

Implementing the principles for responsible management education into management and business courses

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ABSTRACT. Corporate Social Responsibility (CSR) and Responsible Management are now becoming new challenges for business and government policy both in the United States and in Russia. Therefore, the Principles for Responsible Management Education (PRME) unveiled at the UN Global Compact Leaders Summit in July 2007 must be new priorities and key words for business education programs. In this regard, Higher Education Institutions (HEIs) and academic community are expected to adopt a leading role. Playing this role isn't an easy task because the goal is to update/upgrade and even to change the curriculum, learning and research methods of management education. This means that the core of vision, tools and skills taught within business courses must be substantially reviewed and redefined.

It's obvious now that the paradigm of value-based economy has been changing towards knowledge-based economy concept where employees' personal competencies, human capital and innovation readiness contribute to value added more than *simple* classic factors - capital and labor – and become bargaining chips in rivalry. It's as obvious as the present crisis which presented the international community with a number of needs, such as: to design and implement global recovery plans, international financial regulation, diverse calls to rethink global capitalism, etc. These questions haven't been answered so far.

This fact gives the reason to assume that searching for the ways out must use not only business-oriented practices but (in some cases even in the first place) social-oriented methods because it's impossible to resolve social problems only by economic decisions. No business methods of decision-making taught in a wide range of general and specialized branches of management programs, from their part, can explain how to predict a recession and operate in crisis unless they start embracing PRME. In our opinion, adapting existing curricula to these principles does not contradict (as there are many who think so) the mainstream

business approaches but considerably enriches them and makes students' vision integral and coherent with new business challenges and opportunities.

KEYWORDS: CSR, PRME, UN Global Compact, teleological and deontological learning methodologies, curriculum, communication practices, MBA programs.

Corporate Social Responsibility (CSR) and Responsible Management are now becoming new challenges for business community and government policy throughout the globe and particularly in Russia. Therefore, the Principles for Responsible Management Education (PRME) unveiled at the UN Global Compact Leaders Summit in July 2007 must be new priorities and key words for business education programs. CSR produces a significant impact on the basic drivers of economic and social development – business conduct, corporate governance, competitiveness - thus changing the face and the values of the global society (fig.1):

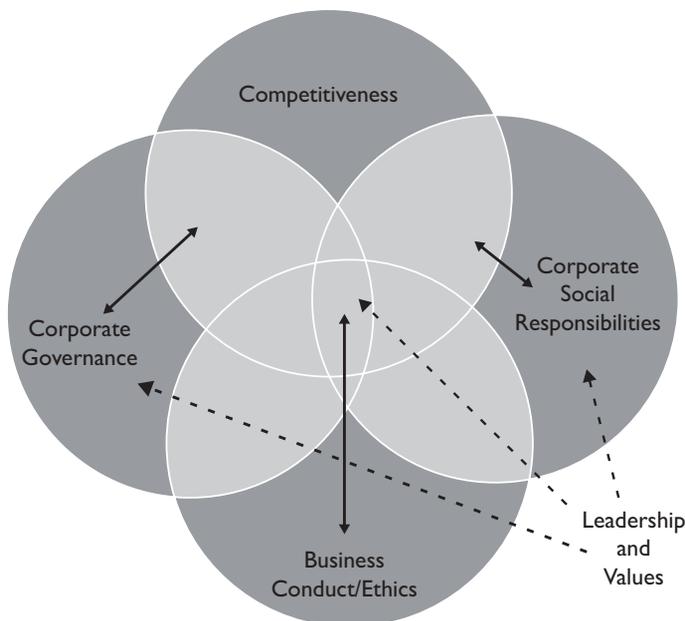


Figure 1. Corporate Social Responsibility: global dimension

In this regard Higher Education Institutions (HEIs) and academic community are expected to adopt a leading role. Playing this role isn't an easy task because the goal is to update/upgrade and even to change the curricula, learning and research methods of management education. This means that the core of vision, tools and skills taught within business courses must be substantially reviewed and redefined.

