Corporate Social Responsibility

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The Centre for Sustainability Management (CSM) is an international competence centre for Sustainability Management at the Leuphana University of Lueneburg, Germany. It is headed by Prof. Dr. Stefan Schaltegger and currently employs 25 researchers trained in environmental sciences, business management and economics.

CSM conducts theoretical, transdisciplinary and practice-oriented research projects. It offers the first world wide distance learning MBA in Sustainability Management and is involved in several national and international education programs. Furthermore, CSM organises knowledge and know-how transfer in corporate sustainability management.

The research projects of CSM deal with: “Fundamentals of Corporate Sustainability Management”, “Measurement, Information, Control and Communication”, “Management of Stakeholder Relations” and “Integrative Sustainability Economics and Management”.

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Corporate Social Responsibility (CSR) – an Important Component of Sustainability Management

For the last couple of years CSR has developed to a dazzling term in all sectors of society. Industry associations organise information meetings for their members, companies publish CSR reports and establish CSR representatives or departments, the scientific community conducts ever more research and even governments and the EU pay attention to the topic. This is reason enough for CSM to dedicate this newsletter to CSR.

Although the roots of the Corporate Social Responsibility (CSR) approach date back to the first half of the 20th century in the USA it is only for the last couple of years that the term has taken hold of the European Continent. There are as many definitions to CSR as facets of society with the result that it remains controversial what exactly CSR is supposed to cover with regard to content and motivation for management. Is CSR an essential ingredient for the survival of any organisation as the European Foundation for Quality Management argues or more or less just an exchangeable generic term for ethically driven luxury activities in times of economic well-being?

For us CSR is an important part of corporate sustainability and means that companies are expected to integrate societal aspects into their business and interactions with stakeholders on a voluntary basis. CSR is based on the idea that companies have responsibilities that go beyond obligations to contractors and shareholders. Management is increasingly asked to satisfy non-market related societal claims. The consideration especially of non-market stakeholders, e.g., neighbours, and their claims is a central aspect of CSR. Based on the early work of Archie B. Carroll in 1979, CSR covers four dimensions of responsibility. The first two, corporate economic and legal responsibilities, are part of conventional management whereas the second two, ethical and philanthropic activities, are voluntary, however, core differentiating factors of CSR. Ethical behaviour supports companies to secure legitimacy (or the so called ‘licence to operate’) and philanthropic activities are desirable measures to illustrate that companies behave as ‘good corporate citizens’ in their communities.

A good example for the latter is corporate volunteering as the company’s encouragement of employees to engage in social, cultural, environmental, etc. projects in their communities. It is an approach that, if properly managed and strategically implemented, benefits the employee as well as the company and society.

CSR instruments have to be aligned strategically in a company. Among other things this implies that CSR activities have to be close to the core competencies of a company if CSR is supposed to really benefit the company. Some suggestions on how managers can systematically identify the impacts of environmental and social aspects on a company’s success are presented in this newsletter.

Furthermore, as many welfare state models in Europe are facing limits in covering crucial social issues, Non Profit Organisations and governments are increasingly interested in the CSR based support of companies to supply societal services. In turn, such alliances provide business actors increased access to decision making power within the political arena.

But CSR is not just a topic in Europe and the USA. CSR also plays a major role in countries of the South. This is why this newsletter also addresses the development of CSR in Brazil as an example of a newly industrialised country.

With this newsletter on CSR we hope to provide some insight into our manifold research, education and transfer activities in this important field of corporate sustainability.

Prof. Dr. Stefan Schaltegger
The Role of CSR on the Way towards Sustainable Entrepreneurship: CSM Discussion Paper on Societal Strategies of Companies

Societal engagement often fails to reach its full potential for societal and business value creation. A new CSM discussion paper presents societal strategy options from a value generating perspective, which can help managers identify unique opportunities from societal engagement to strengthen company competitiveness and create substantial benefits for society.

In a Harvard Business Review article, Michael Porter and Mark Kramer point out that most companies pursue fragmented approaches to CSR detached from their strategic and operational business. They argue that if companies integrated societal perspectives into their strategic thinking, CSR could serve as a source for competitive advantage while at the same time contributing to societal progress.

Following this argument, companies should develop societal strategies that enable them to tackle social and environmental issues with a systematic approach that can strengthen company competitiveness and create substantial benefits for society. Such a joint value creation perspective towards societal issues seems to be lacking in current research as well as business practice. By focusing on societal problems without strategic evaluations, companies contribute to societal value creation but might not seize their full potential for societal problem solving building upon their unique competences. On the other hand, by exclusively focusing on business benefits, companies risk that their societal involvement is criticized as a pure public relations exercise. Societal strategies should therefore focus management attention on their impact on society as well as business to allow managers to identify unique opportunities for societal and business value creation. This is the focus of a new CSM discussion paper that presents societal strategy approaches from a value generating perspective.

**Value creating societal strategy options**

Building upon current CSR and sustainability research, a 2-by-2-matrix is developed in the discussion paper that maps societal activities according to their societal impact or value creation on one dimension and business impact or value creation on the other dimension. Four resulting value creating societal strategies are presented:

i) a society-focused or philanthropic strategy with a high value creation for society,

ii) a business-focused strategy with a high value creation for business,

iii) a combined or sustainability-oriented strategy with a substantial value creation for society as well as business,

iv) an arbitrary strategy with low societal and business impacts.

As shown in Figure 1, four ultimate or maximum designs of the described strategies are further distinguished.

