BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY: DIFFERENT SIDES OF THE SAME COIN?

A Comparison of European and North American Perspectives

The Third Global Business Ethics Symposium

sponsored by the State Street Foundation

June 2007

In Memory of Timothy B. Harbert '76
Chairman and CEO of State Street Global Advisors
Trustee and alumnus of Bentley College

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This year's Bentley Global Business Ethics Symposium, sponsored by the State Street Foundation — the third in a multi-year partnership — was held in cooperation with the Universidad Pontificia Comillas in Madrid, Spain. The program continues to unite business and higher education in the common goal of building a strong ethical foundation from which to serve our many constituencies and communities. Once again, this year's event brought together international experts and thought leaders from the academic, corporate and non-government organization (NGO) worlds for in-depth discussions of current practices and challenges in business ethics and corporate responsibility. The purpose of the day-long event was to both learn and inform by:

- exploring current practices in other institutions, countries and cultures
- identifying ways to enhance issues of ethics and corporate responsibility in business education and in outreach to the corporate community
- disseminating this experience throughout the academic and practitioner worlds

With more than 30 speakers and panelists and an audience of approximately 120 academic, civil society and corporate participants, the June 18, 2007, symposium explored a wide range of issues related to business ethics and corporate social responsibility in the current global environment.

The symposium series is hosted by the Bentley Alliance for Ethics and Social Responsibility (BAESR). Formally launched in January 2004, the alliance's mission is to "amplify and extend the work of the autonomous centers and initiatives on the Bentley campus, supporting and encouraging greater awareness of, respect for, and commitment to ethics, service and social responsibility in faculty research, curricula and campus culture." Coordinated by Anthony F. Buono, professor of management and sociology at Bentley, a unique feature of the alliance is its integrative focus on ethics, social responsibility and civic engagement. In pursuit of its mission, BAESR's efforts focus on:

RESEARCH: Supporting and encouraging collaborative and applied transdisciplinary research that has the potential to significantly affect current practice.

CURRICULUM: Influencing curriculum development and pedagogical innovations intended to make our students more ethically sensitive and socially aware.

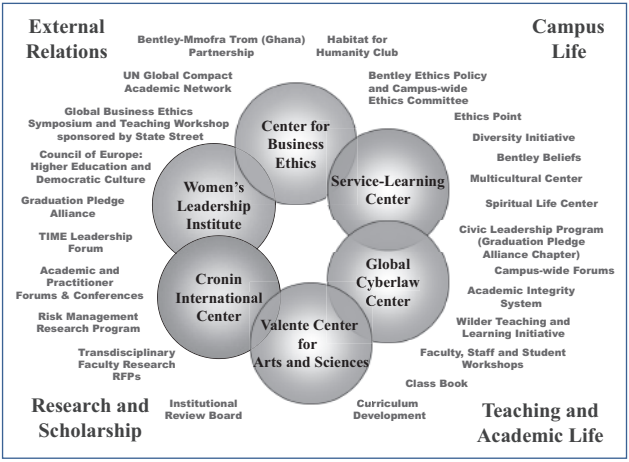
CAMPUS LIFE: Ensuring a broad application of these principles and ideals in campus life.

CIVIC ENGAGEMENT: Attempting to foster life-long civic engagement among our students.

PARTNERSHIPS: Seeking to work closely with external organizations, partnering with academic and professional associations, corporations and not-for-profit organizations in pursuit of these goals.

Anthony F. Buono, Bentley College

This collaborative effort is dependent on the commitment of a broad range of stakeholders, including Bentley faculty, staff, students and alumni, as well as business executives, corporate partners, and other relevant associations and colleges and universities.



The BAESR initiative is built on six "core pillars" in the Bentley community that continue to operate as autonomous entities, but collaborate under the aegis of the Alliance:

Center for Business Ethics: Founded in 1976, the Center for Business Ethics (CBE) is an internationally recognized center that promotes ethical leadership, conduct and cultures as critical to an effective and legitimate role for business. *(www.bentley.edu/cbe)*

Cronin International Center: Created in 1987, the Cronin Center prepares students to participate ethically and responsibly in the global business environment, promotes faculty teaching and research in global issues, and fosters partnerships with universities, companies and governments around the world. *(www.bentley.edu/international)*

Global CyberLaw Center: Opened in 2002, the center focuses on exploring the vast legal, social and ethical issues relevant to cyberstudies and e-commerce. *(www.bentley.edu/cyberlaw)*

Bentley Service-Learning Center: Established in 1990, the Bentley Service-Learning Center (BSLC) seeks to promote academic learning, develop socially responsible working professionals, and assist community partners in serving the human needs and interests of their constituencies. *(www.bentley.edu/service-learning)*

Valente Center for Arts and Sciences: Newly created in 2007, the center's mission is to help make the arts and sciences a vital, integral and challenging aspect of undergraduate and graduate education at Bentley, promoting research at the intersection of arts, sciences and business. *(www.bentley.edu/arts-sciences-center)*

Women's Leadership Institute: Founded in 2003, the institute focuses on strengthening the presence of women in society and fostering partnerships with the business community that highlight and address issues bearing on women in leadership. *(www.bentley.edu/wli)*

Combined with a series of programs and activities across the institution, this initiative has led to a four-part approach. The goal is to instill a sense of ethics, service and responsibility throughout (1) the curriculum, (2) campus life, (3) the college's research agenda, and (4) in outreach to the academic, corporate and not-for-profit worlds.

SYMPOSIUM HIGHLIGHTS:

BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY: DIFFERENT SIDES OF THE SAME COIN?

A comparison of European and North American Perspectives

Following welcoming comments by **José Ramón Busto Saiz,** *rector at the Universidad Pontificia Comillas,* and **Jose Luis Fernández Fernández,** *professor and director of the Javier Benjumea Chair of Ethics for Business and Economics at Universidad Pontificia Comillas,* **Anthony F. Buono,** executive director of the Bentley Alliance for Ethics and Social Responsibility, opened the program by thanking State Street for its ongoing support of the Symposium series. This year represents the first time the symposium has been held outside the United States, a reflection of the program's global scope and the truly international reach of business ethics and corporate social responsibility issues. Buono also thanked the Universidad Pontificia Comillas "for their warm welcome and

gracious hospitality," further acknowledging the "stellar efforts of my counterpart at Comillas — José Luis Fernández Fernández — and his extensive collaboration and good natured colleagueship in helping to create today's program." On a final note, Buono acknowledged the leadership role that **W. Michael Hoffman,** *founding director of the Center for Business Ethics at Bentley,* has played in this arena, noting the center's recent celebration of its 30th anniversary.

Welcoming Panel: Anthony F. Buono, Bentley College; José Ramón Busto Saiz, Universidad Pontificia Comillas; José Luis Fernández Fernández, Universidad Pontificia Comillas; and Jean-François Schock, State Street Global Advisors

Ethics and Social Responsibility at State Street: A Global Commitment

Jean-François Schock, senior managing director of the Strategic Growth Group of State Street Global Advisors — Europe/Middle East/Africa gave the opening address on the role of business ethics and corporate social responsibility at State Street. He began by acknowledging State Street's sponsorship of the symposium in memory of Tim Harbert, chairman and CEO of State Street Global Advisors (SSgA), the firm's asset management group, and an alumnus and trustee of Bentley College. As Schock noted, "under Tim's leadership, SSgA became one of the world's premier asset managers, significantly expanding its portfolio of Socially Responsible Investment (SRI) funds. I think Tim would be very proud that this symposium has 'gone global,' moving from the Bentley campus in the western suburbs of Boston to the capital city of Spain. At State Street, Tim and others recognized the fact that, in order to remain a strong and independent company, we would have to 'go global' by looking beyond our traditional business and geographic environment. State Street has recently completed its 29th consecutive year of operating earnings per share growth, and that is something we're extremely proud of. Corporate growth and maximizing shareholder profitability is what has kept State Street in business for 215 years."

Schock continued, "State Street's roots are in a small Boston bank. Today, State Street is a global leader in financial services, with offices in 26 countries covering more than 100 markets. In Europe, we employ more than 6,000 staff across 30 offices in 10 countries. Over the years, we've shifted away from traditional banking toward asset management and asset servicing for large institutions such as pension funds, mutual funds, endowments and corporations. State Street Global Advisors is one of the world's largest institutional asset managers, with more than $1.9 trillion in assets under management. Our institutional investor services division is among the largest providers of mutual fund custody and accounting services in the world."

