

FOM-Conference

# FOM International CSR Research Conference

## Implementing Sustainable CSR Management Solutions

Key Note 2

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„CSR and Business Ethics – a New Perspective for Management?!“

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**CSR and Business Ethics –  
A New Perspective for Management ? !**

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# **CSR and Business Ethics – A New Perspective for Management ? !**

**1. Relevance of CSR – Sustainability – Business Ethics**

**2. Similarities and Differences**

**3. Challenges for Management**

- **The „Ecological“ Challenge**
- **The „Social“ Challenge**
- **The „Individual“ Challenge**

**4. Consequences for Economy and Management**

# 1. Relevance of CSR, Sustainability and Business Ethics

- Main developments:
  - **Growth** of world population
  - **Ecological** problems
  - **Economic** problems:
    - Globalization
    - Modern information technologies

# Acceptance / crises of capitalism:

- 1990: Collapse of communism in Eastern Europe
- Acceptance of capitalism around the world
- New economy bubble after 2001
- Financial (and economic) crisis of 2008
- Crises of the Euro since 2011

# —▶ Reactions to crises:

*Problems:*

*Answers:*

- Growth

—▶ Sustainability

- Ecology

—▶ C S R

- Economy

—▶ Business Ethics

## → Consequences:

- No „laissez-faire“
- Necessity for regulations
- **Necessity for Ethics !**

## 2. Similarities and Differences CSR – Sustainability – Business Ethics

- ***Similarities:***
  - social and ecological aspects
  - reaction to problems



## 2. Similarities and Differences CSR – Sustainability – Business Ethics

- ***Differences:***

- CSR and Sustainability: more ecological

  - ▶ more „neutral“

- Ethics: moral, human being

  - ▶ more „philosophical, religious“

# Corporate Social Responsibility



# Sustainability

## - In ecology

- Use of limited resources (water, material, ...)
- Efficient consumption of resources
- Recycling . . .

—▶ **Sustainability of nature**

## - Growth of population

—▶ **Sustainability of human life**

# Economic and Business Ethics



# Business Ethics (BE)

- The goal of (scientific) ethics is not to establish generally valid norms, but
- to analyze moral problems in firms
- BE should help to recognize, to analyse and to solve moral problems in practice

# Research Dimensions of Business Ethics

**Areas of application**

**Descriptive business ethics/  
Business ethical questions**

**Impact analysis**

**Conflict analysis**

**Justification of values and norms**

# 3. Challenges for Management

**(1) The „Ecological“ Challenge**

**(2) The „Social“ Challenge**

**(3) The „Individual“ Challenge**

# **(1) The „Ecological“ Challenge**

- **Importance of ecological problems**
  - ▶ **Task of politics**
  - ▶ **Economic systems: regulation**
  - ▶ **Task of management?**



# (1) The „Ecological“ Challenge

- Ecological problems of management:
  - Importance of ecology for the survival of humanity
  - Influences of firms on ecology
    - products
    - production processes

# (1) The „Ecological“ Challenge

- Answers:
  - Ecological **targets** of the company
  - Ecological management information systems
    - imissions and **emissions**
    - internal and external **ecological costs**
    - ecological **cost accounting**
    - ecological **financial accounting**

# (1) The „Ecological“ Challenge

- Answers:
  - Ecological oriented **decisions**
    - recycable products
    - ecological investments
    - ecological supply
    - ecological production processes
    - ecological logistics
    - . . .
  - Ecological dimension of **incentive systems**

## (2) The „Social“ Challenge

- **General problems:**
  - Job security
  - **Spread of wages:** workers – managers
  - **Dismissals** protection – **flexibility** of work
  - **Co-determination**

## (2) The „ Social“ Challenge

- **Answers:**
  - Corporate governance
  - Codes of conduct
  - Human rights catalogues for employees
  - Mechanisms of responsibility –  
counterpart to decision competences