1) The ultimate design of a philanthropic strategy with an exclusive focus on maximizing societal value creation can be characterized as social entrepreneurship. Although characteristics of social entrepreneurship can be present in businesses, it can be expected that such a truly altruistic strategy is usually beyond the scope of corporate behavior and is rather pursued by NGOs, governmental agencies, or foundations.

2) The opposite to social entrepreneurship can be characterized as business impact maximization. In this design, societal activities rather represent conventional business activities with a societal focus such as cause-related marketing campaigns and do not create value for society.

3) The full potential for a combined business and societal value creation is reached at the utmost point of a sustainability-oriented strategy. This strategy design can be characterized as sustainable entrepreneurship referring to the true integration of all three dimensions of sustainability into a company’s societal and business activities.

4) In terms of an ultimate design of an arbitrary strategy a special case would be inactivity, which refers to companies that do not pursue societal activities.

**Societal management approaches**

In a 2002 article, Stefan Schaltegger distinguishes between three approaches to environmental management:

i) environmental administration with a low priority of environmental goals and a focus on the implementation of environmental regulation and standards,

ii) environmental management with environmental goals as a supplement to core business goals and a focus on deriving business benefits from the efficient management of environmental issues,

iii) ecopreneurship with an integration of environmental goals into core business goals and a strong link between environmental and economic performance.

A similar distinction of societal management approaches is applied to the societal strategy matrix. On the vertical
FOCUS

axis, four management approaches are distinguished. 1) In conventional business management, social and/or environmental issues are only tackled if required by law, needed to protect the business as a reaction to massive stakeholder pressure, or yielding high business benefits in conventional business areas such as marketing. Societal benefits derive as byproducts but only reach a low level of societal impact due to isolated, reactive activities. 2) Similar to environmental administration, societal administration represents a more structured but bureaucratic approach. Societal goals are developed as a supplement to core business goals to comply with current regulation or to react to stakeholder pressure. However, only low to medium societal benefits are generated as societal involvement does not draw upon the unique competences of the company and is not regarded as a high priority. 3) Societal management represents a more proactive approach, in which social and environmental issues are seen as business opportunities to improve competitiveness. Social and environmental goals are still pursued supplementary to conventional business goals but societal management systems and tools are already implemented. This proactive approach generates medium to high societal value. 4) Societal entrepreneurship refers to the maximum designs of philanthropic and sustainability-oriented strategies: social and sustainable entrepreneurship. Both approaches are pursued by proactive and innovative organizations that integrate societal issues into their business models and actively search for opportunities to solve societal problems. Societal goals are part of the overall organizational goals and societal aspects are tackled by all management functions. With such a high organizational integration of societal issues, societal value creation reaches its full potential. In the case of sustainable entrepreneurship, societal involvement is not only fully integrated into the business but also serves as a source for economic success.

Sustainable entrepreneurs therefore reach the full potential for societal as well as business value creation.

Value creating societal strategies in the European generic pharmaceutical industry

The application of the societal strategy matrix in business practice is illustrated by a case study in the European generic pharmaceuticals industry. The case study focuses on philanthropic contributions and employee volunteering. A detailed description of the case study is given in the discussion paper.

Figure 2 shows the positioning of top European generic pharmaceutical companies in the societal strategy matrix based upon an analysis of CSR information published by the respective companies on their corporate websites.

As further described in the discussion paper, ratiopharm pursues a philanthropic strategy with a strong societal focus and various charitable donations in Asia and Africa. CT Arzneimittel has a strong business focus using CSR as marketing activity with the CT logo being prominently communicated on all communication materials of its sponsored charitable organization that supports trauma patients. Realizing the opportunity of using CSR as a means for differentiation, betapharm pursues a sustainability-oriented strategy. The company combines business and societal value creation by bundling its societal engagement to support an organization helping families with chronically or severely sick children and closely linking its engagement with its core business. Similarly, Novartis integrates its societal engagement into its core business supporting a great variety of activities in the health care sector and strongly investing into research on rapidly spreading tropical diseases. The company actively searches for innovative solutions to societal problems. With such a highly integrated and proactive approach Novartis can be characterized as a sustainable entrepreneur. Stada’s societal activities rather appear as arbitrary.

The case study illustrates the use of the societal strategy matrix in business practice. The matrix can be used to understand the competitive positioning in the societal area and can help companies to develop value creating societal strategies. To implement a strategic approach towards societal engagement, companies need to integrate societal decisions into their strategic management. Management systems need to be in place to evaluate societal and business benefits. Further research at the CSM is focusing on how companies can develop and evaluate societal strategies to help managers identify unique opportunities from societal engagement on their way towards sustainable entrepreneurship.

Manuela Weber

References:
Managing the Social Dimension of Corporate Social Responsibility

Despite the growing interest in Corporate Social Responsibility (CSR) the management of the social dimension of sustainability still lacks sufficient attention in many companies. As part of a joint project the Centre for Sustainability Management developed a method that helps companies to systematically gather information on the relevance of social aspects for their business success and shows how to identify, measure and analyse these social aspects via indicators.

The discussion about sustainability and sustainable development has started to embrace the business sector for the last fifteen to twenty years. In contrast to the consideration of ecological issues the incorporation of social and societal aspects into management thinking and methods still lacks attention. One reason for this is the lack of approaches which support companies in managing the social dimension in the context of Corporate Social Responsibility.