Jean-François Schock, State Street Global Advisors

Focusing on the symposium's theme, Schock pointed to its subtitle, the "Comparison of European and North American Perspectives," noting that such comparative assessments are crucial for "a company headquartered in the U.S., but doing business in 26 countries around the world." Reflecting on State Street's long-term success, he noted, "Part of the reason for our success is that we have paid close attention to the changing needs of our core constituencies — our shareholders, our customers, our employees and the communities in which we live and work. All four are important to us, and although publicly traded companies, such as State Street, typically regard shareholders as first among equals, if you serve your customers, employees and community well, you will naturally serve your owners well. To that end, we are very aware that being a socially responsible corporation is of the utmost importance to all of our stakeholders. The essence of the work we do each day is to help make it possible for large numbers of people to share in the world's economic progress. As demand grows for the professional care and management of financial assets, our services help to spread the benefits of sound investment around the world.

"We know that, in order to sustain our success and profitability into the future, we need to address the societal issues that affect the health and well-being of people who rely on our products and services, who own shares in our company, who work for us, and who live in the communities where we do business. There are, of course, traditional ways of addressing these issues — through philanthropic grants and volunteer projects — and State Street has as proud a history in these areas. In 1977, the company established the State Street Foundation. Over the last 30 years, the foundation has 'gone global' in tandem with our business,

and we now support charities in 29 locations in 16 countries and have made approximately 6,900 grants totaling more than $111 million. In 2001, we launched an employee volunteer program that in six short years has seen 29,000 people serve more than 164,000 hours on community projects in 26 different locations around the world. But these aren't the only ways that companies can have an impact on society. The way we go about our daily business is what distinguishes truly great companies — and by this I mean the way we govern ourselves, treat people, and protect the environment."

Importance of CSR and Business Ethics

Turning to the critical importance of ethical, responsible and sustainable business practice, Schock underscored that "State Street is a global company, and we need to think globally, which means benchmarking ourselves against companies that are headquartered outside the United States. In the current climate of globalization, competition is fierce, and those who don't pay attention to the expectations and demands of all their stakeholders are fighting a losing battle. Increasingly, our customers not only want to know that we have the skills and technology to manage their business, but that we are ethical and transparent, that we preserve natural resources and protect the environment, that we treat people with respect and dignity, and that we strengthen our communities.

"Like other companies, we seek to employ the best and brightest talent. As a result, we strive to be an employer of choice, which not only means offering competitive salaries and benefits, but being a company that people take pride in working for. Pride, like trust, needs to be earned, and demonstrating good corporate citizenship is a great way to do this. The communities in which we do business give us license to operate. In return, they expect us to play a positive role in the larger society, which not only means providing job opportunities and paying taxes, but keeping our environment clean and playing a leadership role in addressing community issues. Our shareholders need to know that they can trust us to protect their investment. Strong corporate governance and ethical standards, as well as transparency in our reporting, are obvious ways to build and maintain that trust. Finally, operating in a sustainable manner is not just the right thing to do; it is also good for business."

State Street's Approach to Sustainability

Schock focused on the three basic ways that State Street addresses sustainability issues: through the company's daily operations; with its products and services; and through reporting the firm's actions. Starting with State Street's operations he noted, "From a governance standpoint, we've made

several moves in the past five years to make ourselves more accountable. Starting at the top, at our Board of Directors, the most recent change, in February, was to strengthen the role of our lead director, and last December, we elected three European nationals to our board, thus enhancing our global perspective. We also recently launched a Corporate Social Responsibility Working Group, consisting of 30 members from across all business lines and geographic locations, that examines CSR issues and develops processes to help us address them.

"Environmentally, we have also made tremendous progress in the past three years. As a financial services company, our products and services have minimal direct environmental impact. The primary impacts come from our daily operations. In 2003, we drafted our first environmental policy statement, which we updated and strengthened last year to coincide with the implementation of an environmental management system (EMS) in our Massachusetts' headquarters, where we employ approximately half of our global workforce. The EMS established benchmarks for our energy, electricity, and water consumption, as well as travel, waste and recycling, in order to establish modest goals to reduce consumption and waste and increase recycling over the next four years. As an example, we are shooting for a reduction in energy consumption and greenhouse gas emissions of five percent by 2010. We are also looking to decrease our water consumption and increase our paper recycling by the same percentage. This might appear unimpressive, but contrast this with the fact that our business enjoys double-digit growth and is expected to do so in the future. In February, State Street entered into a three-year agreement with an alternative energy company to provide us with hydroelectric power in our headquarters building in downtown Boston. This switch will reduce the greenhouse gas emissions from our Massachusetts operations by 20 percent. Obviously utilizing less energy is good for the bottom line, but it is also great for the environment.

"Our plans to improve our environmental management don't stop at the Boston city limits. This year, we will implement the EMS in the rest of our offices in North America, and ultimately, it will be implemented in our entire global real estate portfolio, including Europe, beginning in 2008. We've actually taken some steps to get ahead of the game in London, where we are working with our real estate developer on building a new facility on Canary Wharf. We're hoping to achieve a BREEAM 'excellent' rating when we move into the office space in 2009. (BREEAM is a British rating system that assesses a building's environmental performance.) In February, the building design and operating model achieved an 'excellent' rating, but actual certification will occur only once the building is fully constructed, commissioned and occupied."

Schock continued, "Of course, we recognize that the single biggest direct environmental impact a company like ours has is from travel. It is important that we be able to meet with our customers face-to-face, or with our overseas colleagues, or attend important conferences such as this one. That will never change. But to minimize the environmental impact — as well as save on travel costs — we have invested almost $8 million over the past four years in teleconferencing equipment. The average number of teleconferences has increased from six per month in 2003 to more than 80 per month in 2006.

"As important as it is to monitor our own sustainability efforts, we also believe that our relationships with our strategic partners should be mutually beneficial. As a result, our strategic sourcing group has spelled out our expectations for vendors and third parties who do business with State Street in a Social Responsibility Standard of Conduct. This standard is included in outgoing RFPs, published on our web site, and supported by an online tool that captures sustainability information from all prospective vendors."

CSR as Part of State Street's Business

"State Street has also incorporated environmental, social and governance (ESG) issues into our business product lines. As an example, State Street introduced its first institutional socially screened portfolio in 1986. Since that time, SSgA has developed a broad array of investment capabilities based on ESG criteria. SSgA recently formed a socially responsible investment (SRI) team that is charged with developing ESG investment strategies. We recognize that many institutional investors are now seeking to link ESG factors to investment mandates. Last year, SSgA managed more than $84 billion in assets incorporating ESG factors."

Turning to the environmental investment front, Schock noted that State Street "currently manages more than $350 million in assets in an effort that started almost five years ago. While environmental investing can assess new potential risks, it can also harness great investment opportunities. As appropriate, we boost our financial 'alphas' by incorporating environmental and social investment research into our quantitative investment management process. We typically rely on research by Innovest, an ESG specialist headquartered in Toronto in which we have a minority stake. Finally, we also have a fundamental equity fund under development called the Global Environmental Opportunities Strategy that will 'hold' companies that are positioned to profit from climate change legislation."

Jean-François Schock, State Street Global Advisors

Reporting

Schock then turned his comments toward reporting, and the importance of transparency in business transactions. "State Street has been publishing a Corporate Social Responsibility Report every year since 2003. For the last three years, our CSR Report has been based on the Global Reporting Initiative (GRI) guidelines. This report, which utilized the latest version of GRI criteria, is by far our most thorough and in-depth report ever … even though we were environmentally conscious and cut our page count in half. We structured the report to reflect the materiality of State Street's CSR efforts in relation to all our key constituencies — our shareholders, customers, employees, the community and the environment.

"Also of significance in the production of this year's report is that we formally sought comments from external stakeholders at various times throughout the process. That external review board was organized by Ceres and comprised independent experts from the investment community, academia, and environmental, labor and community nonprofit organizations. These experts provided us with extensive and valuable feedback."

Conclusion

Concluding his comments, Schock raised the question whether State Street has "gone green." As he remarked, "not quite, but we believe that we've taken some very positive steps to strengthen our programs over the last few years. That fact was made clear when we were listed on the Dow Jones Sustainability Index for the first time last year. There are a number of European financial service companies on that list, but State Street was one of only five headquartered in the United States to be listed on both the North American and the Global indices. Do we still have some work ahead of us? Sure. Will we always agree with others on how far, or how fast, we should change our policies to reflect changing expectations in the sustainability arena? Probably not. Do I think corporations alone can effect change? Absolutely not. It will take strong leadership and global cooperation from government officials, as well as support from the public, private and nonprofit sectors.

"State Street has been around for a long, long time. We hope that it is still around for quite a few more years and I truly believe that it will only do so by continually evolving, paying attention to its constituents, and doing everything it can to strengthen the world around us. I believe that everyone benefits when a corporation takes CSR and sustainability to heart. When it acts responsibly. And when it understands that our success or failure as a business is inextricably linked to our success or failure as a global community."

