RESPONSIBLE EDUCATION AND INNOVATIVE CSR

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Abstract:
The aim of the present paper is to identify and comment on the existing relationship between corporate social responsibility (CSR) and the current economic crisis, by focusing on the implementation of ethics/business ethic into curricula as well as implementation of Total Responsibility Management into strategy. A number of recent trends are influencing business schools towards better teaching and accounting for the role of "business in society". The survey found, among other things, that there is a clear demand from business and students for research, education and training on business ethics issues; that teaching on the role of business responsibility is far form being "main-stream" to the economics/business curriculum of (state and private) faculties in Slovenia. Improving accreditation processes will play an important part in speeding the business (business ethics, CSR, TRM, sustainability) education community with the new roles and responsibilities they are asked to fulfil by a wide range of stakeholders (students, society, business and government). Faculties are increasingly made accountable for their own social and environmental impact. Simultaneously, this paper seeks to report on research undertaken to assess the extent to which Slovenian economics/business faculties were engaged in professional development activities focusing on the development of education for sustainability (including business ethics) for their students. Finally, research provides a base for the exploration of professional development programs that will be the most effective and efficient in facilitating education for e.g. sustainability where (business) ethics plays very important role.

Keywords: business ethics, corporate social responsibility, curriculum, total responsibility management, strategy.

1. INTRODUCTION

The current world-wide economic and financial crisis began in the United States with the burst of the subprime mortgage housing bubble, after governmental, supervisory and regulatory authorities undervalued the real risk of the situation. But as the world has become closer, economic and financial markets have diminished in number but increased in size and interconnection. The effects of a financial problem are wide-sweeping and all the world economies suffer the consequences. Often it takes a crisis to precipitate attention to CSR. The present global crisis emphasizes stronger than ever the idea of *corporate responsibility*, a new commitment to responsibility being demanded of companies as well as educarional institutions (state and private) in order to create economic and social value. The new pressures imposed by the crisis on CSR commitments include the reduce time available for short-term decisions, the cost reduction and a more cautious approach to CSR in companies. Finally, companies not fully committed to CSR face growing risks, whereas those with CSR at the core of their business model could gain ground and new business opportunities. Organizations and society at large recognize that ethically and socially responsible behaviour plays a crucial role in good business practices. This realization has led employers to expect and demand that business schools facilitate the training of students in ethics and social responsibility.

The current social development is changing the European higher education scene through increased international student and faculty mobility, internationalization of study programs and schools, and the opening of local higher-education markets to international competition. These processes make new pressures on management of higher-education institutions and expose them to new challenges in term of schools' adaptation to changes in their educational and others environments. An important part of innovation of this changing is also how to transmit appropriate knowledge, skills and values from society to people, i.e. in our case the prevailing values-culture-ethics-norms (VCEN) of business schools to students in their education process (Potočan & Mulej, 2010).

Some businesses now recognize that damage can be done by unethical behaviour: 'leading businesses no longer debate the legitimacy of the role and importance of ethics; rather, they are forging ahead, finding new ways to put ethics into practice' (Krehmeyer, 2007). Some even state that sustainable business success can be achieved only through ethical behaviour (Veiga, 2004). Many explanations have been offered, such as corporate culture, business leadership, corporate governance structures, and business schools (Henle, 2006). Henle suggests leaders are ultimately responsible for building value-based cultures within organizations. In order to nurture ethical leaders, business educators should take the lead. One step toward making organizations behave more ethically would be to teach future managers business ethics. As Wright says: 'Education is the best means to develop good ethical behaviour in the modern business environment' (1995). Giacalone (2008) suggests that business schools need to ensure that students are equipped with ethical integrity to meet challenges in the real business world. Those who support teaching business ethics (including CSR, sustainability) suggest ethics education will help students acquire the knowledge and skills to make proper judgments about the ethical dimensions of economic activity. The emphasis is on building competences to help students identify, analyze, judge, and evaluate ethical matters in business, to apply ethics to real-life business decisions (Lau, 2009; Potočan & Mulej, 2010).

