on its unique qualities as a European organisation bridging the academic world and the business community, and its mission to continuously support the development of its stakeholders concerning the quality of education, learning and research on management and business development. The education, training and development of managers and leaders are crucial to the practice we believe should prevail in the organisations of the future.

efmd's engagement is underpinned by the initiative of a Manifesto on *Global Responsibility* taken by its General Assembly in June 2002. This paper is a confirmation of the will to pursue this initiative, and clarifies the efmd position regarding issues addressed under the label of *Global Responsibility*.

This position paper invites all Members and Stakeholders to come forward with their experience and knowledge in developing their own operations in line with long-term responsibility, and to join a process of global and sustainable development within an efmd context.



Anders Aspling,
efmd Board Member,
Chairman of the efmd Working Committee



Eric Cornuel,
efmd Director General

*“Quotations from the **efmd**
President’s Task Force* ”*

*Gerard van Schaik
President **efmd**
Former Chairman of the Executive Board of Heineken N.V.*

*Not all business
is global*

It is a gross misconception to think that all business is global. Most of it is local. That is not surprising as in most countries 90% of the business community is made up out of small and medium sized companies; of which a vast majority has the national market as its main hunting ground.

To them the global operators in their markets are just local competitors.

*The impact of
Globalisation on
local competitors*

Does that mean that the trend towards globalisation and the issue of Global Responsibility does not affect them?

Far from it.

The socio-economic and environmental issues they are confronted with, originate more and more from the on-going global debate and are often to be found in national and local rules and regulations.

*An innovative
approach?*

Is being confronted with the debate on global (social) responsibility a shock to the business world?

Not at all.

More Interconnection

To varying degrees socio-economic and environmental issues have been on the agenda for a long time.

The phenomenon is only new in the sense that it now crosses borders and interconnects countries, markets and companies.

The transparency factor

The information revolution has dramatically increased the transparency of markets and the insight of what happens in those markets.

Positioning

Businessmen are focused on their companies not on the world. Their mission is to secure the corporate future and they all know such can only be done by positioning their company in a way that is acceptable to society at large.

A matter of scale

From that perspective the difference for a company between global and national responsibility is only a matter of scale. After all within a company there cannot be a different philosophy per market, only a different approach.

Businesses – even the very large and influential ones – can not change the world, they can only make a difference in their own sphere of influence.

*Corporate policy
Including ethics*

Corporate policy in its widest sense – that means including the ethics around bringing their products to the market – should set objectives that take the corporation’s societal (global) responsibility into account.

That will be less complicated for the marketers of baby-food than for those trading arms; but both will have to do it.

■ Prospects for future action

To our great satisfaction, the **efmd** Members present at the **efmd Day 2002** within the context of the **Bangkok Global Forum on Education last June 2002** demonstrated a strong interest in the discussed *Global Responsibility* theme acknowledging

- How significantly management professionals and educators (including the young generation) contribute to the issue of globalisation and the search for sustainable strategies;
- That a European sustainable strategy very much depends upon the education of globally responsible leaders and decision makers and the development of responsible corporations and education institutions.

The **efmd** President's Task Force has been invited by the Assembly to steer **efmd** initiatives that aim at

- Developing a "globally responsible code" which would become part of **efmd** 's mission statement that all members will be asked to subscribe to;
- Supporting its members and partners in formulating appropriate strategies and developing a range of new capabilities that will help the current and new generation of leaders, managers and entrepreneurs acquire a globally responsible mindset;
- Supporting members, partners and other stakeholders across cultures to inform, communicate, cooperate, and learn from each other;
- Pooling members', partners' and other stakeholders' efforts together in order to contribute to a constructive ethically founded globalization process and to the search for a more effective and equitable global society.

**A TIMELY EVENT
IN BANGKOK**

**CHALLENGING THE
EFMD PRESIDENTS
TASK FORCE**

Individual capabilities

Global Responsibility is a matter for governments, public and private institutions. But business is the work of men and although in some way each individual has social and environmental responsibility (be it local or global) some have more than others and some can do more than others about it.

*Global Responsibility
Integrated In the
corporate culture*

Businessmen certainly can play their part and corporate leaders can contribute by ensuring that the sense of Global Responsibility becomes an integrated part of the corporate culture. They should demonstrate their commitment by investing in it, by making both human and financial corporate resources available to give the aspect of Global Responsibility its proper place in the company's business activities.

*Responsibility and
behaviour are
closely linked*

Behaviour is one of the most difficult things to monitor in a corporation. Behaviour and responsibility are closely connected. Both are matters on which the corporation and its people are judged by the outside world, the latter taking into account its own objectives, which may not reflect with the corporation's.

*Freedom to act
as a corporation*

In such cases compromises may be necessary. You may have to choose a route which you know is not the optimal route, but which is the only one to ensure the continuity of your freedom to act as a corporation.

*There is more
in life than a
financial result*

Fortunately, the shareholders' hype is coming to an end; awareness is increasing that there is more in corporate life worth living and working for than a financial result.

Back to Education

To create a culture in the corporate world that can cope with corporate responsibility in its widest sense: education is the name of the game! Education both through schools and within the company. Managers do not have to be wizards with the ultimate techniques. Management is not about techniques. It is about leading warm blooded people, the talent to observe and understand the relevance of what happens in- and outside the company and relate that to objectives of the company. Then decide how to act in an effective but responsible way – from the general to the specific and not – as is usual – the other way around.

*Mini actors on
the global stage*

However large his corporation, the business leader is and will remain a “mini-actor” on the global stage. If he decides his corporation and his people should work in a globally responsible way, then his best working motto – in my view – would be: “if we want to change the world, let's start with ourselves”.

*Global Responsibility as
corporate reality*

I am convinced efmd and its members can play a significant role in turning the matter of “Global Responsibility” from a corporate hype or “lip service-item” into a corporate reality.

Our attention, said the Assembly, should be given to achieving the following five objectives

1. Generating and sharing knowledge and partnering with other organizations on issues related to *Global Responsibility*;
2. Developing new capabilities in schools and companies to deal with these issues;
3. Including *Global Responsibility* as a major thrust in management education;
4. Contributing to the development of a global management ethos and global governance;
5. Maintaining respect for cultural diversity and including issues like *Global Responsibility* in the EQUIS assessment process.

FOCUSING ON FIVE KEY OBJECTIVES

Within the above framework, **efmd** will be promoting *Global responsibility* issues in management education and development by working closely with its network and by using its unique ability to bring the academic and business world together.

In doing so, the following four major aspects will be explored:

1. Globalisation and the implications it has and the responsibilities it casts on **efmd** and its Members as a result of them being global actors;
2. Economic growth based upon ethical behaviour, environmental concern and (corporate) social responsibility;
3. Management ethics and accountable leadership;
4. The role and responsibility of Europe.

PROMOTING GLOBAL RESPONSIBILITY ISSUES

*Professor Carlos Cavallé
IESE Business School, Spain*

<i>Complexity</i>	Global responsibility is an elusive and complex concept in an increasingly complex world.
<i>Lack of global responsibility and solidarity</i>	When social issues such as poverty, education, health and ecology, are viewed on a global scale, they entail a long list of shocking statistics that only demonstrate the lack of global responsibility and solidarity. Africa as a continent, as well as many emerging economies and marginal groups in the developed world are still waiting for responsible answers from the affluent countries.
<i>On-going initiatives</i>	Hundreds of publications are now available on global responsibility, and a large number of initiatives are in place to contribute to sensitizing governments, corporations and individuals to the sad plight of much of humanity. The common ground seems to be the Universal Declaration of Human Rights (1948).
<i>Personal integrity plays an essential role</i>	It seems to me that such publications and initiatives should emphasize personal integrity, because if they do not, very little is likely to come out of them. Personal integrity is and should be the key and the most critical factor in global responsibility. No government or corporate responsibility programme is likely to effectively contribute to the benefit of underprivileged countries and people if it does not take into account personal integrity.
<i>Ineffectiveness of increased % of GNP to aid the poor</i>	Such integrity should go hand in hand with a spirit of service towards less developed countries and less privileged people. At the end, compassion – a willingness to share in the problems, feelings and real needs of others – is more effective than increasing the percentage of GNP that rich countries commit to aiding the poor or to improving the environment. How many projects involving the handing out of large sums of money have failed to reach the poor – for example, in Ethiopia, Sudan, and many other African regions where half of the population lives on less than one dollar a day?
<i>What kind of concept is it?</i>	Global responsibility, with all its complexity, is not a technical or an economic concept. Neither is it a new one. If it is new, it is only because it has not yet been successfully applied. And this is so because most of those responsible for applying it are not yet ready to live up to the so-called “golden rule” – do unto others as you would have them do unto you.
<i>What can we do?</i>	Poverty and ignorance are, and will continue to be the most destabilizing factors in the modern world. Much research needs to be conducted by business schools and through organizations like efmd to address the problem, and to avoid its consequences. I believe that efmd is on the right track.
<i>Global responsibility integreted in education</i>	But above and beyond these considerations, the developed world, its universities and its corporations must show in practice where the priorities lie. Foremost among them must be the need to bring global responsibility to the level of the individually educated person, which means committing the necessary resources to educating socially responsible citizens for a world desperately in need of them. It is my feeling and my hope that the developed world is now ready to meet the challenge.