This observation was the starting point for a research project to develop management methods to integrate the social dimension into conventional management systems and processes. The project was conducted together with the Zurich University of Applied Science, funded by the Innovation Promotion Agency (KTI) and supported by ABB Switzerland, Coop Switzerland, Hospital Zofingen and Novartis AG.

Managing social information

The project was divided into four case studies and four modules of which the Centre for Sustainability Management was responsible for management of social information. Two main tasks for this module were identified: Firstly the development of methods for the analysis of causal relationships between social aspects and business success and secondly the development of approaches to display social aspects with indicators. For the second aspect several kinds of social indicators were analysed and discussed in comparison.

Particularly the method for analysing relationships between social aspects and business success relates to Corporate Social Responsibility. This is because only those social activities that benefit the company as well contribute to a society’s well-being in the long-term.

Social aspects and business success

For the analysis of the relationship between social topics and corporate success two questions have to be answered. Which factors are useful for displaying the business success and can each social aspect be divided into certain categories for a more detailed analysis?

To answer the second question the approach of Corporate Social Performance was applied. According to Wood (1991) a company’s social performance can be measured in the dimensions of principles, processes and outcomes of each social aspect.

To address the factors of business success the approach of balanced management was used and enhanced. This approach argues that the stakeholder environment of a company can be divided into five different spheres. Each sphere constitutes a specific criterion for a company’s success. The five spheres are: scientific-technological, economic, legal, sociocultural and political. Because companies are primarily founded for economic reasons it makes sense to divide the economic sphere in different markets and emphasise by this the importance of the economic sphere. Five markets were identified on which a company interacts with different stakeholders: financial market, job market, supplier market, customer market and the market of opinions.

Criteria of success are defined for each market and sphere. The better a company is able to meet these criteria the more likely a company is successful. Successful here means that the strategic goals of the company are achieved. The criteria of success are Shareholder Value, market share, quality of business relations, attractiveness as employer and reputation for the five markets of the market sphere and effectiveness, legality, legitimacy and freedom of action for the non-market spheres.

To analyse the effect that social aspects can have on a company’s success it sounds reasonable to contrast principles, processes and outcomes of a specific social aspect with these generic criteria of success. The main question that an interdisciplinary team in a company has to answer is: How do principles, processes and outcomes of a social aspect relate to the success factors in the case of our company? For each relationship hypotheses have to be formulated. Depending on the intensity of the effect of a social aspect on one ore more success criteria, the management has to decide if the social aspect has to be managed more or less intensely by the company.

The developed method enables a company to systematically analyse what kind of effect identified social aspects have on a company’s success.

Frank Dubielzig

Project: Development of Methods for Social Management Systems (SMS)
Project duration: 07/04 to 12/05
Funding: Innovation Promotion Agency (KTI) and ABB Switzerland, Coop Switzerland, Hospital Zofingen and Novartis AG
Methods: Company case studies, literature review, scientific research
Accomplishment: Frank Dubielzig, Stefan Schaltegger
Contact: dubielzig@uni.leuphana.de
Main project partner: Zurich University of Applied Sciences
Publications:
Corporate Social Responsibility as Integrative Multi-Sectoral Approach towards Sustainable Development

Integrative Corporate Social Responsibility is essential to sustainable development within all sectors and on all levels of society. On the micro level not only can a strategically integrated CSR approach contribute to companies’ environmental and social responsibility but also to their economic success. On national level CSR can be supportive in readjusting dated state models, for instance the German welfare state model, into needed alternative models of post-sovereign governance. On the international level, the European Commission regards CSR as the business sector’s essential and positive contribution to achieving the goals already set in the Lisbon Strategy in 2000.

Corporate Social Responsibility (CSR) can be regarded as one of the most important concepts stressing the business sector’s role for achieving sustainable development. The challenge for companies lies in combining economic growth with social and environmental responsibilities on national, European and global level. From a long-term perspective CSR’s three dimensions of social, environmental and economic responsibility are interrelated and thus have to be managed integratively. In light of globalisation and its further reaching consequences, the complex challenges in achieving sustainable development cannot be solved by one societal sector itself. Without doubt companies are not the only significant group of actors regarding sustainable development but rather a concerned approach of business, politics and society is indispensable in tackling arising issues such as climate change, poverty and diminishing biodiversity. Only a proactive and complementary contribution of actors from all sectors of society may evolve synergies crucial for sustainable development. That means discrete institutions, such as public and state authorities, business actors and societal representatives, e.g. non-governmental organizations (NGOs) should unite their separate and independent efforts towards a shared objective of sustainable development within an integrative multi-sectoral network. Such a kind of multi-sectoral network enables its actors to deal with the interdependencies of social, environmental and economic responsibility together.

**CSR from a Business Perspective**

Companies should make use of their social and environmental responsibility to position themselves as proactive stakeholders. Hereby, an approach of “third generation” CSR, not only strategically integrating environmental and social responsibility into corporate strategies but also enhancing competitiveness via multi-sectoral partnerships, should be a defined objective (cf. Bronchain 2003). Uncoordinated social and environmental activities without direct connection to corporate strategy and a company’s core competencies will not fully utilise the chances provided by CSR. This is the case, e.g., if CSR activities are perceived as additional burden. Furthermore, transparency of corporate social and environmental activities should be ensured. Mainly large multinational enterprises (MNEs) have started to systematically monitor and manage their CSR activities. However, communication efforts of CSR related activities by means of comprehensive sustainability reporting and communication instruments can still be improved. Especially small and medium sized enterprises (SMEs) and micro companies rarely utilise these methods fearing that they might restrict their business activities. Here certainly a comprehensive and generally accepted CSR concept, which allows for systematic implementation of relevant social and environmental aspects, would be of considerable value. Progressively, concepts and instruments appropriate and supportive to the implementation of CSR, e.g. the Sustainability Balanced Scorecard, are finding their way into business (Dubielzig & Schaltegger 2005).