# Human rights of employees

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graph TD; A[Human rights of employees] --> B[Personal rights]; A --> C[Communication rights]; B --> D[Psychic and physical inviolability]; B --> E[Non-discrimination]; B --> F[Privacy / data security]; C --> G[Information]; C --> H[Participation]; C --> I[Freedom of speech];
```

## Personal rights

Psychic  
and physical  
inviolability

Non-  
discrimi-  
nation

Privacy /  
data  
security

## Communication rights

Infor-  
mation

Partici-  
pation

Freedom  
of  
speech

## (3) The „Individual“ Challenge

- **Problems:**

- Relevance of profession and employment
- Important place of individual life
- Social contacts to superiors and colleagues
- Conflicts between individual and economic goals (of the firm)

## **(3) The „Individual“ Challenge**

- **Answers:**
  - Opportunities to realize individual capabilities and goals in professional work
  - Relevant for the satisfaction of the employees and their motivation
  - Opportunity for a “Business Case”



# 4. Consequences for Economy and Management

- **Economy :**

Globalization – many cultures – a challenging task for business ethics!

**Necessity for general rules – a social (= human) market system !!**

# 4. Consequences for Economy and Management

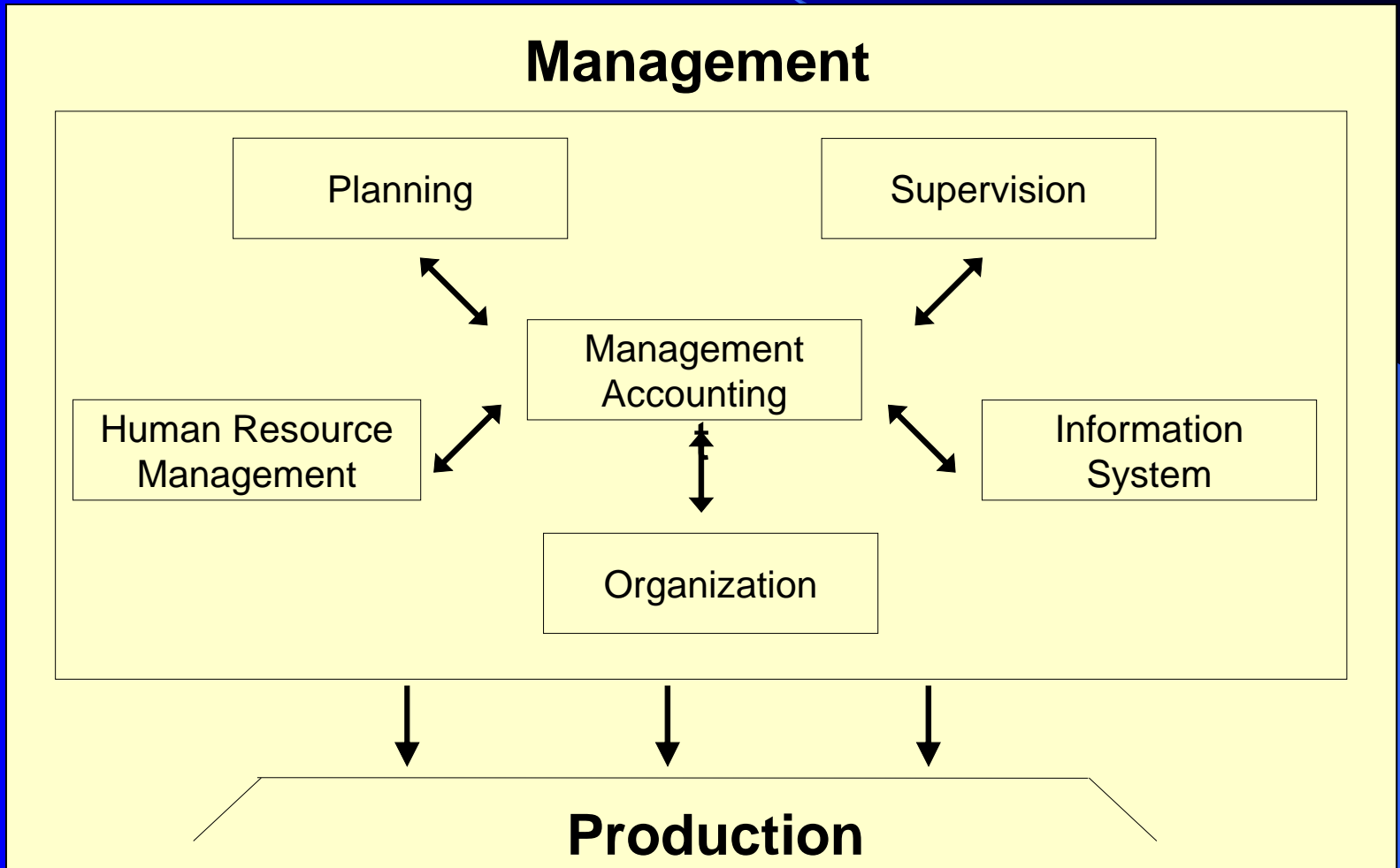
- **Management :**

a new perspective: CSR / Sustainability / Business Ethics and Economy !

the business case for management  
Necessity of ethics in  
research and education

- **Back up**

# Areas of application



# Dimensions of Analysis

<b>Areas</b> Dimensions	<b>Corporate Governance</b>	<b>Management</b>	<b>Production</b>
<b>Ethical Issues</b>			
<b>Impact Analysis</b>			
<b>Conflict Analysis</b>			
<b>Justification Analysis</b>			

# Corporate Governance

## German Code of C. G. (Berlin Initiative Circle)

- I. Basic systems of C. G.
- II. Core processes of C. G.
  1. Manning of the board of directors
  2. Information supply for the supervisory board
  3. Decision making at essential settings of points
  4. Maintenance of discussion culture
- III. Governance standards for the board of directors
  1. Basic principles of directors' actions
  2. Tasks of the board of directors
  3. Organization of the board of directors
  4. Decision making and will formation
  5. Personal behavior
  6. Salary of the board of directors
- IV. Governance standards for the supervisory board
  1. Basic principles of supervisors' actions
  2. Tasks of the supervisory board
  3. Organization of the supervisory board
  4. Manning of the shareholder party within the supervisory board
  5. Methods of supervision
  6. Personal behavior
  7. Salary of the supervisory board
- V. Governance standards for shareholders and employees
  1. Shareholders' rights
  2. Audit of annual accounts
- VI. Governance standards for transparency and revision
- VII. C. G. in private limited companies
- VIII. C. G. in groups of companies

## Governmental Committee

- I. Legal regulations and C. G. codes
  1. Compulsive and compliant stock corporation law
  2. C. G.-codex for management of quoted companies
- II. Management bodies
  1. General affairs
  2. Board of directors
  3. Supervisory board
  4. Board of directors and supervisory board
- III. Shareholders and investors
  1. Shareholders' meeting
  2. Shareholders' rights and protection of investors
- IV. Corporate finance
  1. General affairs
  2. Deregulation
  3. New financing and forming instruments
- V. Information technology and publicity
  1. Information technology and stock corporation law
  2. Corporative disclosure emendation
- VI. Accounting and revision
  1. Accounting references
  2. Audit of annual accounts
  3. Supervisory board and annual accounts
  4. Foundation revision