The requirement for more responsible Managers reflects on the growing need for management education that addresses the issues previously mentioned (i.e. Ethics, Education Corporate Social Responsibility, Globalisation and Sustainable development Strategies).

Business Schools must address these issues because they are crucial for successful management. Schools that do not and will not incorporate Social and *Global Responsibility* issues in their curricula in the coming years, will be seen as old-fashioned and obsolete. It should also be noted that this need is also being expressed by a growing number of students who demand that such training is introduced into the curriculum. Some action in this area is already taking place but much more is required.

It is within the educational institutions' interest to respond to the growing demand for such training.

efmd can serve as an excellent agent & catalyst, not only in promoting this important initiative, but also in mobilising an international network of key actors. Uniting under one roof nearly 500 business schools, management institutions and corporations from over 40 different countries - all stakeholders in the field of management and management education - efmd is in an excellent position to initiate and develop various projects related to *Global Responsibility*.

IMPLEMENTING
GLOBAL
RESPONSIBILITY
INTO MANAGEMENT
EDUCATION IS AN
OPPORTUNITY TO BE
SEIZED BY THE EFMD
NETWORK!

THE SPECIFIC ROLE
EFMD CAN PLAY.
MOBILISING AN
INTERNATIONAL
NETWORK OF KEY
ACTORS

Willy De Clercq
MEP, Minister of State, Belgium

*Shared responsibilities in
one global village*

The restructuring of the world economy since the 1970s has brought about greater efficiency and productivity to the global market. This evolution has seen rapid progress over the last 10 years, thanks to increasing technology, especially in the field of communication. The world has become "one global village". We see a growing interdependence driven by economic globalisation, and the rise of threatening, transnational challenges which require greater effort and shared responsibility at a global level.

*Problems inherent
to the globalisation
process*

The evolution of globalisation has brought with it lots of problems, for example social welfare, the fight against poverty, respect for human rights, protection of the environment, promoting equal chances, intensive cash and trade flows, monetary fluctuations, liberalisation of world trade, a growing importance of multinationals and stock markets.

Voices from the crowd

As a consequence, with globalisation comes an the crowd increasingly vocal concern from trade unionists, environmental and human rights campaigners, policy makers and business leaders that the situation was not sustainable either in terms of business objectives or human development. Global problems need global solutions. As a consequence, we need global responsibility.

*The strenght
of responsible
governance*

Responsibility implies governance and thus implies a society. This society does exist within the European Union, within which governance can be discussed and improved. The EU created supranational institutions in order to battle the common problems EU-member states have faced.

*Impact of
EU regulations*

The European Union is based on the rules of law and democracy. It is neither a new State replacing existing ones nor is it comparable to other international organisations. On issues of joint interest the Member States delegate sovereignty to common institutions representing the interests of the Union as a whole. European integration has delivered half a century of stability, peace and economic prosperity. It has helped to raise standards of living, built an internal market, launched the euro and strengthened the Union's voice in the world.

*the role of the EU in
global responsibility*

The European Union is "a success story", and as an international body it has an important role to play in Global Responsibility. Moreover, the EU, its institutions, its decision making process and its way to combat common problems, can be seen as an example to strengthen Global Responsibility.

*Sustainable development -
the battle horse of the
European Union*

The European Union has a clear interest in promoting global governance as a means of achieving core objectives such as sustainable development, security, peace, equity.

*efmd seizes the
challenge of global
responsibility*

Within this unique framework, **efmd** is indeed functioning as a European organization, bridging the link between academia, business and politics and firmly believing that Europe plays an important role in advancing issues related to global responsibility.

■ What has **efmd** done so far in relation to the Global Responsibility initiative?

There was first the need for action. The idea to launch the Global Responsibility initiative had existed at **efmd** for quite a long time. Recent events have emphasized the necessity for action and led to the adoption of Global Responsibility as a key strategic issue for **efmd**.

From the very beginning, it was clear that there is a mutual benefit in working jointly with other players such as NGOs, Governments, academies, corporations, trade unions, public opinion and consumer groups amongst other various pressure groups and the media, in order to make a substantial change.

efmd contacted organisations and institutions that are stakeholders in the field such as (cf. also addendum (5))

- The Bernheim Foundation
- The Corporate Social Responsibility Europe
- The European Academy for CSR

Potential joint and coordinated action with these and other organisations should ensure a better use of the available resources and much higher prospects for success.

The Global Responsibility survey was conducted during the first half of 2002 and was made available during the **efmd day 2002**, which took place in Bangkok on 9th June as part of **The Global Forum 2002 on Management Development**. The survey's main goal was to generate knowledge and provide reliable data on trends and needs in the field of business and management ethics. In the context of the **efmd day**, it was meant to stimulate an open and fruitful discussion on management & ethics issues and, to assist in consolidating the concept of 'Global Responsibility' towards further action.

During March 2002, a questionnaire was distributed among MBA Students and Alumni. Response to the survey was overwhelming. Nearly 750 completed questionnaires were returned, representing 46 nationalities from all five continents. The findings of the survey were presented in an article on the **efmd day 2002** and were published in October 2002. A brief of the main results and conclusion from the survey are presented here in addendum (2).

GIVING CONCRETE FORM TO AN EXISTING IDEA

EFMD STARTED IDENTIFYING PARALLEL ACTIONS & PARTNERS TO PROMOTE THE INITIATIVE

LAUNCHING AN EFMD SURVEY ON BUSINESS & ETHICS

Defining basic objectives

Although we do not suggest that the European model should be replicated, it does provide many useful pointers as to how parts of global responsibility could be further developed, for example as regards defining basic objectives, management of diversity and breadth of participation.

Developing actions now

efmd can play a leading role in this process. In Bangkok we took the first necessary steps. Based on this, it is now time to further develop our actions. We can prove that positive transnational cooperation is possible, leading to a better world for everybody.

*Baron Daniel Janssen
Chairman of the Board, Solvay, Belgium*

About global corporate social responsibility

Let us prepare a better world with better managers!
The world is changing but some behavioral principles still remain the same.

Decentralizing operations

Globalization has brought about a major change.
All big businesses and many small/medium have been dramatically affected. With production sites on 3, 4 or 5 continents, business is different. Even when the production sites remain in Europe or in the US, the markets are affected by free trade: competition comes from everywhere and can be introduced everywhere. The protectionist (and protective) Nation State is less and less influential.

Business is still over-regulated nationally and yet under-regulated globally

The global world seems to many to be brutal, insecure and unjust. Two main issues need to be dealt with: the environment and social justice.
The ecological equilibrium of the planet is a major issue: global warming, food toxicity, landscape deterioration, urban chaos, should and can be avoided by environmental planning. Social justice should progressively be improved because it is unbearable on a planet of 6 billion inhabitants to have half living so poorly.

Corporate leaders strategies must be sustainable development strategies

In this new global world in evolution and hopefully in progress, we, corporate leaders, have the responsibility to run our businesses to favour economic growth but also social and environmental progress globally.

The need to promote long term stakeholder value

Although our business role is to promote long term shareholder value, it is not enough; we should also promote long term stakeholder value for our own region but also for the planet.

Appropriate education & training

Business leaders should act ethically with global corporate social responsibility. Future managers should be trained for it by good corporate governance examples and by appropriate business school courses.
Indeed, let us prepare a better world with better managers!

An on-line library of books and data on Global Responsibility and Business and Ethics related issues has been initiated by **efmd** in partnership with Cyberlibris and will be accessible in the Spring of 2003, Cf. addendum (3).