**CSR as National Issue**

The welfare state models of some EU member states, e.g. Germany, are closing...
in onto the edge of their scope. Hence, they are in urgent need for adjustments directing towards alternative models of post-sovereign governance. Post-sovereign governance stands for modes of governance by which sovereign states cooperate and collaborate with non-governmental actors in order to enable sustained supply of social services. Alliances of governmental institutions with business institutions provide business actors increased access to decision making power within the political arena. This converging process might for example take place in form of Public-Private-Partnerships (PPP), which can be considered as becoming more and more common in Germany. As a consequence of this power shift companies are increasingly expected to voluntarily intensify their interactions with stakeholders as well as to integrate social and environmental aspects into their business activities beyond mere compliance with laws and regulations. From EU perspective this holds true not only for large MNEs but also for SMEs and micro companies because of their high relevance for economic growth and the creation of jobs (European Commission 2001).

CSR in the European Union

The European Union considers CSR as playing “(…) a key role in contributing to sustainable development while enhancing Europe's innovative potential and competitiveness” (European Commission 2005, 28). CSR is regarded as positive contribution to the realisation of the Lisbon Strategy, i.e. making the EU “the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment by 2010” (European Commission 2001). 2010 lies less than two years ahead and as the High Level Group chaired by Wim Kok already stated three years ago, “Time is running out and there can be no room for complacency” (European Commission 2005, 4). The EU defines its role in facilitating CSR on European and international level and in ensuring the compatibility of companies’ CSR efforts with already existing international initiatives and standards consented to (e.g. UN Global Compact, Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the ILO, and the OECD Guidelines for Multinational Enterprises).

Member States’ governments play a crucial role in shaping a level playing field that allows any company to proactively integrate social and environmental aspects into their day to day business. The level playing field should foster business efforts to comprehensively integrate CSR activities into core business strategies, which, in the long term, enable companies not only to contribute to sustainable development but also to enhance their business success. Integrative CSR that is directed towards a company’s core strategy and competencies might therefore result in beneficial and sustainable effects on the societal as well as the economic level (Porter & Kramer 2002; Lantos 2001). Therefore, CSR expenditures should not be classified as costs but as long-term investments and contribution to an efficient stakeholder management strategy. Thus, they have a positive impact on performance, profit, growth and competitiveness of companies as well as nation states. Consequently, CSR should be reckoned a promoter for more sustainable economic growth and increasing competitiveness of the European Union.

Concluding Remarks

As companies are embedded in society it is of high relevance that they develop an understanding of their responsibility going beyond that the business of business is business. Governments’ and society’s expectations with regard to the integration of CSR activities into corporate strategy will increase not only in Germany but also in other Member States and therefore put companies under considerable strain. Taking into account the evolutionary idea of “survival of the fittest”, one might assume that business actors incorporating claims related to CSR and involving themselves into discussions and projects related to the subject as quickly as possible, are going to be those who will “survive” and gat-her first-mover advantages. Nevertheless, the relevancy of CSR activities does not only reside in economic reasons. Having a look at companies from a political perspective, they make a considerable contribution to prospective developments of the welfare state model, which in the future will not only rely on social services diminishingly delivered by state and public institutions but will increasingly rely on actors from the economic and societal level. This again stresses the relevance of CSR as crucial element for the transformation process towards a more sustainable future. Its systemic impact on business, welfare state, and procedures on EU level shows the potential residing within CSR for more sustainable development within economy, politics and society.

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 CSR in Brazil: Development and Future Challenges

Daily the Corporate Social Responsibility (CSR) concept becomes more known in Brazil. The theme, associated with sustainable development, is gaining ever more space in the media, advertisements and business schools. However, this results from a long and slow development process. Today Brazil has some outstanding companies, referring to CSR practices, but even in the group of the most engaged ones relevant issues are not incorporated into strategic planning, showing that CSR implementation must be improved to actually contribute to the sustainable development of the country.

The Corporate Social Responsibility (CSR) movement is recent in Brazil. Nevertheless, its first roots go back to the 1960s, when the first articles and books were written. It was also at that time, that the Association of Christian Managers was founded in São Paulo, with the purpose of spreading the concept of CSR through the business community. Not much was done for the next two decades, but the American Chamber of Commerce launched an important initiative by creating the “Prêmio ECO” (ECO Awards) destined for companies with programmes or actions with regard to the community or the focus on the improvement of culture, education and environment.

Brazilian NGOs and CSR

In the 90s the movement became much stronger for many reasons. Firstly, Brazil had again a democratic government, after 30 years of dictatorship. A new constitution was approved in 1998 that stated many new rights to children, employees and consumers, forcing companies to face new obligations and challenges. Secondly, the United Nations chose Rio de Janeiro as location for the Conference on Development and the Environment in 1992. The repercussion of the conference by the media and the big exposition of NGOs during the event caused mobilization of parts of the society about the topic. The NGOs multiplied as a result of the mobilization. Many of them aimed at putting pressure on companies to integrate environmental and socially friendly aspects into their processes. Some examples are given in the two tables. The first table presents organizations with a general approach to CSR; the second table includes organization dealing with specific themes.