THE STATE OF THE ART: BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY

Opening Plenary Panel: Antonio Garrigues, J&A Garrigues, S.L.; Armin Ritz, Ambassador of Switzerland to Spain; Michael Hoffman, Bentley College; Jim Wilson, U.S. Embassy in Madrid; David Vidal, The Conference Board; and Stephen Young, Caux Roundtable

The opening plenary panel was moderated by W. Michael Hoffman, executive director of the Center for Business Ethics and Hieken Professor of Business and Professional Ethics at Bentley College. In his introductory comments, Hoffman noted the composition of the panel — with distinguished representatives from the research arena, non-governmental organizations (NGOs), government officials and the business community — reflected the symposium's focus on drawing perspectives from a broad range of constituencies.

W. Michael Hoffman, Bentley College

The first panelist **Armin Ritz,** *ambassador of Switzerland to Spain,* noted that historically there was a separation between management theory and the theory of international relations, with little focus on ethics. Providing a brief history, Ritz explained that in the years following World Wars I and II and the era of totalitarian regimes, "the basic question of international relations was survival, making it difficult is to focus on broader issues of ethics and responsibility." As decades have passed, however, Ritz argued that there has been a significant increase in requests for, and the accompanying rhetoric associated with, ethical behavior.

Using his native Switzerland as an example, he described a growing national pressure to behave ethically. Reflecting back on the 1970s, when the Swiss banking community was embroiled in controversy concerning its holdings of the fortunes of corrupt dictators, growing concern led to the creation of an industry-wide code of conduct. Although he noted that this code has been difficult to implement, the laws were changed. Today, Ritz explained that when money suspected of having corrupt origins surfaces in Switzerland, the government can block the funds and engage in judicial procedures with the government of the money's origin. If the Swiss government concludes that the money is the proceeds of corruption, it is devolved to the money's country of origin. One example involved Nigeria, and during the ensuing debate between the two countries, Switzerland was able to turn to the World Bank for oversight assistance. Such cases, Ritz argued, demonstrate some of the steps which have been implemented to combat unethical behavior.

Armin Ritz, Ambassador of Switzerland to Spain

Ritz concluded that there has been increasing consensus about "human rights and democracy, which have become core values." In the last 20 years, he stated, there has been "much reflection and work on an international relations theory on ethical values." While it is still a work in process, there is growing common understanding among governments about the importance of social justice. It is crucial, he concluded, for governments to focus on questions of ethics and responsibility, which facilitates their interactions with the corporate and small business community. Today's focus on business ethics is crucial, "as these values are pivotal to achieving social justice."

Jim Wilson, *senior commercial officer at the U.S. Embassy in Madrid,* provided personal observations on the evolution of business ethics, drawing on his 30 years of foreign service experience in Africa, South

America, Turkey and currently in Spain. Reflecting on the theme of the symposium, he began by pointing to the different perspectives on business ethics that exist between the United States and the European Union, noting that the U.S. practice is more of a government regulated, "see abuse and legislate" approach. Wilson also underscored the tremendous amount of growth and development in this area, as consensus and awareness in governments, private sectors, NGOs, and in civil society have been achieved. As he argued, "we have come a long way in 30 years," as people are now increasingly able to "recognize and define problems and determine practical solutions, a sign of significant progress."


Jim Wilson, U.S. Embassy in Madrid

Wilson warned, however, that corruption is not necessarily a clear "black and white" matter, with "many shades of grey" in the everyday realities of international business as seen in the differences between outright bribery and corruption and facilitative payments. Amidst many rumors, he noted, "evidence is hard to find … and actions are always easier to uncover in hindsight." Reflecting on some of the corruption and bribery cases he encountered earlier in his career, he argued that there are positive signs that justice is being sought, especially in cases that involved significant payments. As an example, he pointed to a scandal in the early 1980s involving a hydroelectric project that straddled the border between Argentina and Paraguay. Significant corruption between government officials on both sides occurred, resulting in an investigation by the World Bank that continued well into the 2000s. Yet, as a way of underscoring the complexities involved, he joked that, early in his career as a U.S. embassy official, if you didn't receive "at least six cases of wine as gratuities you would be 'written up' for having bad local contacts." Pointing to a significant change in attitudes, he explained, "we don't accept such gifts anymore, of course, but — back then — a lack of gifts was viewed as a sign that you weren't good at your job."

Concluding his comments, Wilson reasoned that a critical mass in compliance is being approached as there have been numerous unified efforts to fight corruption, including the OECD convention and U.S. Federal Foreign Corrupt Practices Act. "U.S. and European companies today are increasingly playing by the same rules and the ultimate goal," he explained, is to ensure a level playing field — that "officials do not benefit from corrupt behaviors and that governments have the ability to seize assets that are illegally gained." Although problems continue to crop up, such as the Enron scandal, he noted that we are quicker to develop

"solutions," as seen with Sarbanes Oxley. Finishing his remarks, he admitted that problems still exist, but "there is hope, stemming from the fact that, within the past 30 years, significant results have been achieved in the fight against corruption."

Stephen Young, *global executive director of the Caux Round Table,* focused his comments on the evolution of business ethics and corporate social responsibility, which he captured in three phases. Phase I, he suggested, highlighted concerns which "arose at the end of the communist-capitalist rivalry." Noting that business ethics largely started as an academic discipline, in the United States the emphasis began to shift toward compliance due to changes in U.S. criminal law. As he explained, "if companies were found guilty of criminal wrongdoing, an ability to show that good faith efforts were undertaken to prevent such behavior could help to reduce sanctions and penalties," which led to the "creation of fairly sophisticated compliance programs." As phase I continued, especially with the fall of communism, business ethics moved into Europe, particularly among intellectuals. As Young explained, communism's collapse provided people with an opportunity to ponder their world. An underlying question was "who is going to control the capitalists." This free thinking also allowed the environmental movement to gain traction, as concern grew about the ecological footprint of capitalism, further supported by the emergence of such civil society organizations as the World Council for Sustainable Business Development.


Stephen Young, Caux Round Table

Phase II, Young noted, "occurred around the years 1999 and 2000, with the emergence of an official CSR movement in Europe." CSR conferences began to be funded by a number of European governments, and supported by such efforts as the Global Reporting Initiative, creating a reporting format around sustainability issues and the social consequences of business activity. He then pointed to Kofi Annan's efforts in the United Nations, putting forth "the notion of a global compact, taking normative standards from international treaties among governments and applying them to the multinational business community." One result was a series of new codes of conduct, such as the "SA8000 code, which addressed workplace conditions, primarily in the third world … and the World Bank's Equator Principles that introduced principles of environmental and related responsibilities into large investment projects." There were also responses to the corporate scandals of the period, as reflected by Sarbanes-Oxley.

Phase III centers on the managerial challenge of implementing ethics and CSR programs, with an emphasis on "developing the business case for CSR." "Moving beyond the more abstract principles of ethical and socially responsible behavior," he argued, the focus has shifted toward "how you manage this process, how you influence outcomes." These concerns are especially taking hold within the context of global warming, as people are realizing that "we have to act now to protect the world." In order to manage CSR, however, Young argued that metrics and measurement are critical, noting "what you can't measure, you can't manage." To do this, "one must integrate CSR and valuation analysis, integrating stakeholder analysis with valuation analysis to quantify the effect that intangible assets have on companies … The value of companies in a post-industrial society is determined by their intangible assets, their reputation…, [which] translates into the capital value of your enterprise." He then discussed efforts at the Caux Round Table to develop a system of measurement and metrics to facilitate the translation of ethics and CSR principles into corporate actions.

Concluding, Young posed the question, "where does Phase III need to go." Noting the necessity of embracing the larger needs of the global community, he pointed to Russia, China, and Islamic nations, arguing that "the CSR community has much to contribute to a more effective integration of these three socioeconomic systems into our global community … and the power to extend the notion of ethical principles to governments, emphasizing their responsibilities to build social capital for their people."

The next panelist, **David Vidal,** *director of research, global corporate citizenship for the Conference Board,* continued this theme and sought to "paint a picture that defines the relationship between CSR and business ethics and to explore differences … between them in the U.S. and Europe." Vidal explained that we are in a "moment of axial change," at the beginning of a new set of questions as to "how business is viewed as an actor in the larger society and how this plays out in the interaction between business and their stakeholders, and in how they run themselves." Reflecting on a number of his recent experiences, he noted that it has become increasingly clear to him that "something has really changed," especially around a growing consensus about climate change and sustainability. As an example, Vidal pointed to a recent conversation with a radio station consultant who had been overwhelmed with calls from news directors with questions surrounding climate change and global warming. "We are facing an extraordinary shift around the world, as people are increasingly questioning the ethics and sustainability of companies." This concern has also shifted to major metropolitan areas, as cities such as São Paulo and New York are focusing on how they can become more sustainable.