**CREATION &
DEVELOPMENT OF
AN EFMD VIRTUAL
LIBRARY ON GLOBAL
RESPONSIBILITY**

Global Responsibility was chosen to be THE theme for the **efmd** Day 2002. This day being an integrated part of **The Global Forum on Management Education** held in Bangkok on 9-13 June 2002, further emphasises the importance and priority given to this issue.

THE EFMD DAY 2002

The day was divided into two main parts.

The morning session was the convening of the General Assembly. Speakers presented their personal views and perspectives concerning Global Responsibility. The speakers were:

Carlos Cavallé, Dean of IESE Business School;

Willy De Clercq, Minister of State & Member of the European Parliament;

Jagdish Parikh, Managing Director LEMUIR Group of Companies & Managing Trustee;

Thomas Sattelberger, Executive Vice President Lufthansa;

Gerard van Schaik, President of **efmd**.

In the second part of the day, participants were divided into working groups in which they discussed the different aspects and implications of Global Responsibility and came up with a shared declaration of commitment and ideas for further actions for **efmd**. Those are summarised in the Global Responsibility **Manifesto** which is presented in Addendum (1).

**THE BANGKOK
MANIFESTO
- A SHARED
DECLARATION OF
COMMITMENT**

Prof. Yvon Pesqueux, from the Conservatoire National des Arts et Métiers, Chaire 'Développement des Systèmes d'Organisation', in Paris, compiled on behalf of **efmd** - a series of topical articles written by key experts.

For more details, we refer you to Addendum (4).

**THE EFMD BOOK
« GLOBAL
RESPONSIBILITY »**

*Professor Peter Lorange
President IMD, Switzerland*

Globally responsible leaders and educational needs

Global actors of today are developing in a still over-regulated nationally and under-regulated globally environment; hence the importance of focusing our attention and our education on global governance and globally responsible leaders and decisions makers, ...

Enhancing the role of business schools through the efmd network-a new age challenge

I think and trust that efmd can face the challenge and promote Global Responsibility issues by acting within and with the help of its network to strengthen the role of modern business schools in a new age addressing issues inherent to global governance and globally responsible leaders and decision makers. I believe that business schools can and should develop a profile to promote Global Responsibility.

Global responsibility vs. business growth

Perhaps the most critical consequence of Global Responsibility will be to promote business growth in the global commercial context. Therefore, I think that Business Schools should cover the topics of how corporations with their executives might achieve international growth both by generating it internally as well as via acquisitions or alliances. I think that Global Responsibility plays an important role in operating the growth challenge.

Acting as catalyst

I think that our schools can accelerate the development of Global Responsibility, based on a symbiotic inter-link with a strong local educational tradition.

*Roger Wippermann
Corporate Vice President, Arthur D. Little, Belgium*

How can we help

I think that there are two issues worth considering

- Firstly, the need to understand the cultural & social economics differences between developed and developing countries
- Secondly, how can **efmd** and Business Schools help ?

The first issue is very interesting as nowadays the developed countries evaluate other societies in the light of where we are today. Many developing countries are 50 if not 100 years behind the developed countries in terms of socio-economic progress. We have a tendency to forget under what harsh conditions most of the populations of Europe and the US lived early last century.

Developed countries have made great progress and our views are expressed based on what we have achieved and this does not transfer easily to a developing country where due to their development stage priorities are quite different.

Rules and standards - a matter of geography and evolution in the time

I have the impression, having been brought up in Brazil in the 40 and 50ies and having spent a considerable time in Africa in the 60 and 70ies that imposing our rules, expecting our standards and forcing accelerated development, even with the best of intentions, often has the opposite of the expected results.

■ The **efmd** President's Task Force Response to the Bangkok Manifesto: A position paper as real commitment

Today, the President's Task Force Members are more than pleased to propose constructive answers to the reader in the form of this position issues paper which aims at laying out the fundamentals for **efmd** in the field of Global Responsibility.

**THE BANGKOK
MANIFESTO RAISED
IMPORTANT**

The members of the President's Task Force commit themselves to

- Drive and monitor the process of initiating activities where **efmd** – by its constitution and outreach – is a well-suited agent; thus complementing those of its members and collaborating partners.
- Pursue a thorough follow-up on the initiative and the actions that will have been taken up at the Annual Conference 2003.
- Encourage the expansion of the initiative to include more members and a wider range of activities.
- Drive the preparation of a short report on the education and development of globally responsible managers. This would help to identify the type of education and training requirements that are required to respond to the specific needs of today's and tomorrow's managers and leaders and change mindsets.
- Support the Management efforts in identifying, promoting and sharing information on the initiatives of its Members in related areas.
- Pro-actively work towards closer collaboration with other organizations and associations world-wide. As repeatedly mentioned by participants of the **efmd Day**, one of the problems of promoting ethical issues is the lack of a global code of conduct and clear criteria to evaluate companies or educational institutions' performance with regard to social and ethical issues. **efmd** could contribute to work on a shared global code of conduct in the business and academic world.
- Recommend that the EQUAL Members and the EQUIS Team incorporate clear criteria for Global Responsibility in the context of a sustainable development policy to be implemented in the accreditation system .
- Endorse **efmd's** efforts in supporting major and critical educational projects world-wide and linking them with the Global Responsibility concept.

**COMMITMENT AND
DRIVING FORCE**

A small and diminishing share of the world population in the northern hemisphere practically jumped, during the 20th century, from the agricultural to industrial and to the service age.

A few countries in the southern hemisphere such as (the South of) Brazil and the Asian Tigers managed to move from the agricultural to the industrial age while most of the world population continue to live in the agricultural age, where survival is the sole concern.

What should business schools focus upon

How does this relate to Management Development – one of the key issues is that Managers need to be more sensitive to cultural and development differences. More and more business schools focus on companies in the West and what they need – nothing or very little is provided for NGOs or the developing markets.

How would things be applicable in the developing markets – the issue of culture comes out and we need to understand a region and be sensitive to its needs. Could Business Schools help with programmes?

What efmd and business schools should do

In my view **efmd** and business schools not only could but should, as part of their social responsibility, be actively involved in solving the problem. Their contribution could be in two areas:

- Fostering a better understanding of the above mentioned differences and their impact on future developments could certainly contribute to a more balanced and equitable global development.
- Providing an adapted Business School training to those leading (or joining) NGOs dedicated to the third world, could further contribute to improve the performance of the NGOs and better integrate them into our Western business world, thus avoiding the 'Us' and 'Them' syndrome

What can be done in practice

This of course is not as easily done as said since the resources available to the NGOs are in no relation to those of the regular MBAs and their employers. On a practical level could Business Schools offer, for instance, a (subsidized) summer programme for NGOs? Feasible but difficult as:

- A new "business" environment must be studied and understood;
- New teaching methods developed;
- A new client base developed, which most likely will not be able to afford the fees required;
- New sources of remuneration identified.

Questions

While from a business point of view such an initiative might at first sight not look attractive, the real questions are

- Do we feel responsible as global actors?
- Do we take the issues inherent to Global Responsibility seriously and are we in a position to be pro-active?
- Do we want to implement new responsible practices or are we only going to talk about it ?

-
- (*) The **efmd** President's Task Force consists of a group of prominent and respected leaders

Gerard van Schaik, President efmd
Carlos Cavallé, Former Dean, IESE Business School, Spain
Willy De Clercq, Minister of State & Member of the European Parliament, Belgium
Baron Daniel Janssen, Chairman of the Board of Directors, Solvay S.A., Belgium
Peter Lorange, President IMD, Switzerland
Roger Wippermann, Corporate Vice President, Arthur D. Little, Belgium

Their specific expertise originates from the academic, industrial, governmental and consultancy sectors.

The **efmd** President's Task Force supported the launch of the **efmd** Global Responsibility initiative and invited the **efmd** Members to address and debate about the subject.

An important step was achieved in Bangkok during the 9th June 2002 Annual General Meeting. The **efmd** President's Task Force fully endorses the Bangkok Manifesto Cf. Addendum (1), thus encouraging **efmd** and its Members to carry on with a well-defined strategic action plan.