Brazil, its companies and CSR

All this support seems to have a positive impact on the behavior of companies. According to IPEA (Institute of applied economic research, 2006) in 2004 69% of the companies in Brazil implement some social activities in their communities. The rate has grown 10% since 2000, when 59% of the companies gave the same answer. Brazil is also the only country in Latin America with companies in the Dow Jones Sustainability Index World, with six listed corporations.

However, many things must be done to make the country a major player in the sustainable development process. This becomes obvious in the responsible competitiveness ranking elaborated by the Brazilian business school Fundação Dom Cabral (FDC) and the London based NGO AccountAbility, which evaluated 108 countries. In this list Brazil is 56th, in the compliers group, characterized by the implementation of international quality, labor and environmental standards, and the possibility to reap the benefits of quality-conscious markets, but far from the most developed countries in the asserters and innovators group (AccountAbility & FDC 2007).

In order to help the country to improve its position as a player for more sustainable development the Brazilian companies should approach the major sustainability issues with more sincerity and implement policies and practices that could contribute to solve them. To find out how companies are managing sustainability issues, FDC did a survey with the most engaged Brazilian companies – signatories of the Global Compact principles, members of the Dow Jones Sustainability Index or of the

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### Table 1: NGOs with a general approach to CSR.

<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>ACTIVITIES</th>
<th>YEAR</th>
</tr>
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<tbody>
<tr>
<td>Group of Institutes, Foundations and Companies (GIFE)</td>
<td>Brought together private organizations that finance or carry out projects of public interest.</td>
<td>1995</td>
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<tr>
<td>Brazilian Business Council for Sustainable Development (CBEDS)</td>
<td>Brazilian representative of the WBCSD.</td>
<td>1997</td>
</tr>
<tr>
<td>Ethos Institute of Business and Social Responsibility</td>
<td>Researches and disseminates CSR concept and practices to the business community.</td>
<td>1998</td>
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Source: Adapted from Rodrigues & Portilho (2005): Sustentabilidade e Responsabilidade Corporativa no Brasil.

### Table 2: NGOs with a focus on CSR topics

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>ORGANIZATION</th>
<th>ACTIVITIES</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social and Environmental Reporting</td>
<td>Ibase - Brazilian Institute of Economic and Social Analysis (Ibase)</td>
<td>Created a social report model and an award to reward companies with best social and environmental reporting initiatives.</td>
<td>1997</td>
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<tr>
<td>Children's employment</td>
<td>Abrig Foundation</td>
<td>Created the Program “Empresa amigo da criança” (Children’s friend company)</td>
<td>1995</td>
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<tr>
<td>Corporate Governance (CG)</td>
<td>Brazilian CG Institute (IBGC)</td>
<td>Published the best practices in CG code</td>
<td>1999</td>
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<td></td>
<td>São Paulo Stock Exchange (Bovespa)</td>
<td>Ranked companies based on their CG practices</td>
<td>2000</td>
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<tr>
<td>Responsible Consumption</td>
<td>CVJM – Securities and Exchange Commission of Brazil</td>
<td>Published a CG primer to promote CG practices and the publication of social reports</td>
<td>2002</td>
</tr>
<tr>
<td>Fair Competition</td>
<td>Amatus Institute for Ethical Consumption (BCET)</td>
<td>Aims to educate consumers to consume in a responsible way</td>
<td>2001</td>
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<tr>
<td></td>
<td>Brazilian Institute of Ethical Competition (ETCO)</td>
<td>Fight against tax evasion and product counterfeiting</td>
<td>2003</td>
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</table>

Source: Adapted from Rodrigues & Portilho (2005): Sustentabilidade e Responsabilidade Corporativa no Brasil.
ISO 26.000 development group – to examine their involvement with the major challenges for the achievement of a sustainable development (Table 3). The results showed that one third of the companies did not address any of the challenges in their strategic planning, however, only 3% described their contribution to sustainable development as negative. Despite the fact that companies have CSR practices, they very often still have a narrow perspective of their environmental and social impacts, what can lead to a focus on less important stakeholders or underinvestment, and therefore a small or even negative contribution to the sustainable development process.

It is important to highlight that one of the reasons for this result comes from a strong social pressure on companies to contribute to the solution of social problems which are much more perceptible to the Brazilian population than to environmental issues. The inequality in Brazil results from a colonial economy based on large estate agriculture and an industrial development focused on income concentration to stimulate savings. This caused major social problems, for example huge migration processes from northeast states to southeast and Brasilia. These migrations, in turn, resulted in disorganized urbanization, high unemployment and violence rates, and cities with big industries that hardly received any benefits from the companies, many of them changing locations frequently.

Furthermore, Brazil – similar to other developing countries – and its companies faces other problems (tropical weather and its diseases, disorganized urbanization and high income inequality are some examples) which did not hamper the development processes of today’s developed economies. So far no model or best practice has been developed to solve these problems in Brazil. It is therefore important that young business leaders accept the challenges and opportunities to find and implement new solutions for a sustainable economy and society.

There are many very innovative companies in Brazil, recognized as sustainability leaders, as well as important institutes and business schools which are part of international networks improving and developing international standards. These companies and NPOs are searching for new solutions, however, still on a small overall scale. Like the social inequality, we find know-how and resource inequality among companies in Brazil which must be reduced in order to increase the society’s ability to solve problems and implement solutions in the whole country.