Vidal noted that as people become more socially conscious, they are increasingly trying to determine "how we can move toward solutions to these problems." Businesses must take note, according to Vidal, because people are more apt to notice whether a company is demonstrating the characteristics of ethical behavior. "Businesses," he argued, "are set up to create value for shareholders and customers. However, in order to achieve long-term success, companies must also be accountable to their communities."

David Vidal, The Conference Board

Reflecting on Stephen Young's comments, Vidal drew a distinction between ethics and CSR. As he noted, "CSR, corporate citizenship and sustainability, terms that are slightly different but all three deal with similar sentiments. These areas have to do more with the practice part and efforts in these areas are directly measurable." As he continued, "There are other things that cannot be measured but still have value. This is the realm of ethics. I can't measure your ethical worth, and you can't measure mine, but you can recognize and describe it .... The real power of an ethical mindset is its generative power within the individual ... helping us develop the judgment to resolve 'right versus right' issues."

Vidal argued that the traditional distinction between financial and non-financial assessments is no longer relevant, especially as "most value today is in the mind, knowledge assets. These intangible assets are crucial to companies striving to be competitive and successful." The challenge is for managers to "figure out how to handle these intangible assets in a way that will generate public and private value." To do so, he stated that management needs "a new framework that guides the use of these mental assets," helping managers to figure out how they deal with these myriad issues. "In a globalized system, literally everyone has a share in the product ..., the question really concerns which share has to apply which rule of ethics and CSR." In conclusion, Vidal noted that the "script is being rewritten" as we are entering a "new era in which CSR is becoming part of a new valuation scheme, making ethical behavior a core part of a company's values, and a necessary component of corporate strategy."

The concluding panelist was **Antonio Garrigues,** *president of J&A Garrigues, S.L.,* who continued the discussion by comparing CSR and its application in different cultures. This exercise, he noted was both positive and necessary. "Comparing the differences between the U.S. and Europe is necessary given that the differences between the two with regard to CSR are profound." Outlining the political, social, and legislative differences, Garrigues argued that applying CSR concepts can be difficult, taking into account that the "Anglo Saxon and European legal systems are of different roots, and do not easily coexist."

Antonio Garrigues, J&A Garrigues, S.L.

Garrigues also underscored the importance of establishing different CSR measurements for different types of business enterprises. As he argued, "The same criteria cannot be used when measuring CSR within global and local corporations. Even within local corporations, there must be different measurements for organizations depending on their size." He noted that "it has become clear there has been a new sensibility for CSR … which must not be confused for as ethical behavior." Ethics require "sacrifice," so there can never be "ethics without pain." According to Garrigues "we are not being ethical because we pay our taxes or are environmentally friendly. Rather we are simply fulfilling our duties to our community."

In conclusion, Garrigues addressed the fact that ethics and its discussion "is in," that CSR has become the new trend in businesses worldwide. However, he reminded the audience that while this new trend is indeed positive, "ethics should never be taken lightly and CSR never taken for granted." On a finishing note he stated, "I know I have not clarified all these issues, but I hope to have at least raised the level of our confusion."

THE PROBLEM OF CORRUPTION: CSR AND ANTI-CORRUPTION INITIATIVES

Problem of Corruption Panel: Juan Benavides Delgado, Universidad Complutense de Madrid; Carlos Mª Moreno Pérez, Ramon Llull University; Antonio Argandoña Ramiz, University of Navarra; Anil Chopra, Management Consultant; and Virginie Vial-Kilner, Euromed Marseille School of Management

Juan Benavides Delgado, *professor at the Complutense University of Madrid,* moderated the morning panel on the problem of corruption, with an emphasis on corporate responsibility and anti-corruption initiatives. The first panelist, **Virginie Vial-Kilner,** *an assistant professor at Euromed Marseille School of Management,* spoke about corruption through "an economist's lens." She began by exploring the recent history of corruption, pointing out that 15 to 20 years ago corruption was not a global issue, perceived as largely prevalent in developing countries. With the advent of the East Asian crisis in the late 1990s, however, the West began to take notice, as organizations such as the World Bank conducted studies looking into corporate governance problems in Southeast Asia. Combined with the Enron and Parmalat scandals in the U.S. and Europe, the issue of corruption became part of the global agenda and heightened our interest in CSR in general and corruption in particular.

Vial-Kilner then detailed reasons for the increased concern with CSR as a part of business strategy. She noted that, because the developed world started to see limitations in its model of development, change became necessary. "Unethical behavior left unchecked," she argued, "will also threaten the standard of living that developed countries have enjoyed for so long." It is also critical to focus on ethics and CSR, she argued, "to prevent further disparity between the rich and the poor. If inequalities continue to grow, desperation on the part of the poor can lead to violence in the form of terrorism … which no doubt threatens global stability."

Juan Benavides Delgado, Universidad Complutense de Madrid

Virginie Vial-Kilner, Euromed Marseille School of Management

Vial-Kilner articulated her belief that corruption occurs as a result of "flaws in the relationship between the private sector and the public sector." As she noted, "employees in for-profit companies or civil servants in public authorities, can abuse their position, and take away value created for the common interest, or destroy value available for free to society, for example nature." An underlying problem, however, concerns lingering questions as to "what constitutes the public interest and who should define it." Ultimately, she believes that local initiatives, taking a "bottom-up" approach and building citizenship-oriented ties are crucial first steps in thwarting corruption. The challenge, she argued, is to build on these local initiatives and transform them into global strategies. As she concluded, "companies are made of people, not machines, and education is the key to building a strong sense of citizenship among employees … Corporations must work on and diffuse their core values at the company level, working with local governments to figure out what works best in different countries, while staying within the core values which the companies have set for themselves."

The next panelist, **Anil Chopra,** *a management consultant in enterprise governance and business ethics and former senior consultant at Tata Sons, India,* began his comments by referring to Bill Gates's recent address to the Harvard Business School, which centered on "caring for people who needed care." With this in mind, he described a broad strategy for diminishing corrupt practices. The highest level approach aims to "bring about transparency, and we must utilize information technology, which can be harnessed to bring about greater clarity of action." Using India as an example, Chopra explained that transferring information to the government has recently become computerized and, as a result, much more transparent, creating a system which is helping to curb corruption. He also noted that the best preventative approach to stopping corruption is to focus on behavior within organizations.

Anil Chopra, Management Consultant

Chopra emphasized the need for integrity in emerging markets, noting that by focusing on establishing integrity standards, companies can then guide the transformation of their corporate culture. Turning to India once again, he elaborated on his concerns, arguing "we have bureaucratic red tape, we have rigid labor laws, we have poor infrastructure. Enforcement of

environmental laws is poor, and philanthropy has still not moved from a footnote to the main text … this could prove to be a double-edged sword if [the resulting] social, political, and environmental challenges are not deftly managed." These issues are paramount because of the resulting loss of public trust in businesses, which can in turn further slow the development of these economies.

Elaborating on the challenges facing by developing countries, he stated that it is crucial for companies to engage in dialogue with government and civil authorities on anticorruption initiatives. Because an independent judiciary does not exist in many emerging nations, the regulatory environment in these markets is often weak and corrupt. As such, new companies entering these markets may be tempted to "cut ethical corners, which lowers the level of the playing field for everyone." Companies and their members need to help fight these tendencies by establishing review boards, such as the SEC in the U.S. and OECD in Europe. In India, for example, the Security Exchange Board has begun to enforce transparency and ethical conduct. Concluding, Chopra underscored the necessity of education in this area. As he noted, although many schools teach ethics, "they still do not address how to behave ethically, competitively and successfully. By sharing knowledge at panels such as the Bentley Symposium, learning plans can be developed." Education must also come from companies, building and maintaining a culture of compliance. "Doing so helps prevent corruption and helps detect compliance problems before various happenings become controversial issues."

Carlos Mª Moreno Pérez, *full professor at the Blanquerna, Faculty of Psychology and Educational and Sports Sciences at Ramon Lull University,* continued the discussion, underscoring that the fight against corruption is a crucial matter from global and local perspectives. As he noted, despite the reality that the world is "constructed on the basis of organizations," people are still "the foundation of these organizations …. Corruption is undertaken by people in their specific context because, in every situation, a person chooses how to respond. The choices we make matter."

Arguing that corruption is "a learned, psychological process," Moreno Pérez pointed to the reality that "if individuals are surrounded by corruption, it can be perceived as something which is useful … [as we have a] tendency toward imitation." At the same time, however, "if individuals are surrounded by integrity and ethical practices, they will adopt this form of behavior." The ultimate goal for companies is thus to promote good examples and practices. As he continued, "it is also possible to change the behavior of those individuals who are acting corruptly." Explaining that these individuals must "learn business behavior again," Moreno Pérez argued that "education is crucial" and there is a "social urgency for anti-corruption initiatives to be implemented in corporations."