The **efmd** Working Committee on Global Responsibility
would like to sincerely thank all those who directly or indirectly
contributed to the creation of this project

With special thanks to

Pierre Kletz, Christophe Terrasse, & Gil Eiges

for having conducted the Survey

Eric Briys

for having made possible the preparation of
the first digital “Ideal Library” on Global Responsibility


Yvon Pesqueux

for having accepted the responsibility of inviting a selected number of
experts to write on Global Responsibility and for supervising
the publication of a book compiling all related articles

and

Very Best Wishes


for all on-going and future efmd initiatives related to
Global Responsibility in Europe and beyond



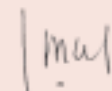
Anders Aspling




Eric Cornuel



Liliana Petrella



Jean-François Poncet



Christiane Vander Motte



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 - The European Academy on CSR

Addendum (1)

■ The **efmd** Bangkok Manifesto on Global Responsibility

Published in Bangkok on 9th June 2002

The **efmd** General Assembly met in Bangkok on June 9th, 2002, at the occasion of the 2002 Global Forum on Management Education.

There are a number of interpretations of the concept of Global Responsibility. They all seem to converge towards ensuring long-term sustainable development of society at large.

The Assembly acknowledged that

- The future prosperity of corporations and educational institutions strongly depends on the sound development of society at large;
- Globalisation is increasingly impacting on all of us while carrying many challenges and opportunities to learn and develop;
- Turning opportunities into success stories implies accountability vis-à-vis internal and external stakeholders – traditional and emerging new ones.

The Assembly further acknowledged that

- The process of internationalisation/globalisation is not a new phenomenon but it has increased in importance;
- Though what is new is that global actors of today are developing in a still over-regulated nationally and under-regulated globally environment; hence the importance of focusing our attention and our education on global governance and globally responsible leaders and decision-makers;
- The future is shaped by our mutual actions and Europe has a role to play in this context because of the recognized influence (socio-political, economic, technological and cultural) it exercises on the global scene; it has the responsibility to not only consider the European perspective but also others’;
- Management professionals and educators – including the young generation - can significantly contribute to the issue of globalisation and the search for sustainable development;
- A dialogue involving various players of society – across constituencies, cultures and generations - is of key importance.

Hence, the Assembly reviewed the role of management development in the global context and, more specifically, the contribution of **efmd** members and of **efmd** itself as a network.

The Assembly recognised that

The education of globally responsible leaders and decision-makers and the development of responsible corporations and education institutions are sine qua non conditions for a European sustainable development strategy.

The Assembly hence invited the **efmd President’s Task Force to steer **efmd** initiatives that aim at**

1. Developing a “globally responsible code” which would become part of the **efmd** ‘s mission statement that all members will be asked to subscribe to;
2. Supporting its members and partners in formulating appropriate strategies and developing a range of new capabilities that would help the current and new generation of leaders, managers and entrepreneurs acquiring a globally responsible mindset;

Addendum (1)

3. Supporting members, partners and other stakeholders across cultures to inform, communicate, cooperate, and learn from each other;
4. Pooling members', partners' and other stakeholders' efforts together in order to contribute to a constructive ethically founded globalisation process and the search for a more effective and equitable global society.

The Assembly recommended that the following five objectives are taken into consideration:

1. Generating and sharing knowledge and partnering with other organisations on issues related to global responsibility;
2. Developing new capabilities in schools and companies to deal with these issues;
3. Including global responsibility as a major thrust in management education;
4. Contributing to the development of a global management ethos and global governance;
5. Maintaining respect for diversity and including issues like global responsibility in the EQUIS assessment process.

With the above recommendations in mind, the **efmd** Management is providing below – as part of a long term project - a list of actions that the Brussels office will support in priority:

1. The **efmd** 2003 Annual Conference will follow up on the recommendations and related initiatives;
 2. A high-level committee will be set up to prepare a short report on the education and development of globally responsible managers;
 3. A virtual library will give on-line access to a glossary and related database on “Global Responsibility”;
 4. Articles from selected experts and authorities in the field will be commissioned;
 5. The outcome of the above activities will feed the work of ongoing **efmd** programmes for academic and corporate members;
 6. The **efmd** will identify, promote and share information on initiatives of its members in related areas;
 7. The **efmd** will pro-actively work towards closer collaboration with other organisations and associations worldwide.
-

Addendum 2

■ The Survey

Business and Ethics – A Presentation of Survey's Results

Ethical issues are gaining an increasing importance in the business and management education world as expressed in this survey of managers and management students conducted by the **efmd** in March 2002.

The purpose of this survey was to estimate the role that ethical issues play in today's business world, and to gain insight regarding the impact of corporate cultures upon ethical conduct. We also examined various characteristics of corporate cultures and their respective influences on ethical behaviour. This was done in order to identify potential ways to promote ethical behaviour in the working place. In sections 1 and 2, we present the survey's primary results while also reviewing previous studies and additional surveys relating to the issues examined in our survey.

In addition we present the findings of a factorial analysis and inter-group comparison that we have conducted. The factorial analysis was performed in order to get simplified description of the dimensions of ethical issues measured in the survey. Its results are presented in section 3. Using X^2 tests, we have conducted a comparison between groups of participants distinguished by specific criteria in order to identify possible inter-group differentiation. Conclusions from these comparisons are presented in section 4.

Survey participants

750 Business school students and alumni, representing 46 nationalities from five continents, took part in this survey. The very high number of participants indicates on the importance that this issue is gaining in recent years. Of all respondents, 65.12% were alumni and 34.88% students. According to the survey, management remains a 'men dominated field' - Nearly three quarters of survey's respondents were men. Although among students, women's share was slightly higher. Around 40 academic institutions are represented in the survey however a smaller number of around 15 represent the vast majority of respondents.

Section 1.

Does ethics matter?

First, we wanted to estimate the importance that subjects saw in ethical issues in the framework of their work. According to the survey, 88.4% of respondents supported the claim that 'Investing in ethics is a good investment for the company', less than 2% disagreed. The rate of support was slightly higher among alumni with 90% compared with 86% among students. It should be emphasized that subjects were not asked whether investment in ethics is an issue important to them personally but rather whether it was important for the firm's success and profitability. These findings correlate with the results of a survey of 500 CEO's, conducted by PricewaterhouseCoopers in January 2002. In this survey 68% of participants agreed that 'Corporate social responsibility is vital for the profitability of any company', only 14% disagreed. It should be mentioned that the rate of agreement in the PWC's survey is more moderate than

in our survey yet it is still high. Thus responses were not directed by subjects' own moral conscience but were made according to an economical calculated reason. Current and future managers believe that moral led management is not only the 'right' thing to do morally, but also the more lucrative option for the company and indeed a necessity for its growth.

It seems that managers are very aware of the importance for corporations to have a responsible and ethic image in the public's view. It could be a result of a growing public awareness of these issues, awareness provoked by stakeholders such as environmental, human rights, and labour rights groups, which have been very active in promoting corporate social responsibility issues in recent years. P. Lynn Turnball (2001) presents data that supports the notion of growing public awareness to social issues as reflected by consumers' behaviour. She cites that 'one in every five people worldwide has punished a specific company for its perceived social performance'. In the Western Hemisphere, the numbers are even higher. In Canada for example, more than 50% of people surveyed have indeed 'punished companies' in past years. Turnball also stresses the importance of a company's reputation as a condition for its survival and economic success. According to her survey, people saw 'ethical conduct' as being a crucial aspect in a company's profile for the creation of its good reputation in the public's view, second only to 'customers' service'. Company's reputation in the context of social responsibility could also influence their ability to recruit professional and high quality employees as shown in a survey of students in the UK. In this survey that was held by ITM Communications in March 2002, 79% percent of those surveyed declared that they would not apply to work for a company with a poor CSR record. This is indeed a survey of students who did not yet face the hardship of job finding, still this survey along with other surveys recently published, implies on a trend of growing attention to companies' performance according to social and ethical criteria.

One of the problems of promoting ethical issues is that there is no clear definition agreed upon concerning 'what is ethical' and thus 'what should be promoted'. Philosophers agree that there isn't a one universal definition. Still there are two main approaches. The teleological approach, which considers that the real end is the 'bona vita' and that any action should be judged as a way to reach this end, and the deontological approach, which claims that no matter what the consequences are, moral should always be taken into considerations. The reason why managers and management specialists would like to find one clearly agreed upon definition is possibly because that management science generally assumes that the ethics of the firm contributes to its economic performance. Therefore following the 'correct ethical path' would increase profits. Contrary to the preceding paradigm, others believe that managers in light of their practical experience develop their ethical attitude as they confront concrete dilemmas in real life situations.