Our aim is to discover ethics or business ethics (including CSR, sustainabiliy, Total Responsibility Management as well as CSR reporting) implementation into higher education

(business, economics, management) programs or subjects in the Slovenian state and private educational institutions.

2. RELATIONSHIP BETWEEN CSR AND ECONOMIC CRISIS

The current economic and financial crisis is not the only world-wide crisis. In a broad sense, entrepreneurial business activities are undergoing a long process of change which can be considered a crisis of maturity oriented towards the role they play within society. As Porter & Kramer (2002) highlight, companies as well as universities/faculties have to change their focus towards the social setting in which they act and interact (ethics of interdependence). Economic, social and environment goals with a long-term perspective are not independent or in conflict in spite of the fact that they can be contradictory in the short-term. Specifically, there is a tendency which links the lack of ethics, principles and values in the classic entrepreneurial model as one of the most important reasons explaining the current economic and financial crisis. As a result of the combination of the economic and financial crisis with what has been called an entrepreneurial crisis of maturity, Corporate Social Responsibility (CSR) has risen to prominence in the last decade. Even though CSR is a new controversial concept, everybody in the academic and business spheres agree that it is a fundamental strategy for achieving the sustainable development that our globalized world needs.

CSR definitiona are now, nearly ten years later, perfectly adapted to the current times, including and completed with the assumption that cultural differences vary definitions of CSR, due to dynamic and evolving ethical standards (Maignan & Ferrell, 2003). With this background of the growing use of CSR all over the world, firms and educational institutions are increasingly incorporating social strategies and CSR initiatives, giving a positive response to a real citizen's demands. Different aspects of CSR can be highlighted: a) the participation of different actors, agents, named stakeholders, with different motives; b) the implications for managerial strategy and decisions; c) the growing importance of international initiatives by different institutions for CSR; d) the necessary adaptation of CSR initiatives to the particular scenario where they are going to be applied: the cultural, social and environmental particularities of each enterprise, each geographic area and each country, where a firm has activity; e) the possibility of implementing a CSR strategy for all kinds of organizations: small or large, private or public companies, for any possible type of ownership structure.

Godfrey & Hatch's agenda (2007) formulate suggestions for future research in CSR. Rundle-Thiele & McDonald, L. (2008), furthering with the agenda, propose a break-up of the CSR concept into different areas, giving the consideration that CSR is a set of different activities that have to be all considered to valuate the overall social performance of the firm. CSR conceptual evolution and the increasing number of companies that incorporate this strategic business approach offer us an initial argument to analyze CSR benefits: "Over the past decade, a growing number of companies have recognized the business benefits of CSR policies and practices" (Mittal et al. 2008, p. 1437). CSR benefits have been extendedly worked on academic literature . The most important benefit is the organization satisfaction for its own responsibility. In addition to this satisfaction and as a resume of key CSR benefits, the following can be highlighted (Ruf et al. 2001; Bechetti et al. 2007): a) building a reputation as a responsible business; linked to increasing market share, maintaining key personnel and directing investors confidence towards CSR; b) assuming consumer selective elections that are increasingly including CSR criteria to make business more competitive; c) changing relationships all along the chain value, based on trust and doing things the right way with suppliers and customers; d) improving working climate, thus increasing employee

permanence, motivation and productivity; e) reducing legal conflicts on complying with regulatory requirements improving relations and implications within the local community, given the wide range of opportunities this question poses in terms of reputation, positive press and wealth; f) assuming positive and negative impacts of the company activity as a key question in management decisions, with a long-term perspective and g) re-designing processes with CSR green parameters, reducing waste, that often simplifies operations and saves money. The relationship between CSR and the economic crisis could be analyzed on three levels: a) the lack of ethics of the financial decision-makers as one of the causes of the economic crisis; b) the threat of CSR in periods of crisis and c) the opportunity of CSR in periods of crisis.