It's obvious now that the paradigm of value-based economy has been changing towards knowledge-based economy concept where employees' personal competencies, human capital and innovation readiness contribute to value added more than *simple* classic factors - capital and labor – and become bargaining chips in rivalry. It's as obvious as the crisis of 2008-2009 which presented the international community with a number of needs, such as: to design and implement global recovery plans, to increase efficiency of international financial regulation, to rethink global capitalism, etc. These questions haven't been answered so far.

This fact gives the reason to assume that searching for the ways-out must use not only business-oriented practices but (in some cases even in the first place) social-oriented methods because it's impossible to solve social problems only by economic decisions. No business methods of decision-making taught in a wide range of general and specialized branches of Management programs can explain how to predict a recession and operate in crisis unless they start embracing PRME (fig.2). In our opinion, adapting existing curricula to these principles does not contradict (as there are many who think that it does) the mainstream business approaches but considerably enriches them and makes students' vision integral and coherent with new business challenges and opportunities.

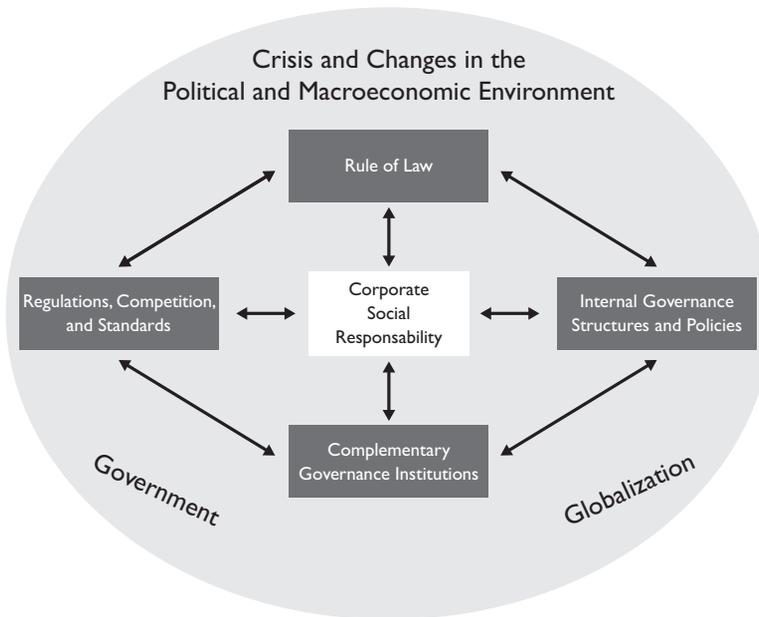


Figure 2. Corporate Social Responsibility: new perspective for macroeconomic policies

As an example, we could focus our attention on the experience of training in Responsible Banking Management (RBM) at Lobachevsky State University of Nizhni Novgorod (UNN).

On the one hand, training socially responsible banking experts in Russia isn't considered so far as a strategic priority of banking community. On the other hand, involving students in scientific and research work on Responsible Banking Management problems is considered as a priority in the improvement of the quality of education. Therefore, the academic environment could play a role of a catalyst for the better understanding of social missions of banks and for the changes in the society at large.

Nevertheless, socially responsible activities of commercial banks are growing in Russia due to two main factors. Firstly, this is the globalization of financial markets and willing of banks to get reputation as socially responsible institutions. Secondly, social initiatives could change the status of a commercial bank as *economic agent to social corporate institution* increasing its reputation and social recognition.

A brief list of joint social projects of regional commercial banks

and the UNN departments of Economics and Finance could be as follows (Fig.3):

Figure 3. Social projects of commercial banks

Social projects of commercial banks:	
1	"Targeting": joint working-out of up-to-day curricula methodology according to international requirements and quality standards;
2	JEP: CPD programs for academics in world leading HEIs and business schools;
3	Promoting initiatives: "Vacancy Fairs", "Open Doors" Days, Info sessions;
4	University contests: "Best course work in banking" awards, personal certificates, scholarships, internships in banks
5	HR: Expertise of students' (Masters') final works / hiring of postgraduates
6	"Guest" lectures: presented by banking professionals / case studies / best practice sharing
7	Joint educational courses (e.g. "Developing people awareness In Finance")

In particular, the Chair of Banks & Banking, Dept. of Finance, involves students in scientific and research work within joint projects with banks, organizes annual international students' conferences as well as promotes students' participation in scientific events held by other HEIs and financial institutions. In 2008-2009 together with "MDM-Bank" the Chair launched a new and free of charge program "Personal Finance Management". In 2009-2010 this course is being continued and even enlarged - Russian School of Economics with the financial support of the University of Pennsylvania (USA) has joined this cooperation.