Rafael Tello
(Student of the ILT MBA in Sustainability Management)

References:

Table 3: Challenges of Sustainability.

<table>
<thead>
<tr>
<th>Sustainability Challenges</th>
<th>Source: Boechat &amp; Paro (2007).</th>
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<tbody>
<tr>
<td>01. Equilibrium of the ecosystems</td>
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<td>02. Energy</td>
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<td>03. Climate Change</td>
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<td>04. Water</td>
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<td>05. Public health</td>
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<td>06. Pandemics</td>
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<td>07. Food production</td>
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<td>08. Supply of houses</td>
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<td>09. Wealth distribution</td>
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<td>10. Prejudice and racism</td>
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<td>11. Sexism</td>
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<td>12. Aging</td>
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<td>13. Bad conditions of infrastructure</td>
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<td>14. Social Capital</td>
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<td>15. Quality of education</td>
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<td>17. Corruption and lack of ethics</td>
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<td>19. Opportunities of labor and wealth</td>
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The Corporate Volunteering Boom – Opportunities and Challenges

Corporate Volunteering is on the rise in Germany and could substantially promote a qualitative advancement in addressing issues of corporate social responsibility. Nevertheless the approach needs to be adjusted to the specific German context and experiences with regard to the relationship between business and society.

The term Corporate Volunteering denotes businesses supporting and encouraging staff to participate in volunteering activities for NPOs or in the community. This kind of activity has become a widespread phenomenon in German companies over the past few years. Whereas it used to be a very typical, culture driven Anglo-Saxon tool of showing social commitment it recently has become a powerful trend in Germany as well. A rising number of companies launched corporate volunteer programmes, many conferences and round tables are dealing with this issue and there is regular media coverage.

So what makes corporate volunteering attractive?

Volunteering used to be a philanthropically driven activity and integral part of the civic culture in many countries such as the United States or Great Britain which have not established a widespread welfare state. By now this support of individual volunteering activities has become a powerful tool in the larger context of corporate social responsibility and corporate citizenship approaches. It has not only proven to benefit the society but has also shown considerable economic advantages. Actually corporate volunteering has the potential to provide a wide range of benefits to all three partners involved: the company, the employee and society. Sophisticated corporate volunteering (US) or employee community involvement (GB) programmes are promoted by public authorities and supported by specialized organisations and consultancies. Consequently there is a growing body of knowledge on why and how to design, implement and develop successful programmes.

Professionalization and business benefits

Over the years a substantial number of benefits has been related to corporate volunteering programmes. They are increasingly appreciated for their role in meeting today’s strategic business goals. Positive impacts are seen for strategy, communication and human resource management. Several sources report benefits such as: increased employee engagement with the sponsoring company, an improved public image, improved and closer relationships with surrounding communities, increased ability to attract and retain high-quality employees, a healthier economic and social environment and improved morale and sense of team spirit among employees. Furthermore, a number of important employee skills are supported by corporate volunteering. As it complements existing training programmes with the added dimension of a real life situation: In an unfamiliar situation, employees can be stimulated for creative thinking and problem solving and encouraged for learning and developing skills such as leadership or the ability of being a real team player.

An approach for Germany?

Also for Germany the rapid spread of corporate volunteering over the last couple of years goes along with the advancement in the debate of corporate social responsibility and corporate citizenship.

The understanding of how to best address responsibility issues shifted from rather philanthropic approaches to an ever closer integration of societal needs with business needs. Companies concentrate on effective approaches of corporate responsibility and accountability. In this context corporate volunteering has become a trendy instrument of choice for many companies aiming at involving their employees better with responsibility issues and tightening their relationships with the community. Another reason for the emergence of corporate volunteering in Germany are cost reduction programmes in public welfare services. In order to maintain a prosperous economic and social environment there is a growing need for stronger cooperation between the public, private and civic sector. Corporate volunteering is an approach of corporate citizenship and sustainability that works very effectively in connecting these areas.

However, despite the potential corporate volunteering offers until now very little research has been conducted on this growing phenomenon in Germany. Whether it will become such a successful tool as in the Anglo-Saxon countries depends very much on an adequate adoption to German conditions and the development of respective expertise. This is why the Centre for Sustainability Management investigates how corporate volunteer programmes in Germany need to be designed and implemented to become an effective tool integrating business and societal needs with the effect of creating a business case for sustainability at the same time.

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5th Anniversary of the MBA Sustainability Management

In January, the first students of the 5th year of the MBA Sustainability Management started their studies. Like all classes before, its composition is very international. Besides participants from all regions of Germany, Austria and Switzerland, even students from South Africa, Canada and Russia travelled to Lueneburg. This mix of cultures reflects the participants’ heterogeneous backgrounds: amongst others, consultants, NGO employees, financial service providers, social education staff, architects, manufacturing and sales managers, a doctor of medicine and even pilots decided to study this MBA.

Kerstin Detel, crisis manager of Air Berlin, states ‘With the knowledge acquired from the MBA Sustainability Management I aim at developing my individual capabilities in decisive situations’. Joerg Kroschinski, Business Angel from Hamburg, wants to ‘find new ideas for future business models and implement them’. Former alumni and students verify that this is possible. ‘Already the perspective to receive this MBA degree brought me into the pole position for my aspired management job in one of the largest World Bank programmes. Especially the core courses of the MBA programme and the intensive discussions on sustainability support me already today in my challenging job as a team leader of more than one hundred staff members of the National Solidarity Programme in Afghanistan’ explains Helge Rieper from Kabul.