2.1. Ethics education

This list only includes studies assessing the impact of teaching an ethics or business and society class upon students, aiming to show a more targeted and updated list on business ethics education studies over the last three decades, where the undergraduates were the majority of samples. All studies were conducted in the US and finally, most studies focused on ethics awareness and moral reasoning (Lau et al., 2007; Lau, 2009). Ethics education studies in recent years have used different constructs such as attitudes, awareness, sensitivity, moral reasoning, cognition, and behaviour.

A number of researchers seem to recognize the importance of preparing faculty to teach ethics in their courses by suggesting various ways to develop faculty in this area. In developing an effective approach to ethics education, it is important to consider the training and preparation that faculty members have received to teach this subject matter. Spain et al. (2005) speculated that business faculty often fail to include ethics topics in their courses because they are often frustrated in their attempts to motivate student interest in ethics and in discussing pressing ethical concerns of business. Simms & Brinkmann (2003) suggest methods by which faculty could share knowledge and experiences in teaching business ethics: attending business ethics conferences; writing journal articles; taking part in an email list-server or website dedicated to business ethics; participating in a business ethics network; subscribing to and academic journal where one on could publish, share, and examine teaching experiences; and engaging in informal group discussions on individuals' successes and failures in teaching ethics.

Limits on Impact of Instruction in Ethics **-** While Kohlberg's (1981, 1984) model has been widely applied in studies of development of accounting ethics, it has inherent limitations. Kohlberg concluded that most individuals never move beyond the law and order stage (Reinstein et al., 2006), and this supposition has been validated in numerous studies **(**Donovan, 2009). Despite this somewhat disheartening situation, those same studies have indicated that education is to be a force for development of higher levels of moral reasoning. Mintz (2006) addressed this responsibility in his discussion of reflective learning as an approach for developing moral reasoning ability. He proposed a course designed to use reflexive learning to develop virtue ethics-a mindset in which students do the right things for the right reasons. Although commendable, the course is unlikely to be included in accounting curriculums because of time limitations. However, accounting professors, who default on ethics content do a disservice to their students, and may actually fall short of their students' expectations. Recently, Adkins & Radke (2004) studied the importance perceptions of accounting ethics and ethics education held by accounting students and faculty members. They found that students placed higher import on both than did faculty members.

Scepticism about business ethics education - Hooker (2004) indicates in 'The Case Against Business Ethics Education: a Study in Bad Arguments', several popular arguments against business ethics instruction might be organized as follows: a) The Milton Friedman argument: The ethical duty of business people is to maximize profit. This means they should study marketing, finance, and operations and should not waste time studying ethics; b) The argument from incentives: Even if there are duties beyond profit maximization, the only practical way to encourage ethical behaviour is to install financial and legal incentives. Business people respond to these, not ethics lectures; c) The gut feeling argument. One cannot study ethics in any meaningful sense anyway, since it is something you feel, not something you think about; d) The moral development argument. Moral character is formed in early childhood, not while sitting in ethics class. By the time students enter business school, it is too late to change and e) The motivational argument. Even if there is reason to study ethics, business students see no motivation to study it and do not take the subject seriously.

This sort of scepticism is far from universal, as many acknowledge the relevance of ethics instruction and call on business schools to do a better job about it. He had detected such arguments lurking behind views expressed by students, colleagues, business people, and media commentators.

Education and values - The higher education schools that are supposed to provide society with experts of the highest ranking and intellectual capacity and influence, may not forget about inclusion of values/VCEN in their explicit focus, about permanent innovation of their values (VCEN), and about the danger that students might otherwise receive obsolete values and use them later one in their practice as influential professionals. In literature on education the questions about VCEN belong in the educational area of values education. We understand values education as an entity of two educational processes, i.e. the process by which educators transmit values to students (when we speak about different education systems), and/or the process by which organizations transmit organizational values to organizational stakeholders. Some researches use the concept values education as an umbrella of concepts that includes moral education and citizenship education (adopted, Potočan & Mulej, 2010).