Applying of PRME into educational process could be possible within existing courses in Banking Management. There are some examples on this point. Within "Banking Legislation" course the aspect of civic requirements to business is analyzed; "Corporate Management in a Commercial Bank" course curriculum comprises corporate behavior Code and non-financial reports (bank-client interface, quality assurance, ethics). In "Banking Management" civil mission of a commercial bank as well as criteria of non-commercial efficiency of business projects are envisaged (fig.4):

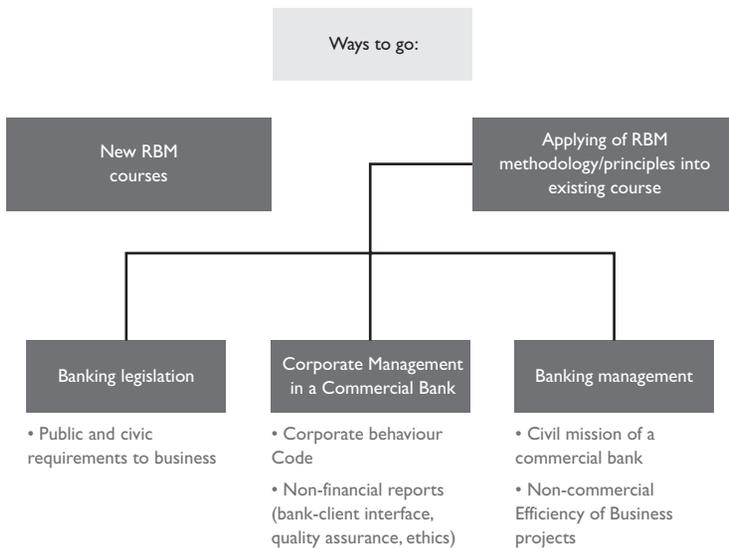
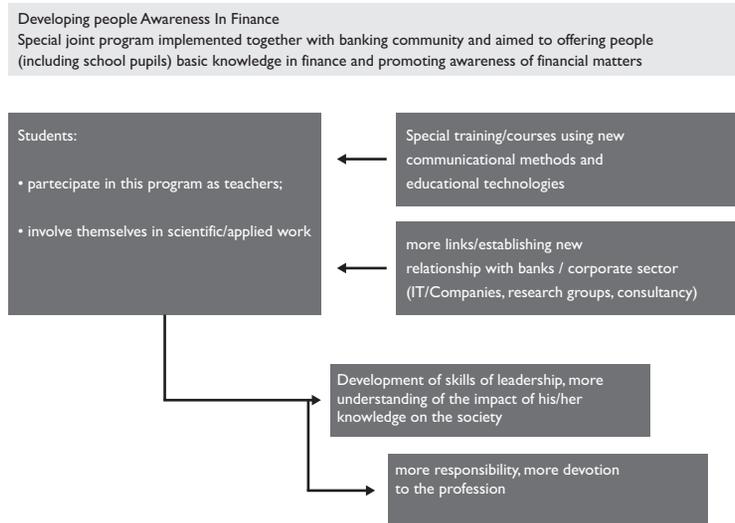


Figure 4. Applying PRME into educational process

Developing people Awareness in Finance is a special joint program implemented at the Department of Finance together with banking community and aimed to offer people (including even secondary school pupils) basic knowledge in finance and promoting awareness of financial matters. Its specificity is that post-graduate students come through special training courses and are taught new communicational methods and technologies in order to participate in this program as teachers. Besides, they are involved in scientific/applied work which requires establishing new relationship with banks / corporate sector (IT-companies, research groups, consultancy). As a result, together with experience in teaching they develop their skills of leadership and get more responsibility for the impact of his/her knowledge on the society as well as feel more devotion to the profession (fig.5):

Figure 5. Developing people awareness in finance



Offering academic excellence has always been a commitment of HEIs. In present conditions their priority is also to graduate leaders who possess socially, ethically and environmentally responsible principles that will help them to design a new face of future global business. We think that the role of universities in this regard is essential and central. Through the activities on teaching, learning and research HEIs can provide the favorable resources (environment) for the communities' development and re-generation.