In conclusion, he noted that leaders exert a significant influence on the people they manage and "responsible leaders must educate others through the ways they act and behave." An organization's culture "must change for the better in order for corruption to be defeated. A primary way to accomplish this is to communicate — and communicate well — with others … empathy is crucial, especially when things are not going well … [as] these connections form the basis for a positive learning environment." In sum, he cited four words for leaders to consider: "courage, caring, optimism, and self-control."

The final speaker on the "Problem of Corruption" panel was **Antonio Argandoña,** *professor, la Caixa Chair of Corporate Social Responsibility and Corporate Governance at IESE Business School, University of Navarra*. Focusing on the multitude of issues that must be taken into account when a company is trying to combat corruption, he argued that such decisions "must come from the highest level of a company." A primary means of accomplishing this is for top-level managers to "make a commitment to anticorruption … declaring that the organization will never behave corruptly." Senior management must turn this commitment into reality, building it into the corporate strategy. As he noted, "a commitment to promote transparency and provide resources to fight corruption must be made. To do so, policies must be implemented throughout the entire organization and all those involved with it, including suppliers, buyers, and the community."

Antonio Argandoña Ramiz, University of Navarra

If problems do occur, Argandoña posited that "they must be immediately disclosed so that everyone in the company can see that problems may exist, but they are getting solved." Such widespread transparency will help prevent unethical behavior from reoccurring. Monitoring by senior management is important to fighting corruption, as is receiving feedback from the board of directors, employees, suppliers, buyers, and the community. "An anti-corruption management system is an effective way to oversee a company. Managers must consider if their processes and policies are adequate … management must lead by example."

In conclusion, Argandoña explained that training is a key component of the fight against unethical behavior. "By educating people in anti-corruption tactics and providing them with guidelines, corruption can be avoided or dealt with productively. A firm commitment to restitution must exist, and disciplinary actions must be taken against those who

are corrupt." He warned, however, that it was not wise for companies to fight corruption on their own. Rather, he argued, "companies should be willing to ask for help," as there are "many people ready to help .... Companies can be successful if they work together to create a culture of integrity." Lastly, he implored managers to "strive for excellence" through their own proactive behavior, seeking to root out corruption before it takes hold in their organization.

CHALLENGES IN MANAGING BUSINESS ETHICS PROGRAMS

Business Ethics Programs Panel: Marvin Brown, University of San Francisco; Joan Fontrodona, University of Navarra; Jesús Mª Caínzos Fernandez, JM Cainzos & Asociados; Josep Mª Lozano i Soler, ESADE Business School; and John Neill, Abilene Christian University

The second morning concurrent panel was moderated by **Jesús María Caínzos,** *chairman of JM Caínzos & Asociados.* The first speaker, **Marvin Brown,** *a professor of business ethics at the University of San Francisco,* focused on three challenges facing business ethics programs — in corporations as well as universities. As he noted, the main problems facing our institutions today tend to be "systemic problems ... and if you have a systemic problem, you need a systemic solution ... you are not going to solve these problems with individual solutions." These three challenges — the challenge of disagreement, the challenge of privatization, and the challenge of integrity — reflect systems-level concerns. The challenge of disagreement focuses on "the belief that people do what they think is right, considering the world that they live in." In most instances, people do not question their behavior until the question is posed to them, when they are directly asked if their behavior is ethically correct. The subsequent reflection "is what ethics is about." Based on this dynamic, Brown argued that "a system must be instituted that encourages employees to question each other and their employers. Such systems empower employees and create a more ethical environment." By engaging in dialogue and exploring reasons for their positions, employees can evaluate their core values within the context of the organization's mission statement. As part of a learning process, "they can then come up with a modified proposal or means of behavior, which should improve the performance of the organization."

The challenge of privatization "centers on the fact that people should relate to each other as citizens, creating a civic perspective which in turn facilitates solidarity with others inside and outside of the corporation. This solidarity allows people to be much more critical in terms of business ethics." Referencing his recent book, *Corporate Integrity,* Brown noted that moving the "business case for corporate social responsibility to a civic case for corporate integrity is critical to overcoming the privatization of the civic."

Marvin Brown, University of San Francisco

Finally, Brown raised the challenge of integrity, which "centers on wholeness and figuring out what a corporation and the individuals within that corporation stand for." He called for the formation of a stronger civil society, where people treat one another as citizens and rely on such civic norms as reciprocity and integrity to make judgments and to evaluate corporate behavior. As a concluding example of this point, he highlighted the pharmaceutical industry noting "as central entities in the healthcare system, pharmaceutical companies must find their appropriate role in developing drugs and medicine that serve the larger whole — that is the challenge of integrity."

Joan Fontrodona, *academic director of the Center for Business in Society, IESE Business School at the University of Navarra,* talked about administrative barriers in managing business ethics programs. From a scholarly perspective, he began by focusing on the difficulties in finding the "real sense" of business ethics and he offered insight into how we might view corporate ethics as a whole. As he noted, "we must not see ethics as 'the frosting on the cake' that makes the cake look nicer, rather it is the flour which forms the base of the cake." Although we often see ethics as an extra burden on a business, he underscored that ethics must be the very foundation of any business. "One of the challenges we face is to make ethics a part of every activity in an enterprise …. Ethics must be part of the mainstream of all company activities if it is to be a 'real' part of the company."

Fontrodona continued that "ethics is a field of knowledge, which must be learned, and, like any other field, it has its own peculiarities, tendencies and techniques." There must be a way for the science of ethics to be explained clearly, without forgetting that ethics must be a part of all the functional aspects of a business. Fontrodona argued that the greatest difficulty is that while we are beginning to "mainstream" business ethics

and corporate social responsibility as a key component of a business, it cannot be seen as a separate item. As he argued, "people cannot consider ethics as a separate part of a business. Ethics cannot simply be a quote in a speech, but must be the essence of a business."


Joan Fontrodona, University of Navarra

As an additional challenge, Fontrodona underscored that for ethics to be well understood, we must change the mentality of the business. Until we can change the "short-term win" attitude that is prevalent in corporations worldwide, it will become exceedingly difficult for companies to work toward long-term corporate goals. Fontrodona believes that "while companies are fixated on achieving short-term wins, they cannot seriously work on achieving success with regard to ethics and corporate responsibility. Rather CSR becomes a matter of image and public relations instead of a reality." As he concluded, "we have to change our views and the mentality of what a company is. We have to stop thinking of companies as a mechanism with the sole purpose of creating value for shareholders."

Josep Mª Lozano i Soler, *professor and senior researcher in corporate social responsibility, ESADE Business School,* began by stating that in the past few years "the more we talk about corporate social responsibility, the less we talk about business ethics." He believes this is because CSR has "put the spotlight on management," pointing out that this focus "deserves exploration, given that CSR can often simply be a department in a corporation." Many CSR departments attempt to form ties with the community, largely through philanthropy. Lozano argued that philanthropy is not a basis for CSR, noting that a company can be "completely socially responsible without performing any philanthropic activity."

Lozano stressed that the debate on CSR is important because it "defines how we understand business within our socio-economic system." As he continued, businesses are "factors of social change," which is "why ethics are of such importance." He criticized the expression "business and society" as if they were two separate realities, arguing the concept should be "business within society."


Josep Mª Lozano i Soler, ESADE Business School

He finished his comments by outlining the main challenges for business ethics. The first is creating ethical guidelines at an institutional level rather than these being set at "the discretion of an individ-

ual." As his second point, Lozano underscored what he considers a fundamental aspect of ethics, the "immorality of humans." Change, however, is evident. As he concluded, a European global business executive once told him, "the change I have seen over the years is that the topics of discussion, which were once a part of weekend conversations between friends, have become part of the agenda for Monday morning meetings." For Lozano, this means that, while we still have a long way to go in finding the right tools for tackling ethical dilemmas, the goals have been set because we now realize their importance.

John Neill, *professor of accounting at Abilene Christian University,* concluded the discussion with an emphasis on an underlying dilemma in business ethics programs — the fact that "oftentimes ethics officers are not truly independent … illustrated by the common practice of ethics officers reporting to some level of senior management rather than the corporation's board of directors." Drawing upon detailed phone interviews with both current and retired ethics officers, he noted that these individuals did not have a direct reporting relationship to the board, but "by and large, most did not believe this to be a problem." However, when presented with a hypothetical scenario in which they did report directly to the board, the officers noted that it would be "beneficial to have exposure to the board." Neill argued that ethics officer independence would be strengthened by such a relationship, despite the fact that these officers thought that the current environment was acceptable and that change was unnecessary. The ethics officers in his study "valued their relationships with management and their consequent status as team players."