2.2. Total Responsibility Management (TRM) implementation

Putting the Total Responsibility Management (TRM) in educational institutions starts with inspiration. TRM means that the company has articulated a values-driven vision to which top management is committed. TRM in brief means (Waddock & Bodwell, 2007, pp. 16–19): inspiration, integration, innovation, and plus indicators. Employees in quality-oriented culture instinctively act as a team. Organizations and educational institutions (universities, faculties…) where focuses on customers (students and other customers), continuous improvement, and teamwork are taken for granted have a good chance of attaining the total quality. Their criteria are built upon a set of "core values and concepts" (Evans, 2007): visionary leadership, customer-driven excellence, organizational and personal learning, valuing employees and partners, agility, focus on the future, managing for innovation, management by facts, CSR, focus on results and creating value and systems perspective.

Adopting a Total Responsibility Management approach means systematic changing of the entire company, ensuring that vision and values are integrated into all company's strategies and operating practices; it also requires the top management involvement. Leaders, wherever they are in the organization, but particularly in the top management, need to take a long-term perspective, make a public commitment, communicate the commitment, to be a role model for

the company's values, to integrate vision and values into strategies and practices, and to support change (Waddock & Bodwell, 2007, p. 66). Integrating responsibility management into the organization is contingent on many factors unique to each situation. What is clear is that responsibility management approaches must be systemic, i.e. requisitely holistic, if they are to be effective. The improvement and innovation elements of TRM create a significant demand for companies and educational institutions to broaden how they measure performance. One of the most notable approaches is that of the Global Reporting Initiative (GRI), a multi-stakeholder initiative that aims to devise and implement globally accepted responsibility and sustainability reporting guidelines that are comparable across companies including educational institutions (universities, faculties, etc.) operating in different industries, much as generally accepted accounting principles are standardized. In addition to GRI, the International Organization for Standardisation (ISO), which promulgates quality and environmental standards that are widely used in businesses announced in 2004 that is it is developing voluntary standards for corporate responsibility by 2008 and in 2010 ISO 26000 standard is published (Gorenak & Bobek, 2009; Gorenak & Mulej, 2010).

3. IMPLEMENTATION OF ETHICS IN EDUCARIONAL PROCESS IN SLOVENIA

Problem definition − Many educational institutions abroad have successfully implemented ethics (and CSR) into higher education curriculum. Researchers, mentioned before, indicate that business ethics implementation into business education has many positive effects on students and their behaviour as manager and leaders in business practice. The main researches on ethics and CSR have not included synergies between corporate social responsibility, total quality management, total responsibility management into corporation strategies or university/faculty strategy. Ethics and corporate governance help responsible companies and educational institutions to built good relations with all stakeholders and support the well-being strategies, which have to be holistic and constantly measured.

Hypothesis: Educational institutions in Slovenia (business and economics institutions − state and private) have implemented ethics/business ethics and CSR curriculums (higher education programs) as well as holistic Total Responsibility Management into their strategy.

*Methodology***:** Web pages of faculties of economics and management, members of three main universities as well as web pages of private business faculties have been investigated with the aim to indicate if any ethics/business ethics and CSR subjects are included into curriculums of various higher education programs/modules or are these topics included just as chapters included in other subjects. Unfortunately some pedagogical institutions do not offer holistic information about their programs, detail descriptions of subjects are mostly not available, especially the elective topics and their descriptions are not available. Additionally, we had to clear some details about this subject by phone.

Research questions: Are ethics/business ethics and CSR implemented as separate subject into curriculum? Are ethics/business ethics and CSR implemented just as a chapter by other subjects like Entrepreneurship, Marketing? Have universities/faculties implemented holistic TRM into their strategy? What is presented in their CSR report?