And as they are scattered throughout the whole world they use the sophisticated e-learning platform and tools to exchange ideas. Of course everybody looks forward to the next weekend activity in Lueneburg to work together and to discover the gastronomic scene of the city. ‘The mentoring by the MBA staff creates an enthusiastic spirit. This atmosphere relates to this impressively beautiful city’, Uwe Schuetz, quality and manufacturing manager from Toronto, confirms. For his next attendance he plans a longer guided sightseeing tour.

In March, a second group of students joined this year’s MBA cohort. Currently 200 students are enrolled in ten classes. As a flagship of the young Leuphana Professional School the MBA Sustainability Management is increasingly known and valued in the corporate world. Application deadline is 30 September, 2008.

Claudia Kalisch

Graduation Ceremony and Homecoming Days in Lueneburg

Between 11 and 14 September the Centre for Sustainability Management (CSM) will host its annual graduation ceremony and the homecoming days of the MBA Sustainability Management. As the MBA is a blended-learning programme this event constitutes the central reunion of students and alumni in Lueneburg every year.

The three day programme is jointly organised by CSM and CSM-Alumni e.V. which is the association of the centre’s MBA-students and alumni. Starting with the annual general meeting of CSM-Alumni e.V. on Thursday afternoon and ending with a farewell brunch on Sunday it covers a range from rather knowledge focused presentations and discussions to soft-skill events and social networking. The main agenda takes place on Friday and Saturday. Friday morning and early afternoon mainly deal with thematic issues related to the MBA, especially from a practitioner’s perspective. For this year we are happy to announce Dr. Andreas Jacobs, chairman of the board of directors at Barry Callebaut, CSM alumni Enrico Bauer, executive director risk management and compliance at UBS, and Tobias Peylo, senior analyst at Sparkassen Informatik, Heinz-Dieter Koeppe, senior advisor to the Business Social Compliance Initiative (BSCI) and Stefan Dierks, senior manager CR Environment at Tschibo. The participants will also be informed about current research at CSM and the further development of the MBA programme as well as the projects of the CSM Alumni association. Later, Friday offers possibilities of social networking and an enjoyable barbecue. Saturday morning is reserved for an exchange of experiences related to the MBA and new, emerging sustainability issues and trends among MBA-students and -alumni.

In the afternoon the graduation takes place in the historic location, “Glockenhaus”, in the centre of the medieval town of Lueneburg. The successful students are awarded the title “MBA Sustainability Management” in a ceremony accompanied by music and speeches, followed by a festive dinner and completed by an MBA party. Last year’s dinner speaker Uwe Möller, Secretary General of the Club of Rome, will be followed this year by Frank Triemer, director of Common Purpose Germany. We are looking forward to an inspiring event and to meeting old and new friends at CSM in Lueneburg.

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Moving People and Sustainability forward – Career Analysis of MBA-Alumni

Four and a half years ago CSM started the world-wide first MBA-programme dedicated to sustainability management based on a blended-learning concept with a mixed approach of e-learning, distance learning and on campus seminars. In September 2007, for the second time, we invited alumni, students and their families to celebrate the day of graduation. Altogether nineteen MBA-students graduated so far with another twenty expected to finish in 2008. The MBA-team of CSM used this ceremonial occasion as an opportunity to analyse career developments of the alumni. The results are encouraging and help to further improve the programme.

In a first step we identified the scope of professions of the alumni when they started their MBA-studies. All students had at least two years of working experience in different industries and functions whereas the professional background of the students was very diverse – from automotive engineer, judge, chief purchaser, senior consultant, marketing manager to research assistant, etc. Furthermore they came from various employers like an aeronautic corporation, the pharmaceutical industry, banks, a car-sharing-organization, a seed growing company or NGOs. Astonishing is the wide range of career goals of the students and alumni. Some aim at a better paid position as a manager in a multinational corporation whereas other students of the MBA Sustainability Management are striving for positions with more responsibility combined with activities and jobs which “make more sense” than their current work.

From this point of view it was instructive to analyse the career changes after the completion of their studies. The result is encouraging. However, it is too early for a final assessment because careers usually develop over various years. Nevertheless, twelve of the nineteen students already changed their job position in the desired direction. Seven students are still working on the same job.

After analyzing the career developments we made a survey to find out the coherence between career development and the postgraduate professional education of the MBA-programme. Seventeen alumni took part in this survey. Ten of them climbed the career ladder in the scope of their former profession. Nine of these ten persons agreed to the question “Is the career change a result of the MBA?” Everyone confirmed that the knowledge and skills acquired during the MBA-studies are helpful and useful for the new position.

It is of course too early for a final conclusion on the career effects of the MBA. Nevertheless, the first group of alumni seems to have profited from the MBA in the desired way moving by students and sustainability forward.

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Research Report on Internet-based Sustainability Reporting in Germany

Today many enterprises recognise the importance of a professional communication of their contribution to sustainable development. Furthermore, the internet has developed as one of the main information sources. It is thus not astonishing that corporate sustainability reporting on the internet has gained attention. It complements the conventional publication of a consolidated, printed sustainability report and is an important part of corporate communication. It can overcome communication restrictions of printed reports, if technical features are well-directed and linked with different channels of communication. Now a research report has been published by CSM in cooperation with the Institute for Environmental and Sustainability Communication, Leuphana University of Lueneburg, to evaluate and compare the current practice of internet-supported sustainability communication. Specific, internet relevant requirements as well as possible applications of the communication on the internet have been investigated on basis of a set of relevant criteria. The list of criteria has already been used twice for an in-depth analysis of the practice of sustainability reporting of the German DAX 30 companies (in 2004 and 2007). The latest German evaluation of internet-based sustainability reporting illustrates the extent of the requirements for appropriate internet-based sustainability reporting in current corporate practice and areas with potential for further improvement.