John Neill, Abilene Christian University

Although the participants in his sample did not believe a change in the ethics officer reporting environment was needed, Neill questioned this assertion. Responding to the notion that it is impractical for ethics officers to report to the board since boards meet infrequently, Neill pointed out that "such assumptions are naïve, as board members are much more available and in tune with organizational activities than is commonly assumed." Therefore, such a change in the ethics officer reporting process, he argued, "may be easier and more beneficial than believed."

Turning to a second study on compliance officers in the mutual fund industry, Neill pointed out that "in numerous instances over the last five years or so, mutual fund managers have been doing a lot of market

timing" and allowing some of their colleagues and clients to do this as well, "while ethics officers have either chosen not to stop such behavior or have been powerless to do so." Consequently, the United States Securities Exchange Commission (SEC) "reacted by mandating that every mutual fund must now have a compliance officer reporting directly to the board. These officers are also to be hired, fired, and have their compensation approved by the board." While this mandate is unique to the mutual fund industry, Neill argued that it should be put in place for all industries. As he concluded, "in order to do their job effectively and to monitor compliance … ethics officers need to be able to work without conflicts of interest …. It is imperative for ethics officers in all industries to maintain independence from management, similar to the way that the SEC has mandated in the mutual fund industry."

Luncheon Speaker, Carlos Espinosa de los Monteros, President, DaimlerChrysler Spain

CHALLENGES IN MANAGING CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

The first afternoon concurrent session was moderated by **Carmen Valor Martínez,** *an associate professor at the Universidad Pontificia Comillas de Madrid.* **Luis Ángel Guerras Martín,** *professor of management at the University of Rey Juan Carlos,* began the discussion by focusing on the strategic dimension of CSR programs. "When implementing CSR initiatives," he argued, "management must consider it an investment that can create value for the company, provided that these investments are worthwhile." As he continued, "CSR can create intangible assets, which help build reputation and legitimacy. Incorporating aspects of CSR into a product can be part of a differentiation strategy that can, in turn, create a competitive advantage for the company." Additionally, CSR activities can improve the competitive context of the firm. For instance, money spent on CSR training helps prepare workers and the company for the future and aids in the acquisition of a better labor force. To truly create value, however, he underscored that customers must perceive CSR activities as valuable to them. As managers can make different decisions on investing in CSR activities, their abilities for creating value can be considered as a "valuable managerial competence."

Carmen Valor Martínez, Universidad Pontificia Comillas

When devising CSR initiatives, Guerras Martín noted that companies must make sure that the CSR plans are in fact strategic and not simply altruistic. "Altruistic CSR," he argued, "can fall well short of business's strategic purpose." The challenge is to integrate CSR into a company's mission, values and organizational culture and then to communicate these CSR activities to a wider audience, especially when information asymmetries are present. An underlying dilemma in multinational firms is that "CSR's meaning often changes depending on which portion of the globe one is in — different countries have different sets of values and expectations."


Luis Ángel Guerras Martín, University of Rey Juan Carlos

Guerras Martín's final point underscored that investing in CSR activities is congruent with a firm's self-interest and performance, noting that investing in CSR activities is not contradictory with the objective of creating value for shareholders. "Managers," he argued, "can use CSR as a strategy to improve firm performance," emphasizing the need for firms to invest in relationships with different stakeholders as a way of enhancing understanding. "From a strategic management point of view, CSR must be considered an investment… a foundation for future company-stakeholder interaction."

Rajendra Sisodia, *professor of marketing at Bentley College,* focused on his recent book, *Firms of Endearment,* which examined ethical companies that were highly successful in the marketplace while also being socially responsible. His research indicated that "companies that customers love are also the companies that are loved by other stakeholders." Based on his findings, Sisodia found that companies cannot be successful unless they are driven by loyal employees. Moreover, unless a company is embraced by the larger community, "no amount of marketing dollars will be able to overcome this reality." As he continued, being embraced by suppliers also affects the bottom line because without the cooperation of suppliers, "products cannot be sold to customers at reasonable times and prices."


Raj Sisodia, Bentley College

Sisodia argued that "if companies are stakeholder-oriented, then CSR is a natural byproduct." He stated that in today's business world, CSR is about sound business management, explaining that in the long-term, "companies benefit far greater by acting ethically than if they act unethically for short-term gains." Sisodia explained that business must deal ethically with "SPICE — Society, Partners, Investors, Customers, and Employees." As an example of the consequences of failing to meet the needs of these varied stakeholders, he pointed to Wal-Mart, noting that "After years of trying to squeeze the most out of employees and suppliers, the company is now suffering a sinking reputation and lowered stock prices."

Sisodia explained that the world has entered into an "Age of Transcendence," where more and more people have moved beyond materialism and self-interest. "With longer life expectancies," he argued, "people have become more concerned with self-actualization … the emergence of information technology communication tools such as the Internet has also made it more difficult to hide unethical behavior from others." He concluded by imploring managers to treat all stakeholders the same. "By earning the trust and loyalty of others, a company will only benefit. By embracing those with whom you work, connections can be formed among not only employees, but also consumers as well. This is how companies can become 'firms of endearment.'"

Gabrielle Bedewi, *chief knowledge officer for SIGMA Marketing Group,* a database marketing firm in Rochester, New York, focused on CSR implementation in the wake of ongoing organizational structural and equity changes. Reflecting on SIGMA's ownership evolution — its acquisition by several different firms, and the transitions associated with being first established as a privately-held firm to a publicly-then-privately held firm again — Bedewi emphasized the challenges created by constantly changing owner and company beliefs. As SIGMA's list of stakeholders has also become more complicated, the company is faced with meeting a range of expectations as it conducts business with other firms that have their own CSR programs and standards.

Gabrielle Bedewi, SIGMA Marketing Group

Bedewi emphasized that companies must be increasingly aware of their stakeholders and their needs, and develop the ability to clearly communicate with them. SIGMA, for example, is expected to comply with CSR audits of companies it does business with and "before engaging in transactions with SIGMA, these business partners want to know what SIGMA's corporate values are." As a result, ethical behavior must be prevalent throughout the company. Helping this cause, Bedewi noted, is the fact that many younger employees are highly interested in SIGMA's relationship with the environment and community. "Without a true CSR program in place, young intellectual capital may actually leave the firm, along with other potential business partners. This reality has provided a compelling business case to ensure the firm acts ethically as CSR has become a necessity, regardless of firm size or whether it is publicly or privately held."

Bedewi concluded her comments by elaborating on the way in which firms like SIGMA have instituted CSR-oriented actions and behaviors into its strategy. As she explained, "with a stagnant local economy, the city of Rochester needs the support of local businesses like SIGMA. With this in mind, SIGMA's employees have contributed donations to a local special needs school, and others have joined Habitat for Humanity, or have donated their time to the Salvation Army. Still others have done work for non-profit companies, developing and executing marketing and fundraising campaigns for them." Bedewi pointed out these examples "show that even without implementing huge CSR initiatives, social and corporate citizenship can be supported by engaging in informal programs." At SIGMA, this type of commitment to CSR initiatives "is now instilled in new hires and in existing employees. The relationships that SIGMA has developed with its partners have proven beneficial to the company and the larger community."

Concluding the panel, **Josep Miralles Massanés,** *professor of sociology and corporate social responsibility at the ESADE Business School,* suggested that we are in a world that is changing profoundly. He warned there is something fundamentally wrong with the illustrations and diagrams of CSR in the literature, where "the business is in the middle and all its stakeholders, such as the community, surround it." As he underscored, "Earth and its health should be placed in the middle, and around the earth should be the corporations and organizations working for the world."

Miralles argued that the definition of a stakeholder critically needs to be re-evaluated. "A business should not only positively affect its stakeholders, but stakeholders should also have a positive impact on the business itself." Businesses face the challenge of integrating their goals with that of society "in order to have a desired 'win-win' scenario."

Josep Miralles Massanés, ESADE Business School

Miralles finished his comments by exploring the idea of CSR as a business function. "In practice, he articulated, "CSR can be good business for a company and can be fruitful in helping to acquire economic wealth." He cautioned, however, that, in order to use CSR in an ethical manner, profitability should never be a priority, but merely a "fortunate consequence." As he concluded, "business should not turn to CSR only when it is economically viable."

SUSTAINABILITY AND THE TRIPLE BOTTOM LINE

José Manuel Rodríguez Carrasco, Universidad Pontificia Comillas

The second early afternoon concurrent panel, focusing on sustainability issues and the "triple bottom line," was moderated by **José Manuel Rodríguez Carrasco,** *a professor at the Universidad Pontificia Comillas*. The first speaker, **Mette Morsing,** *professor and director of the Center for Social Responsibility at the Copenhagen Business School,* began by framing a Nordic approach to CSR. Narrowing her focus to small- to medium-sized enterprises (SMEs), she compared an SME approach to corporate social responsibility to the CSR agenda in multinational corporations (MNCs). Morsing spoke at length about the Danish market, emphasizing that SMEs, which make up roughly 99 percent of organizations in Europe, provide high flexibility, customized products and a departing point for growth and social stability. Looking at their CSR agenda, Morsing noted that Danish SMEs are being influenced by the agenda of MNCs and that they have to be more articulate about their CSR engagements as MNCs increasingly seem to argue for CSR as one of the criteria for choosing most preferred suppliers. By examining the example set by MNCs, however, she argued that SMEs must develop and adopt a relevant strategy that fits their type of organization.