In our survey, 64.4% of participants agreed to some extent that 'A corporate culture that fosters ethical behaviour encourages managers to pursue the profits of their company' (12.5% disagreed). A wider agreement was to the statement that 'A corporate culture that fosters ethical behaviour encourages managers to pursue the profits of society' (73% agreed to some extent, 8.7% disagreed to some extent).

Addendum 2

Section 2.

Corporate cultures effects on individuals and ethical behaviour promotion

The questionnaire's findings suggest that corporate culture have a profound effect on individual's moral behaviour therefore ethical behaviour should be created and promoted in the context of a corporate culture.

Subjects in the survey were quite optimistic concerning the prospects to create the right corporate culture, which will enhance ethical conduct in companies. 91% of them agreed to some extent that 'It is possible to create an ethical corporate culture'. But what kind of corporate culture would be best? After analysing the responses to the survey, we find that ethical behaviour would be positively enhanced by organisational cultures of trust and promoted first and foremost by individuals in the company. We also find that ethical behaviour is not dependent on structural aspects of the organisation but is however harmed by over bureaucracy. This section attempts to lend support and provide a greater insight into these findings by examining previous studies related to the issues examined in the survey.

A vast majority of respondents (89%) either agreed or strongly agreed that 'corporate cultures have a profound effect on individuals'. And indeed it does, norms established in a company shape and determine the behaviours of its employees, who are subject to these norms. A strong influence over individuals' behaviours may very well lead to unethical behaviour. This phenomena, becomes quite evident when it comes to the pursuit of financial goals and profits. According to 54.4% of participants 'Corporate cultures often pressure employees to compromise on their integrity in order to achieve financial objectives', 27% said that no such pressure exists. The outcome of an overemphasis of economic values in firms is the creation of a system, which pressures employees to conform to organisational desires. Employees' ambition to succeed in the organisational context requires being a part of a system, which is not based on moral principals but rather on purely economic ones. Taking this approach into consideration, to do otherwise would lead to organisational and personal failures.

Posner and Schmidt (1984), Laczniak, Lusch and Murphy (1979), and Laczniak (1983) supported this point of view. These researchers suggest that although managers may view ethical decisions through the perspective of their own values, the pressure from superiors and the organisation to conform to economic objectives at the expense of ethical consideration is strong. Other members of an organisation who view their superiors as succumbing to economic pressures perceive this as an acceptable behaviour and thus, perpetuate this pattern throughout the entire organisation. Self interest and a lack of balancing ethical concerns to pure economic way of thinking becomes the norm.

The danger for ethical issues is even stronger when the company faces financial difficulties. 51.7% of survey respondents admitted that 'Corporations which are struggling financially are likely to encourage unethical behaviours', 25% disagreed.

Although corporate culture has a profound effect on individuals' ethical conduct,

according to survey participants, the company's structure will not have such an effect. However, an over bureaucratic environment will serve as a discouraging factor to the promotion of ethical behaviour. This is in fact strongly related to subjects' belief that managers and employees, as autonomous individuals, are at the focal centre and are personally responsible for promoting ethical behaviour and conduct within the organisation.

There was no general agreement among those surveyed regarding the statement that 'Causes of unethical behaviour are structural problems, not necessarily unethical individuals' (An average of 0.2 and variance of 1.35 – the highest variance in the survey). They expressed indifference in their response when asked to express their opinion about the importance of a specific inner organisational structure. Nearly half of respondents were indifferent (49% replied 0) about 'A corporate culture, which fosters working in small vs. large groups helps in promoting ethical behaviour' (Average response equaled 0.19 with a relatively low variance of 0.67). Thus structural issues are not perceived as important factors influencing ethical behaviour within the organisation.

Bureaucracy on the other hand, does undermine ethical issues in the organisation. 54.3% of respondents agreed to some extent that 'over bureaucratic corporate cultures promote a depersonalized environment which does not foster ethical behaviour' while 22.5% disagreed to some extent with that statement. This de-personalized environment makes employees feel like 'a link in a chain' and discourages them from taking initiatives and feeling personally responsible for their actions. This could indeed be destructive to any organisation's functioning in various aspects but especially in the ethical front. With respect to that, 58.2% of respondents agreed to some extent that 'a "flatter" organisation with little distance between management and subordinates is an effective means for enhancing ethical corporate culture' only 11.3% disagree. Thus, shortening the distances between management and employees and simplifying the hierarchical pyramid could better enhance ethical issues.

To counterbalance the tendencies toward bureaucratic expansion, many firms are attempting to disengage managers' base-pay levels from the size of staff reporting to them (Parkinson, 2nd principle). "They are also seeking to increase the role of incentives pay tied to measured performance, for example through management by objectives plans, where control of staff costs are explicit goals figuring into the determination of the bonus" (Milgrom and Roberts, 1992).

Some authors claim that it is much harder to lie or be unfaithful to a co-worker who is on the same hierarchic level as you, than to one who is in a higher position, because the latter only presents abstract hierarchy where as the first still represents a human counterpart. To that extend, it is reasonable that people would want less hierarchy to promote ethical behaviour. Merton (1957) has also demonstrated that bureaucratic companies lead their members to devote a lot of attention to the inside of the organisation and as a result to neglect the outside activities, by doing that, they do not provide proper service to their clients, suppliers, and sub contractors. In fact, because their career depends only on their superiors they would rather invest in that relation and the result is indeed an unethical culture. If the organisation were flatter this risk would be avoided.

A strong message coming from the survey is that individual responsibility and role modeling are crucial ingredients in creating an ethical corporate culture. When participants were asked to indicate the '3 qualities best describing ethical behaviour', Personal qualities such as

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Integrity, honesty, fairness, respect, loyalty, transparency and responsibility were the most common answers. A very strong sense of personal responsibility is reflected from the survey. 83.5% of respondents agree that 'Creating an ethical corporate culture is one of the senior managers primary roles' (5.8% disagree). This also illustrates once again the high importance that respondents attribute to ethical issues when considering them to be one of their primary roles. It is interesting to notice that experienced managers tend to feel even more responsible than their fellow students – relating to the last statement rate of agreement amongst managers was nearly 86% while amongst students it was 79.5%. Respondents may have overlooked an important structural obstacle in creating an ethical corporate culture and this is the inevitable tension that exists between managers and employees. This could be exemplified by frictions over fair rewarding.

The Pfan Consulting Corporation researched opinion on salary distributions in companies and concluded that two thirds of the employees surveyed thought that CEOs received too large a share of corporate profits, whereas a half of the CEOs surveyed believed that their share was fair. More than one-half of CEOs surveyed also believed that the percentage of corporate profits going to stockholders, the community, and for reinvestment is about right. Alan Farnham (1989) suggests that this data substantiate the hypothesis that employees mistrust executives' distribution of wealth and rewards. At the very least, it does not enhance moral behaviour. In addition, Farnham asserts that not only are monetary rewards causing mistrust and notion of injustice but so are the arrogant and capricious attitudes of corporate executives regarding risk and consequences. Not so long ago executives could tell employees to trust them because the decisions made at the top were for the employees' well being. But employees are becoming more and more suspicious of executives going off on their own strategies. When these strategies fail, it is the employees who are blamed (Farnham, 1989).

D. Kanter and Philip Mirvis (1989) also lend support to the notion that "cynicism" is prevalent in the workforce and that it contributes to the demise of moral behaviour in business. A national survey of some seven hundred workers from various ranks in their respective organisations suggests that about 43% of those surveyed are deemed "cynics", they mistrust management's motives as well as the motives of their co-workers. Many reasons are given to explain this prevalent cynicism such as organisational injustice, hypocrisy, dehumanisation (which, as we mentioned, could be the result of over bureaucracy), disillusionment and disrespect. These cynical attitudes are disruptive regarding the enhancement of quality relationship and productive cooperation in an organisation. Cynicism breeds introverted self-concerning and defensive behaviour patterns. As previously mentioned, in this survey there is no alignment between respondents to a vast majority opinion about the importance of structural aspects as causes for unethical behaviour (about half support the existence of structural problems beyond individuals' powers). They neither relate to these aspects as 'structural problems', nor see these issues as inevitable problems.

In order to overcome the various issues handicapping managers in the creation of corporate ethical culture, respondents widely and passionately agree about the need for role modeling within the organisation itself.