3.1. Research findings in general

Three state universities/faculties and two private faculties and their accredited programmes (business, economics and business management) in Slovenia have been included in this research. The biggest state university - faculty has not implemented ethics into its curricula for three years. But additionally we have to indicate that these topics were accredited (Bologna process) some years ago. Two state universities have implemented ethics or business ethics as separate subject into curricula mostly as an elective subject (all levels):
- Subject Organizational culture and ethics is accredited and included into curriculum since Bologna programme accreditation and its implementation.
- Organizational culture and business ethics, Ethics and culture in human leadership; World religions and business and Environmental ethics and sustainable development are the subjects which are accredited and involved into curriculum (all programmes).

On the other hand it is significant that private faculties do not pay enough attention to ethics or business ethics; on the other hand they should be more proactive and flexible. But differences between faculties are significant:
- One of the two biggest (number of students) private faculties included ethics and business ethics as well as state and society ethics into its programmes/modules. Judge and ethics and State, society and ethics are the subjects which are accredited and involved into curriculum only in some programmes. Chapters about ethics or business ethics are still involved in other subjects like Marketing, Entrepreneurship etc.
- On the other hand the second private faculty's subject on ethics or business ethics is not accredited. Ethics is just partly included into just one subject, i.e. Entrepreneurship; other levels of education do not include these topics.

It is significant that some state universities/faculties pay much more attention to business ethics than private faculties. Also other topics like Corporate Social Responsibility, Environmental Management, Sustainability and Corporate citizenship should be included into curricula. Very often we discuss about corporate responsibility but very seldom about responsibility of universities/faculties and what part of their responsibility is oriented to the curricula and quality of their programmes. Why we still cannot discuss about holistic implementation of total responsibility management at the universities/faculties and the indicators of its measurement? Where it should start? The top management should be the motivator and beginner but all other stakeholders must be involved into this process.

Matten & Moon (2004) identified that the term Ethics or Business Ethics is interpreted in a number of ways; in fact they proposed that CSR is used synonymously with terms such as Corporate Social Responsibility, Corporate Citizenship, Sustainability, Corporate Environmental Management, Business and Society, Business and Governance, Business and Globalization, Stakeholder Management, Governance. In addition greater attention to global warming and the importance of sustainability as an issue, suggests that it is becoming a far more important issue to the business community, yet the apparent lack of demand for the subjects suggests that this attention has not translated to meaningful options for students in relation to career decisions (Segon & Booth, 2009). There is clear support for the inclusion for Business Ethics or Corporate Social Responsibility as part of the curricula within both academic and business circles. It would seem that more information about its importance as a management competency to aid business decisions would increase its attractiveness to students.

4. CONCLUSIONS AND FUTURE RESEARCH

Four broad themes that should inform ethics education are addressed: responsibility of business in society, ethical decision-making, ethical leadership and corporate governance. These four areas are widely viewed as cornerstones of a comprehensive and viable education curriculum in business schools. While many schools are already deeply involved in renewing and reinvigorating their commitment to ethics in business education, assessment and continuous improvement are as important in this field as in any other. "Making the world a better place" isn't the exclusive province of business schools; but business schools can – and want to – equip their students to be ethical and successful managers and leaders.

The faculties do not offer enough information about their curriculum at their web pages. More over, the descriptions about subjects are very short or even not presented (Elective subjects). For future research about ethics (and other similar topics) one would be recommended to use the 'suggested questions' (AACSB – www.aacsb.edu) for more detailed research about Ethics Education for Business School Leaders in Slovenia. Future research might also examine those factors that might help faculties incorporate ethics in their courses and identify the kinds of training and preparation faculty need to do this more effectively. In addition, it would be highly useful for business schools to find out if student exposure to ethics in their college courses actually increases the propensity that they will behave with integrity and honesty in their professional careers.

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