Mette Morsing, Copenhagen Business School, and Ignacio Pérez Arriaga, Universidad Pontificia Comillas

Pointing to a recent large-scale EU-sponsored commission focused on promoting a CSR agenda among small- and medium-sized enterprises, Morsing talked about the Copenhagen Business School's research project on this "People and Profit" initiative. The project, which is run by the Danish Ministry of Trade and Industry, is exploring the nature of CSR in SMEs. As one of the project's outcomes, 12,000 Danish managers will be trained on the CSR agenda, "a huge number considering that Denmark has only 5 million people." Numerous organizations and partners are involved with this endeavor, including trade unions, employee associations, and small and regional companies.

The study was designed in five phases: developing the research framework, mapping the CSR agenda, mapping CSR activities, devising training sessions, and implanting the process. A Gallup survey demonstrated that more than 75 percent of Danish SMEs report that they have already implemented some form of CSR activity, with the main focus being the employees. In addition, Morsing noted that 36 percent of the enterprises represented reported that CSR had a positive impact on financial results. Of large importance, though, is trying to understand what will happen when a generation shift occurs and the current management retires. As Morsing asked, "will CSR be integrated or will it vanish in companies?" As training becomes more widespread, Morsing and her colleagues will explore to what extent the CSR activities will also become more visibly embedded into corporate practice. "Innovation may be the key to convince SMEs to take action and demonstrate their CSR engagement in a more conspicuous way," she argued, pointing out that five different ministries are currently working on a CSR action plan for the Danish government to support Danish companies.

Cristina García-Orcoyen, *managing director, Fundación Entorno BCSD España,* continued the discussion, exploring the relationship between trust, corporate responsibility and sustainable development. Drawing on a survey in the 1970s conducted in Britain by Ipsos Mori, one of the largest and best known survey research organizations in the U.K., she noted that almost 60 percent of the respondents thought that corporate success had a positive impact on their lives. In 2006, the same survey revealed only 21 percent of respondents felt the same and 53 percent disagreed. "How is this possible," she asked," when the way businesses operate today is now more transparent than ever."

According to García-Orcoyen, "trust is in a recession." One reason for this, she claimed, is the distancing of companies and their stakeholders because of globalization, "where the company now seems unreachable." Moreover, she argued, "the continuous broadcasting of American corporate scandals by the media has further led to mistrust of corporate activity." Building on this point of mistrust, she noted "it has come to be believed that if a company or an individual becomes very wealthy, it is at someone else's expense." One of her underlying concerns is that "only 19 percent of Spanish companies have a direct method of communicating with their stakeholders," raising the question why this number is so low when businesses directly affect the larger society.

Cristina García-Orcoyen, Fundación Entorno BCSD España

Pointing to the triple-bottom line, García-Orcoyen emphasized that "society is now judging businesses on how they respond to social and environmental demands, as well as their economic performance .... We need to work to improve the social impact and environmental impact of our operations." She further emphasized her point by arguing, "the interests between business and society are not different … a business cannot succeed in a society that fails."

Concluding the panel discussion, **Ignacio Pérez Arriaga,** *professor and director of the BP Chair on Sustainable Development, Instituto de Investigación Tecnológica, Universidad Pontificia Comillas,* examined CSR through "the lens of an electrical engineer specializing in regulation of the electric power industry." Focusing on CSR in the energy industry, he argued that the present energy model is not sustainable. Concerns about lasting energy sources are exacerbated by predictions that energy demand will grow by 60 percent over the next 25 years due to continued growth in population and consumption. As he argued, "limited fossil fuels and unequal access to modern energy sources will only make the energy crisis more severe in future years."

Pérez Arriaga addressed four key points underlying prospects for CSR in energy companies. First, he emphasized that it was important for these firms to meet legal requirements by complying with environmental standards. Furthermore, he argued that these "companies must be transparent and, in doing so, avoid corruption and abuse of power. This will help to ensure that the rights of native populations are respected." Secondly, Pérez Arriaga said that companies must "make right any unfair situations" through, for example, providing universal access to modern forms

Ignacio Pérez Arriaga, Universidad Pontificia Comillas

of energy. As he noted, "obviously, doing so is an expensive task and companies will not do it by themselves … they need the right incentives, the right regulation … but they can collaborate and national administrations must step in to provide these companies with adequate incentives so that CSR initiatives can be achieved."

Third, continuing this theme, Pérez Arriaga called for a better regulatory framework. "As currently situated," he postulated, "most national regulations have holes in them. Companies must help build better regulations rather than abusing these loopholes." With this in mind, changes can be implemented and regulatory issues can be addressed. Lastly, Pérez Arriaga implored companies to provide vision, ensuring they act as "good corporate citizens." Energy companies in particular should accomplish this by making the proper investments for low-carbon economy and by reducing the environmental impact of their activities. "By providing a reliant, efficient energy supply worldwide, these companies can promote prosperity."

ETHICS, CSR AND STAKEHOLDER MANAGEMENT

Nuria Villagra García, Centro Universitario Villanueva

Nuria Villagra García, *professor of corporate image and corporate communication at Centro Universitario Villanueva in Madrid,* moderated the discussion on "Ethics, Corporate Social Responsibility and Stakeholder Management." Opening the panel, **John Boatright,** *the Raymond C. Baumhart, S.J., Professor of Business Ethics in the Graduate School of Business at Loyola University, Chicago,* explained that, although CSR and stakeholder management have been adopted in both the United States and Europe, these concepts have been implemented in different ways that reflect the different circumstances of corporations in these two parts of the world.

One factor that accounts for the distinctively American approach to CSR and stakeholder management lies in what Michael Jenson referred to as the "modern industrial revolution," which began in the early 1970s. At that time, the United States entered a new era in which corporations

could no longer create value and distribute it to stakeholder groups merely by continued growth. Instead, corporations, found themselves with excess capacity due to the twin forces of technology and globalization, which created a need to downsize. At the same time, these same forces created new opportunities for companies that could quickly transform themselves. As a result, management in the 1970s and 1980s was financially constrained in what they could do with respect to CSR and stakeholder management.

Beginning in the 1990s, however, corporations found that they could respond to pressure for social responsibility and stakeholder management and also remain competitive by pursuing social initiatives that fit with the company's core values, competencies, and strategies. Using McDonald's as an example, Boatright noted "as a restaurant for families that has also extensive real estate holdings, McDonald's chose to exhibit social responsibility by establishing Ronald McDonald houses, which provides aid to families with sick children. Clearly, such a CSR program fits with the company's core values, competencies, and strategy."

John Boatright, Loyola University, Chicago

Boatright wrapped up his comments with a reference to the book by Jim Post, Lee Preston, and Sybille Sachs, *Redefining the Corporation,* which describes how corporations have discovered the advantages of establishing connections with external constituencies. Outside groups can provide valuable sources of knowledge and expertise that expand the resources of a firm. He concluded, "corporations are now finding that there is great strategic advantage in linking with external groups. Doing this helps expand a company's knowledge and skill base. In this way, stakeholder management becomes a source of competitive advantage."

In her comments, **Heidi von Wetzien-Høivik,** *professor of business ethics and leadership and director of the Center for Ethics and Leadership at the BI Norwegian School of Management,* discussed the Scandinavian model of CSR, noting that this approach "is not typical of most business cases." The Scandinavian model, she explained, is "based on a welfare state with very strong ethical principles with an emphasis on sharing, equality and solidarity.

"Government, business representatives, and labor unions constantly engage in dialogue and have discovered that it is in their joint interests to keep wages low. Doing so," von Wetzien-Høivik explained, "sustains social peace and the common good."

Heidi von Wetzien-Hoivik, BI Norwegian School of Management

As global competition has intensified, von Wetzien-Høivik noted that there have been subsequent challenges for the welfare state model. Positively, though, this competition has forced companies to be more "innovative and creative in order to compete." Individuals who underperform are terminated while those who need additional training and education are given the opportunity, which "leads to more creativity." Unions have not pushed for higher wages because they understand that this is not good for business. Outsourcing, however, has become a problem, which unions are finding difficult to fight. Looking at CSR in a welfare state system, von Wetzien-Høivik pointed out that "one can see health care, pension plans, and workers rights, clear signs of societal responsibility." Moreover, the "ethical core of the system involves ecological sustainability, development, equity between generations, and equity within same generations. Such behavior is a key to creating global equality."