Commenting to the following statement that ‘executives can serve as role models as an effective means for creating an ethical corporate culture’, 93% percent of respondents agreed (the highest rate of agreement in the survey - the only question where the most common answer was ‘strongly agree’) and less than 6% disagreed. By this they, being themselves managers or future managers, are expressing a strong sense of responsibility and commitment towards the promotion of ethical issues.

This idea is strongly supported in academic literature. K.E. Goodpaster and J.B. Matthews (2002) describe moral leadership as one that creates an ethos of trust in an organisational culture by providing meaningful work, employee autonomy, opportunities to flourish, empowerment in decision and policy making and enhanced communication and dialogue.

Other studies have taken similar positions regarding the importance of moral leadership emanating from the top of an organisation. R. Baumhart (1961^o), S. Brenner and R. Molander (1977) and R. Fulmer (1971) conclude that the top management must lead the way if moral behaviour is to be enhanced and unethical practices are to be minimized.

How do individuals become ethical?

A Platonic model of the human personality suggests that it is made up of three integral dimensions: thinking, feeling and acting. Others have refined these three categories into knowing, being, and doing.

Moral reasoning, which is a component of the model’s knowing (or thinking) dimension, has been given much attention and focus regarding matters of moral education in schools or the institutionalisation of ethics in business. It is an indisputably important ingredient of any meaningful consideration of ethics, regardless of the professional context. Moral reasoning is anchored in a set of defensible moral principles such as: Kant’s categorical imperatives; Bentham’s, Mill’s utilitarianism; Fletcher’s situationalism; biblical standards; or any other recognized moral basis. Moral bases like these are essential for the reasoned component of ethical conduct. But the dynamics of moral behaviour should not be limited to simply moral reasoning.

Chewning (1984) has suggested a model derived from the thinking/feeling/acting model. This model indicates the elements that comprise ethical behaviour: 1. Intellectual processes (ontological beliefs, epistemological methods, and moral reasoning) 2. Felt needs (unconditional acceptance, significance and belonging) 3. Voluntary actions.

The key for ethical conduct is embodied in one’s innate ability to believe, know and reason on the one hand, and one’s deepest felt identity needs which are unconditional acceptance (security, love, significance, self esteem) and kindred associations (membership, community), on the other. Chewning’s model further suggests that an internal monitoring process operate both consciously and subconsciously in everyone. This process seeks to harmonize the intellectual facets and the felt-identity needs in a manner that elevates one’s sense of importance, self-esteem and respect. When the intellectual and identity needs are in agreement, ethical decisions are easy to make, and individuals comfortably stand on their principles. However, when there is a conflict between people’s normative moral reasoning and their desire for something that, if it were done or possessed, would enhance their personal prestige, they begin to rationalize in an effort to justify the unethical resolution they have made.

This model seems to be compatible with the general findings of the questionnaire. It explains

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respondents' wide rejection of the claim that 'An authoritative corporate culture fosters ethical behaviour' (nearly 54% disagreed while only 13.6% supported it). One's own identity needs (sense of worth and self-esteem) are undermined by an authoritative culture and as a result, ethical conduct is discouraged. On the contrary, respondents actually appreciate a 'friendlier' environment as more adequate scenery for ethical behaviour promotion. This is shown by the wide agreement (88.5% of respondents, 2.5% of respondents disagreed) that 'A corporate culture which gives managers the opportunity to correct their mistakes is effective in promoting ethical behaviour'. Managers feel more secure and thus are able to behave more according to their conscience.

Respondents were generally indifferent when asked what they thought about the statement 'A corporate culture which gives employees the freedom to determine their own values is effective in promoting ethical behaviour'. People are not sure whether ethical behaviour comes from freedom and autonomy could come, or not. For some individuals unethical comportment in the marketplace is not so much governed by individuals' intellectual processes, as from their attempts to satisfy their own needs.

When people identity needs and ethics are ignored they will move to self-centred, apathetic, uncaring, non-cooperative and even destructive behaviour in the long run. In the same manner these undesirable behaviour would cancel any global responsibility consideration.

This once again explains the subjects' responses when asked about over bureaucratic cultures as previously described (they claimed that bureaucratic cultures damage ethical behaviour promotion). It could be suggested that these undesirable behaviour patterns are an attempt on the part of individuals to satisfy their own identity needs, or at the very least to protect or defend themselves against the pain and disappointment of not having them satisfied.

Section 3.

Factorial analysis

In order to get a simplified description of the dimensions of ethics, measured through our sixteen items (questions), we made a factorial analysis (principal component analysis). This procedure allowed us to identify five main composite dimensions altogether resituating a little over half of the original variance. We selected these dimensions using Eigenvalue criteria and then ran varimax rotation to obtain more easily readable results. The five dimensions identified are:

The 'Noble' or 'Optimistic' dimension, represented by the following items: 'It is possible to create an ethical corporate culture'; 'A corporate culture that fosters ethical behaviour encourages managers to pursue the profits of society'; 'Investing in ethics is a good investment for the company'; 'executives can serve as role models as an effective means for creating an ethical corporate culture'; 'Creating an ethical corporate culture is one of the senior managers primary roles' (All loadings > 0.5). Similar response patterns to these questions represent joint beliefs concerning general importance of ethical issues for the benefit of the company and society as well and for the possibility of ethical culture creation mainly

The 'Democratic' dimension, represented by the following items: 'A corporate culture which gives employees the freedom to determine their own values is effective in promoting ethical behaviour'; 'A corporate culture which gives managers the opportunity to correct their mistakes is effective in promoting ethical behaviour' (All loadings > 0.5). This dimension implies similar views concerning the importance through role modeling. These questions are all optimistically phrased, thus a positive response to them indicates a non-cynical approach and a somewhat utopian system of beliefs which attributes great importance to ethical issues, of individualism and freedom of choice as well as a forgiving environment within the corporation as a means to encourage ethical conduct.

The 'Financial' dimension, represented by the following items: 'Corporate cultures often pressure employees to compromise on their integrity in order to achieve financial objectives'; 'Corporations which are struggling financially are likely to encourage unethical behaviours' (All loadings > 0.5). Evidently this dimension represents the conflict of interests that exist between the pursuance of financial goals and the promotion of ethical issues. It is inevitable that these two issues will be in occasional contradiction.

The 'Structural' or 'Bureaucratic' dimension represented by the following items: 'a "flatter" organisation with little distance between management and subordinates is an effective means for enhancing ethical corporate culture'; 'over bureaucratic corporate cultures promote a depersonalized environment which does not foster ethical behaviour' (All loadings > 0.5). This dimension refers to the structure of the company as a means to enhance or undermine ethical culture and especially to the effect a bureaucratic environment has on these issues.

The authoritative dimension represented only by 'An authoritative corporate culture fosters ethical behaviour' (All loadings > 0.5). This statement was in fact the only answer in the survey with a negative mean. This is probably the cause for it being a separate dimension.

It should be noted that these five dimensions are independent, thus we can conclude that the representation of ethical issues is a complex multidimensional phenomenon. This is indeed quite expected considering the perplexity of ethical perceptions being the result of religion beliefs, cultural background, education, life long experiences and other countless factors.

Section 4.

Inter-group comparison

Having received responses from such a large and diversified group, we were curious to know whether real inter group differences in answering patterns exist. Using χ^2 statistical test, which takes into account the impact of the size of the sub-samples, we compared two major categories. For the conduct of this test we have regrouped the responses into three groups: Negative – which includes the values 'disagree' (-1) and 'strongly disagree' (-2); Neutral – which is unchanged from the original group (0); Positive – which includes the values 'agree' (1) and 'strongly agree' (2).

The first comparison we conducted was a simple alumni/student ones. The second was between the four nationality groups most represented in the survey, i.e. : Brazil, China, France and The Ukraine. We had expected to come across inter group differences in answering patterns: between managers and students due to different experience, maturity and the encounter with 'real life'; and between the different nationalities mainly because of cultural and economical backgrounds.

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Student – Alumni comparison

In only five out of the sixteen questions in the survey were there substantial, proven differences between the two groups (see annex). These differences generally point out that managers are somewhat more optimistic and 'positive' in their approach. For example, they are less determined that 'Corporations which are struggling financially are likely to encourage unethical behaviours' and that 'Causes for unethical behaviour are structural problems and not unethical individuals'. They also more strongly believe that 'Creating an ethical corporate culture is one of the senior managers' primary roles'. In other words, managers are more confident in their role as ethical behaviour promoters, they blame the 'system' and the corporation less and take more responsibility on themselves than students do. In others questions differences between the two groups, which point to the same conclusions, are evident. However these differences mostly appear as a result of the size of the sub-samples - c2 test not significant in these cases.