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Report:
SHORT REPORTS

Latín American MBA students have started to work with their new know-how at home

In October 2007 twenty Latin American students completed the second phase of the International Leadership Training class of the MBA Sustainability Management with a moving ceremony at the German Ministry for Development and International Cooperation in Berlin. Rafael Tello from Brazil gave a speech on behalf of all participants who received a scholarship from InWEnt Capacity Building International gGmbH: “To learn German was the hardest part”, he said, “but finally we all made it and we found many new friends in Germany, in Lüneburg and the other cities we lived in during this year. We know that we can make a difference in our countries with all the tools and concepts we learned with the MBA programme during our stay.”

In November the whole group returned to their home countries and now faces the challenge of putting corporate sustainability management into Latin American practice. Each participant prepared a detailed transfer project during the stay in Germany. The transfer projects have the aim of transferring the knowledge and experiences that the participants gained to their own institutions at home. The CSM-team supported each participant in the development of a project plan that includes a time schedule with milestones, budget requirements and evaluation indicators which assess the outcomes of the project afterwards.

The transfer projects deal with a variety of issues: sustainable building, renewable energy in rural areas, an international congress on Environmental Impact Assessment, several capacity building activities within companies or in collaboration with local universities, industrial associations or NGOs. Some transfer projects are focusing specifically on Corporate Social Responsibility issues. For example Lydieth Triana in Colombia now works for a construction company and develops a CSR-guidance document in her transfer project which shall be applied for each new building project. The guidance document should allow the company to systematically analyze all CSR issues when a new construction like a bridge or a road is planned. The first results of the transfer projects have been available since the middle of May 2008.

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The Management of Environmental Education in Wildlife Parks

In November 2007 a project-consortium, delegates from the DBU and practitioners from several German wildlife parks met to discuss the main findings of the “Feasibility Study on Environmental Education in wildlife parks” (founded by the Deutsche Bundesstiftung Umwelt, DBU). A central result is that educational propositions are part of broader corporate strategies and self-perceptions. This must be recognized when certification concepts are developed. The one-year feasibility study gave valuable insights concerning empirical and conceptual aspects.

The study was based on a questionnaire and additional interviews and provided empirical insights into the current situation of the nearly thirty parks involved. This extensive survey provided the basis for a certification concept to ensure and support the quality of Environmental Education and ESD in wildlife parks.

This concept has to be refined in future project phases. The basic idea is a three-level-system of certification. Each level was derived from empirical findings considering aspects like content, appointments and circumstances of Environmental Education and ESD in wildlife parks.

The parks are unique in aspects like size, financing, structure, organisational learning and corporate mission – their operational abilities are based on very different resources and strategies. The survey shows that the educational performance is not simply correlated with such characteristics. Good Environmental Education is not directly influenced by economic performance indicators or public or private funding.

The data mining showed three different strategic approaches: “Profiled park with wildlife-typical offerings”, “Classic wildlife park” and “Profiled park without wildlife-typical offerings”. These compile from the strategic positioning of wildlife-typical offerings and the importance of Environmental Education and ESD related to the overall corporate strategy. Different understandings, acceptance of and openness for Environmental Education and ESD as part of the parks’ performance are crucial for the educational quality – independent of the overall economic performance.

Currently, a final report on empirical and theoretical findings is being written by Dr. Haller and Florian Lüdeke who carried out the project research for the CSM.

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NEW BOOKS

2008

NEW BOOKS


Innovations are considered as indispensable for the achievement of the goals of sustainable development, e.g. climate protection, poverty alleviation or the preservation of biodiversity. Sustainability innovations are highly complex, error-prone processes threatened by drawbacks. Based on explanatory approaches of decision theory this dissertation analyses which behavioural patterns lead to the emergence of the decision failures ‘conflict escalation’, ‘illusion of control’ and ‘shipwreck on hidden profiles’. The findings serve as an input for a detailed media analysis of the innovation process of the diesel particulate filter implementation in the German automotive industry. The dissertation concludes with recommendations how to overcome decision failures.

Available in German only.

Gerlach, Anne (2008):

Decision Failures as Barriers to Sustainability Innovations
Mering: Hampp (282 pages)

For the last couple of years corporate social responsibility (CSR) has gained attention in continental Europe and Germany. The keyword – or depending on the view the buzzword – of CSR has been addressed by many companies, but also consultants, research institutes and politicians. In this edited book, a selected group of young researchers ask themselves whether CSR is just a fad or a fashion which will phase out in economical hard times or whether it is a necessary and sustainable long-time trend for corporations. The book provides conceptual discussions and in depth research papers on CSR in the context of sustainability management and introduces methods for measurement and approaches for the implementation of CSR in corporate practice. It presents new approaches in research and outlines possible paths for further research and development.

Available in German only.

Schaltegger, Stefan and Müller, Martin (Eds.) (2008):

Corporate Social Responsibility. Trend or Temporary Fashion?
Munich: Oekom