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Sintesi

La responsabilità sociale d'impresa (CSR) e il management responsabile rappresentano oggi le principali sfide per la politica economica dei governi, in special modo negli Stati Uniti e in Russia.

Parallelamente cresce l'importanza dei principi per la formazione al management responsabile (PRME) – fissati nel 2007 nel corso del vertice dei leader per il patto globale, promosso dalle Nazioni Unite – divenuti le nuove priorità e le parole d'ordine

per i programmi di istruzione e formazione al business.

L'impatto della CSR sugli elementi propulsivi dello sviluppo economico e sociale – vale a dire la conduzione e il governo d'impresa, e la competitività – è assai rilevante in quanto essa rinnova profondamente il volto e i valori della società globale.

In tale mutamento, il mondo universitario può esercitare una funzione guida, aggiornando, migliorando e modificando il curriculum, i metodi di apprendimento, dell'istruzione e della formazione al management.

Un intervento tanto radicale implica evidentemente una revisione e una ridefinizione sostanziali dei corsi di business, della loro impostazione di base, del cuore della visione, degli strumenti, delle competenze e delle abilità trasmesse nella mediazione didattica.

Il paradigma dell'economia fondata sul valore sta evolvendo in quello concorrente dell'economia basata sulla conoscenza, in cui i fattori determinanti nella competizione globale – ben più decisivi di quelli classici, il capitale e il lavoro – sono ormai, in misura sempre crescente, le competenze personali dei lavoratori, il capitale umano, l'apertura e la disponibilità all'innovazione.

La crisi attuale incalza la comunità mondiale con nuove e urgenti richieste, rimaste finora senza risposta: prime fra tutte, quelle di sviluppare progetti di ripresa globale, di regolamentare la finanza internazionale, di ripensare il capitalismo globale.

La ricerca di vie d'uscita dalla crisi in atto non può fondarsi soltanto su pratiche orientate al business, ma deve necessariamente includere metodi orientati al sociale “perché è impossibile risolvere problemi sociali esclusivamente attraverso decisioni economiche”.

Infatti le strategie d'impresa e i correlati metodi di presa di decisioni – quali vengono insegnati nella maggioranza dei programmi di management, dai più generali ai più specializzati – se non tengono conto dei PRME, non sono in grado di spiegare come prevedere la recessione o come agire efficacemente all'interno di una crisi.

Contrariamente all'opinione corrente, l'adattamento dei curricula esistenti a questi principi non contraddice affatto i dominanti approcci al business, più consolidati e diffusi; li arricchisce invece considerevolmente e completa l'ottica degli studenti integrandola, in maniera coerente, con le nuove sfide e le opportunità che attendono oggi le imprese.

In questa prospettiva, risulta particolarmente interessante la sperimentazione di un corso di formazione al management bancario responsabile (RBM), condotta presso l'Università Statale Lobachevsky di Nizhni Novgorod.

Se la formazione di esperti di attività bancaria socialmente responsabile in Russia non è ancora considerata, da parte del settore bancario, una priorità strategica, il coinvolgimento e la partecipazione attiva degli studenti al lavoro scientifico e di ricerca sui problemi di RBM è al contrario un segnale importantissimo di miglioramento della qualità dell'Higher Education.

L'ambiente accademico può anzi svolgere il ruolo cruciale di catalizzatore per una migliore comprensione della mission sociale delle banche e per il cambiamento della società nel suo complesso. E questo grazie all'azione concomitante di due essenziali fattori di stimolo: la globalizzazione dei mercati finanziari e la volontà delle banche di acquisire popolarità come istituzioni socialmente responsabili; la trasformazione delle banche commerciali da agenti economici a istituzioni d'imprenditoria sociale, che permette loro di accrescere il prestigio sociale e l'apprezzamento da parte dell'intera collettività.