It seems that experience and the encounter with 'real life' and with real duties have a positive effect on managers when it comes to taking responsibility as individuals, which is what's required the most in order to promote ethical conduct, according to this survey.

Nationality comparison

Results of the comparison that we conducted between the nationality groups were rather confusing. Although we did identify a few significant differences in some questions when performing the c2 test (most notably differences between the Brazilian and the Ukrainian groups), we did not identify any clear trend. Therefore it would be hasty to draw any conclusion these results. In order to get a clearer view and solid conclusions in that aspect further research must be conducted.

Conclusions

Our general impression from the survey is that today people see ethical issues as an integral part of their daily work. More over, they see it as a component, which should be emphasized not only for personal moral reasons but also for the company's benefit and profitability.

Individuals and especially managers who serve as role models and trend-setters, are the key elements of ethical behaviour promotion. They however should be acting in a supporting corporate culture, which promotes ethical issues and is not too authoritative. The structure of the company should not be an obstacle for ethical conduct within a company, however the more bureaucratic a company is the greater would the danger be for unethical behaviour within it.

Having said all that, this survey can not and should not draw too definite conclusions. On the contrary, it should be a starting point for a discussion over ethical behaviour as practiced in corporations and by corporations. Mainly, how should ethical behaviour best be enhanced in organizations? And what kind of goals should it pursue?

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Addendum 3

■ The Digital Library on Global Responsibility

The ten books selected for the Cyberlibris/efmd Library on Global Responsibility

The Good, The Bad, And Your Business

The Good, The Bad, And Your Business Choosing right when ethical dilemmas pull you apart	Jeffrey Seglin	ISBN0471347795 John Wiley
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The author of this excellent book looks askance at general principles: no grandstanding or buzzwords but rather a compelling of research and worldly experience. This book addresses every business ethics and is a real help for decision making.

Ethics And Empowerment

Ethics And Empowerment Empowerment	John Quinn & Peter Davies	ISBN 033369825 Macmillan Business
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This book constitutes a major contribution to on-going debate about the role of business in society, it examines thoroughly the issues of power, control and autonomy. By the way, it makes an excellent use of case study examinations of the organizational experiences of empowerment programmes.

The Human Fface Of Corporate Governance

The human face of corporate governance	Lynn Mcgregor	ISBN 0333772059 Palgrave
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This book has a rare merit: it argues for the importance of the human face of corporate governance based on the huge experience of the author. It provides guidelines and checklists for both individuals and companies without using clichés about leaders.

Engines Of Prosperity

Engines of prosperity Templates for the information age	Gerardo Ungson & John Trudel	ISBN 1860940927 Imperial College Press
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This books takes quite non-conformist positions: it stresses the world is going through a major transition; it explores the underlying drivers – the “Engines of Prosperity” that set the new rules of competitive rivalry.

Addendum 3

Economie Sociale

Economie sociale
Enjeux conceptuels,
insertion par le travail
et services de
proximité

Centre d'Economie
Sociale de
L' Université de
Liège

ISBN 2804136892
De Boeck

It stands to reason that the role of the “économie sociale” is going to grow in the next future compared to the added value created by other sectors. Still, it remains true that it should have major consequences on the way public administration is going to finance this evolution. It should lead states to cope with the ethical question of defining moral priorities for public intervention in the economy: this book deals on an elegant way with this important question.

A Cruel Paradise

A Cruel Paradise
Journals of An
International
Relief Worker

Leanne Olson

ISBN 1-8955837-82-0
Insomniac Press

Ties That Blind

Ties that Blind : A
Social Contracts
Approach To
Business Ethics

Thomas Donaldson
Thomas W. Dunfee

ISBN 0975847277
Harvard Business
School Press

Corporations And Morality

Corporations And
Morality

Thomas Donaldson

ISBN 0131770063
Prentice Hall

Good Business

Good Business :
Your World Needs
You

Steve Hilton
Giles Gibbons

ISBN 1-58799-1187-7
TEXERE

Where on Earth Are We Going?

Where on Earth Are
Going?

Maurice Strong

ISBN 1-58799-092-X We
TEXERE

Addendum 4

■ The Articles Collections

INTRODUCTION

by **Yvon PESQUEUX**, Professor, Conservatoire National des Arts et Métiers (C.N.A.M.), Head of the Chair « Développement des Systèmes d'Organisation », Paris, France.

The European Foundation for Management Development (**efmd**), in the framework of its mission to generate new knowledge in its field of interest, has taken the initiative to open a debate on the concept of "Global Responsibility". The debate is meant to mobilise the interest of various providers and consumers of management education worldwide around this concept and trigger a reflection that contributes to the formulation and implementation of a global management ethos.

We anticipate, the concept of "Global Responsibility" will follow a developmental process comparable to the one experimented with the notion of "Sustainability" invented by the United Nations. Started in the 1990s, it led to the shaping of the concept – an empty shell at the beginning that gained content thanks to the interest raised among key actors: politicians, delegates of non-governmental organisations, corporate leaders, and other stakeholders.

The compilation of articles is an invitation to join us in this attempt to create content for this concept of "Global Responsibility". It is based on a collection of original articles.

We would like to highlight the ambiguity of the notion of "Global Responsibility" which can be opened up to a wide range of perspectives, orthodox as well as critical. It can be presented by the leaders of multinational companies who give us their views on "Corporate Social Responsibility", sometimes in a purely formal way. On the other hand, it could be understood as a criticism to this position by showing the concept's ideological side. It can also demonstrate that there is a real structural evolution of managerial perspectives. Moreover, the polysemy of the word "global" which, in English, means "world" and "general" at the same time, can be evoked.

We would also propose that the concept of "Global Responsibility" should not be one of these "beautiful" words to be introduced in official discourses, a word then without real value-added. At the same time, **efmd** initiative for developing a globally responsible code should not be a set of prescriptions. That is why we have to think about it ...

The authors of the texts included in the compilation have worked completely independently in a complete freedom.

As Guest Editor of this compilation, I have tried to give some order to these texts in the following way:

Part 1: Investigating the concept of Global Responsibility.

Yvan BIEFNOT (Cercle Européen des Déontologues - Belgium) has noticed, on the beginning of his text, that there are a number of texts, speeches, containing the words "Global" and "Responsibility" used separately, much less about "Global Responsibility" and, for those which address this concept, it is far from being evident that it is always used in the same acceptance. Before formulating a personal opinion, he commented before what many others have thought and said.

Yvon PESQUEUX, Professor, Conservatoire National des Arts et Métiers (C.N.A.M.), Paris, France, argues that « Global Responsibility » is an empty concept which has to be filled with meaning but that it is necessary to investigate it from its juridical and philosophical background. It may appear as a founding concept for managerial activity with an ideological function of sense-making.

Eric CORNUEL, Director General, **efmd** (European Foundation for Management Development) and **Pierre KLETZ**, Associate Professor of Human Resources Management at the University of Tours, France have written a proposition for relations that could be established between Global Responsibility and a «real» freedom for business. They have proposed, first, to disconnect justice and freedom because of the incompatibility between freedom and rules which are necessary to build a political order and because freedom could end on injustice. They have then analyzed responsibility as external source for an increasing competitiveness before quoting the debate on corporate governance and financial transparency. Their conclusion is a short reflection on «less freedom for more freedom: the role of State intervention».

Part 2: Global business means global responsibilities

Dr. Eleanor R. E. O'HIGGINS, on the Faculty of the Smurfit Graduate Business School at University College Dublin (Ireland), where her teaching, research and publications specialise in the areas of strategic management and business ethics, has proposed a text which analyses the impacts of global strategies. This text could be taken as a background for **Louise GARDINER's**, **Catherine RUBBENS'** and **Elena BONFIGLIOLI's** text. Much of the debate on the alleged evils and merits of globalisation has been based on after-the-fact argument. Depending on the protagonist's viewpoint, the delights, or more often, the miseries of civil society, especially in developing countries, have been attributed to globalisation, This paper takes a different approach to examine the effects of globalisation. It starts by examining globalisation as a corporate strategy. What is it? What is driving it? What practices characterize a globalisation strategy? What advantages does it bring to the corporation? The implications of globalisation practices are then examined to discover whether they necessarily cause good or harm to civil society, with particular emphasis on developing countries. It concludes that globalisation can lead to benefits or harms, depending on the interrelationship of how it is practiced and the context of host countries. Globalisation, like all strategies, is essentially amoral, concentrating on economic objectives. However, moral objectives and corporate social responsibility can become an inherent part of a globalisation strategy if these social goods also satisfy corporate economic aims. Such a state of affairs should be encouraged since it would tip the balance in favour of beneficial effects of globalisation strategies.

Louise GARDINER, Editor of the C.S.R. Magazine, Europe's quarterly magazine on Corporate Social Responsibility, published by C.S.R. Europe; **Catherine RUBBENS**, Programme Manager for Social Reporting and Human Rights at C.S.R. Europe; and **Elena BONFIGLIOLI** Director of Programmes at C.S.R. Europe (based in Belgium) and Director of the European Academy of Business in Society, have argued on the implications of big business for big responsibilities. Since the launch of the United Nations Global Compact in July 2000, hundreds of companies have signed up representing virtually all industry sectors on every continent. But why is this such an important topic for companies? Why are a growing number of business associations at national and international level promoting business responsibilities to society and the environment that go well beyond companies' legal obligations?

Addendum 4

While critics of this new field of corporate social responsibility (C.S.R.) have said that it is not part of business' core purpose – i.e. to do business and make a profit –, companies no longer agree. The market is changing, and C.S.R. is becoming a vital part of staying competitive, retaining talented staff, and satisfying customers' expectations.

Brand-name companies like Shell, Nike and Nestlé have discovered through high-profile scandals concerning the environment, human rights, health and labour conditions, that they have to take society's concerns seriously in order to preserve their license to operate. Global responsibility implies a global understanding of C.S.R., which in itself is illusive. The U.N. Global Compact principles, the O.E.C.D. guidelines for multinational companies, the International Labour Organisation (I.L.O.) standards and declarations, the Universal Declaration of Human Rights, the Global Reporting Initiative (G.R.I.) for Sustainability Reporting Guidelines, the Global Sullivan Principles, the Social Accountability 8000 (S.A. 8000), are just some of the plethora of international standards that are being offered. Nevertheless, they show the growing spectrum of global issues that companies are now engaging with in earnest: health and safety, human rights, the environment, basic needs (water, sanitation, education, representation etc), transparency, democracy, labour standards, exploitation, intellectual property rights, bribery and corruption, and much more.

Roland PEREZ, Professor of Management Sciences, University of Montpellier, France, quotes an important difficulty with this concept of Global Responsibility for authors who are, at the same time, actors and observers of «their» reality. It is why this concept of Global Responsibility is an adequate sign of the ambiguity of management sciences. By investigating this concept only from a managerial position, he will link it with managerial action.

Akmaral ALTALIYEVA, Director General of Central Asian Foundation for Management Development (C.A.M.A.N.), Kazakhstan, wrote a text as a response to Yvan Bienfot's text. Deciding to participate in the Global Responsibility project, she thought that readers would like to know the approach to this concept in Central Asia. Unlike Mr. Bienfot, she explains that Global Responsibility is not popular among the Kazakhstani writers and not well developed by the Kazakhstani readers. She is also quite sure that the same situation is in other Central Asian states of the former Soviet Union.

Of course, separate elements of this concept are discussed and covered. Environmental issues are the most popular component of the Global Responsibility concept among the Kazakhstani publishers and mass media. The issues of corruption, poverty, wars and terrorism are less popular. This text is probably one of the most critical of the whole set, probably because it shows that, despite its positive connotations, the concept of Global Responsibility is probably deeply rooted in our Western culture.

Part 3: From a global management ethos to its implications in management education

Laslo ZSOLNAI, Professor of Business Ethics at the University of Budapest, Hungary - Chairman of the Business Ethics Inter-faculty Group of the Community of the European Management Schools (C.E.M.S.) in Paris; Editorial Board Member of the

International Journal of Social Economics and Global Outlook: An International Journal of Business, Economics, and Social Policy - argues that today's business has an undeniable global impact ; it considerably affects the fate and survival of natural ecosystems as well as the life conditions of present and future generations in a global scale. According to the imperative of responsibility developed by Hans Jonas, business has a one way, non-reciprocal duty caring for beings which are under the impacts of its functioning. Business should establish justice among nature, society and future generations to meet its Global Responsibility. However, this implies a deep transformation of business to be able to contribute to the preservation (and not to the destruction) of the ecological and cultural richness of the world.

Nicholas CAPALDI, the Legendre-Soulé Distinguished Chair of Business Ethics at Loyola University in New Orleans College of Business Administration, U.S.A., outlines an emerging global Ethics that can serve as the foundation for a global management ethos. In so doing, in relation with the concept of Global Responsibility, he defines what a global management ethos is, discusses what would make it possible, and distinguishes between its benign and malignant forms. The «global management ethos» that he describes and advocates, combines macro libertarianism and micro diversity.

Maurice THEVENET, Professor of Human Resources Management at the Conservatoire National des Arts et Métiers (C.N.A.M.), France; and senior lecturer at E.S.S.E.C., France, explains that Global Responsibility, Sustainable Growth, Social Responsibility are some of the concepts that have emerged as global concerns for the modern societies, the governmental and non-governmental bodies, the international institutions as well as, last but not least, the citizens at the beginning of this new century. The general interest for these global issues may also appear as a positive signal in the sense that more and more people agree, if not about a diagnosis and an effective action plan, at least upon the necessity to think about it. Some people will talk about a fashionable concept. They may be right and that is a positive critique: whenever concepts become fashionable, it generally means that something important is happening. At least, people recognize the importance of some problems, the symptoms of which they share.

Three main ideas are arising from these diverse references to the concepts of sustainable growth and social responsibility for companies: there is a general and broad concern for environment, business and companies are also utmost concerned by this evolution and if the human activities are potentially dangerous for the people, and especially those of which that are related to business, it is very clear that some actions should be taken. What is really new in this emerging evolution towards more Global Responsibility? What kind of attitudes could the corporations have as a response to the pressures of their environment? If we buy in the idea that corporations, as other players, should behave differently and if we try to avoid the illusion of "values management" it is lastly necessary to question what an exemplary behaviour really means for a corporation.

Peter LORANGE, President I.M.D. (Switzerland), has analyzed the concept of « Global Responsibility » from the point of view of a leader of an international business school because business education and business schools have a major responsibility to promote a Global Responsibility perspective.

Addendum 5

■ A brief introduction to related work conducted by

- The Bernheim Foundation
- The Corporate Social Responsibility Europe
- The European Academy on CSR

Who are the players efmd is approaching and why are these players so important on the academic and business scene?

The Bernheim foundation: The Responsible Company

This initiative led by the Bernheim Foundation is meant to develop a concept of a more responsible and socially involved company. Already joined by several other foundations, companies and business schools, this initiative call for a revised ethical and social policy executed by companies. The revised policy will emphasise a better corporate culture, staff development, and honest business making and social and environmental awareness. The initiative also includes companies' active engagement in concrete international initiatives. **efmd** is a signatory part on this important declaration and it intends to closely cooperate and support its action and to encourage its members to follow that track.

The European Academy on CSR

Initiated by CSR Europe and The Copenhagen Centre, this project was launched on 5-6 July 2002 at Fontainebleau.

The Academy's mission is to be a world-class reference point to drive CSR into the mainstream of business practice, theory and education, and to enhance models for sustainable business success.

The European Academy of Business in Society is an integral part of the wider European Business Campaign on Corporate Social Responsibility, which aims to mobilise over half a million business people and other stakeholders on the topic of corporate social responsibility over the next three years.

The Academy sets itself three objectives:

- Education for Tomorrow's Managers: To engage Europe's top 250 universities, business schools, and schools of government to integrate the changing role of business in society into the core of business education;
- Interdisciplinary Research: To build Europe's largest network of excellence to deliver interdisciplinary research on CSR and create a global research bank on the role of business in society;
- Training for Today's Managers: To become Europe's training gateway to "best-in-class" training practices and learning resources for businesses and corporate academies

efmd will be an active partner and engages in contributing with its specific assets as large network.

efmd
Gachard House
rue Gachard 88 box 3
B-1050 Brussels
Belgium
Tel.: +32-2-629 08 10
Fax: +32-2-629 08 11
e-mail: info@efmd.be
<http://www.efmd.be>

■ www.efmd.be