She concluded her remarks by comparing the "Investor Capitalism model" and the "Social Democratic Capital model." The latter focuses on "social welfare rather than shareholder value," while the former focuses on "legal structures which govern behavior." A conundrum when evaluating the two is how to recognize economic competitiveness, while still retaining social cohesion. Such social cohesion, von Wetzien-Høivik explained, "exists in the partnership between government, unions, and businesses." Lastly, she observed that companies in Europe must deal with two distinctly different legal systems: Roman law and the Napoleonic code of law. Obviously, a challenge is created by the fact that what is legal in one country is not necessarily legal in another. In closing, she called for people to "rethink the ethical core of business and societal accountability," urging countries to "focus on the barriers created by different legal systems and the great disparity between rich and poor nations."

Alberto Andreu, *managing director of reputation and corporate social responsibility for Telefónica S.A.,* began by questioning whether there was a relationship between CSR and customer satisfaction. "If there is," he argued, "CSR would be connected to the core businesses, literally being part of a company's DNA. Eventually, CSR would modify a company's internal and external culture, becoming a lever for internal transformation." As he continued, "there is a definite connection between CSR and customer satisfaction …. Companies act stupidly when they break promises, are dishonest, impersonal, and robotic … such behavior reflects incompetence." Ethical behavior helps guide a company

toward appropriate actions, ensuring that "their relationships with consumers are perceived as balanced and fair, rather than distant and unequal." Accomplishing this, he noted, directly affects customer satisfaction. "If corporations are not able to reduce their perceived size, they risk reduction from regulators."


Alberto Andreu, Telefónica S.A.

Andreu then discussed how CSR can be linked to a company's core businesses. He described a bank in his native Spain that created agreements with its customers, in essence a series of compromises with customers that enhanced customer loyalty and customer satisfaction. Drawing on Michael Porter's framework for corporate citizenship, he argued that such citizenship also affects a company's long-term competitiveness and "ordinary corporate actions can have significant social effects … it is possible to transform business opportunities both to benefit society and reinforce the strategy." As he noted, "strategic responsibility can develop capacities to improve keys area of competitive context … when companies and customers work together, they develop trust."

He concluded his comments by sharing the goals of his company, Telefónica: "we want to enhance people's lives, the performance of businesses and the progress of the communities where we operate by delivering innovative services based on information and communication technologies …. This is the true 'Spirit of Progress,' as improving people's lives and contributing to communities will ultimately help companies develop in different countries."

Sandra Waddock, *professor of management at Boston College,* focused her comments on system integrity, defining CSR as "those things companies do to specifically benefit the societies and communities that they are operating in." Corporate responsibility, a broader term, is the way that "companies actually operate their business model and the impacts that company decisions have on stakeholders and on the natural environment," which must also be "treated as a stakeholder." Drawing on recent research, Waddock noted that there is also a business case for corporate social responsibility, pointing to studies suggesting that, when risk is removed, there is a neutral relationship between financial and social performance, hence no trade-off of doing "well" for doing "good." The apparent value to companies of being more responsible lies in their intangibles — the relationships that companies have with their stakeholders, who bring human and intellectual capital, as well as other types of investments, including infrastructure development, to the company.


Sandra Waddock, Boston College

Turning to the issue of integrity, Waddock stated that there is a need for balance in the system as a whole — and that relates to the concept of integrity. "Integrity," she explained, "implies a coherence that implies wholeness, as well as honesty, forthrightness, and firm adherence to a code." She cautioned that decisions companies make to maximize wealth at all cost have negative consequences on others, causing a lack of integrity in the system. Such bottom-line-oriented systems are created by people and, as such, "can be changed by people… and today many institutions are demanding such change."

Concluding her comments, Waddock pointed to the inequality of wealth that currently exists across the globe. "In the U.S., 90 percent of its wealth is controlled by 10 percent of the population …. There are 1.8 billion people in the world who live on less than $2 per day." Ecological devastation has also resulted from modern industrial practices, further contributing to rising tensions, and potential rioting and bitterness, "a byproduct of systems which for so long have not been ecologically or socially sustainable. In the past, civilizations have collapsed as a result of such ecological overreach, a risk which we are currently facing." Waddock left the audience with the challenge to "risk change." "With greater ingenuity," she argued, "social change can occur."

GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY


Joaquín Garralda Ruiz de Velasco, Instituto de Empresa

The final concurrent panel of the day, moderated by **Joaquín Garralda Ruiz de Velasco,** *professor of strategic management and CSR,* and *director of the PwC, IE Corporate Responsibility Center at the Instituto de Empresa,* focused on issues related to CSR and governance. **Dirk Matten,** *Hewlett-Packard Chair in Corporate Social Responsibility at the Schulich School of Business, York University,* began by focusing on the core differences in corporate governance regimes in the U.S. and Europe. Discussing the roots of CSR in different countries, Matten pointed out that liberal market economies like the U.S., and to a lesser degree, the U.K. and Canada are guided by institutions which leave a high degree of discretion

to economic actors. Consequently, the responsibility of business for wider societal well being has been acknowledged for a long time and found its manifestation in a long standing tradition of CSR policies and practices by corporations. In Europe, business responsibilities have been addressed through the legal and institutional framework and have been a part of what corporations did implicitly in complying with and responding to wider expectations of society. Even if these companies did not call those activities, such as health care provision for employees or engagement in the local community, explicitly "CSR," nevertheless they attempted at acting responsibly by abiding by the rules, norms and expectations which are implicitly part of the institutional framework for business. This also applies to other countries and regions, such as China, Japan or India, where business responsibility reflects "softer institutions, such as religious, tribal or customary values and norms that guide the corporate degree of responsibility for societal well being."


Dirk Matten, York University

As to the recent rise of CSR outside of North America Matten stated, "there have been isomorphic pressures recently with globalization and other factors making the organizational field more important than the national context — for European multinationals for instance — which have pushed them toward more explicit responsibilities." Noting corporate scandals in Europe like Parmalat, Matten underscored that, in the E.U., "there is push toward greater transparency now." Matten argued that "a company's organizational field and the pressures that it generates exert a significant influence on corporate behavior," pointing to growing normative pressures for CSR. This pertains particularly to the role of NGOs, institutional investors and new global practices of corporate self regulation.

His concluding remarks emphasized the role of history in shaping corporate behavior. As he pointed out, "we will continue to see more and different forms of corporate responsibility in Europe and in other parts of the world, and the national context will always matter …. We will always have to talk about hybrid forms of corporate responsibility — things companies do strategically but also things companies do out of tradition."

Paloma Bilbao Calabuig, *associate professor of strategic management and organizational behavior at the Universidad Pontificia Comillas de Madrid,* emphasized two main points in reference to three different Spanish Codes on the practice of good corporate governance. Her first point was that these codes are recognized on a governmental level and

Paloma Bilbao Calabuig,
Universidad Pontificia Comillas

"follow an Anglo-Saxon structure." The underlying problem is that while the codes follow an Anglo-Saxon model, the Spanish companies do not have Anglo-Saxon-like ownership structure and corporate governance patterns.

Her second concern is that the two early codes, Olivencia and Aldama, complement each other. The third code combines the two previous ones. As she noted, although the Spanish authorities are pretending to reform the situation with the publication of the combined code, "this means that instead of creating a system of checks and balances, you are simply repeating the same information and putting it together in a more elaborate manner." This becomes a serious matter because, after eight years of research, she and her team realized that the most sought after companies in Spain were not complying with the recommendations in regard to good governance practices. As she questioned, then, "what is the combined code useful for?"

Bilbao argued that "the codes rely on a capital market structure as a regulator in both senses — positive and punishing — and also as a system to guide the direction of Spanish corporations." Today, she noted, Spanish companies' governance is headed in the opposite direction. "Spanish enterprise is giving the power to internal mechanisms of the company such as the board of directors or major owners" and, as a result, "companies are no longer listening to outside recommendations, considering their parting with Spanish corporate governance codes. Instead they are applying their own methods of corporate governance."

Mariano Osvaldo Carbajales,
Lupicinio-Eversheds consultant

Mariano Osvaldo Carbajales, *an external consultant for Lupicinio-Eversheds,* explored the recent spate of corporate scandals and the subsequent range of laws and governmental policies created in their wake. As he noted, "corporate Scandals are proof of ethical dilemmas, and this is why the work of schools such as Bentley in forming ethical managers and directors is so important." Carbajales then observed that while not all deviation from ethical standards necessarily leads to corporate scandal, it is important to be wary of the "unnoticed unethical behavior that is present."

Carbajales questioned the extent to which CSR and "good" corporate governance can be measured. He argued that, "It is not all that clear, at least not yet, whether companies that do not practice CSR are valued less in the market." However, as he continued, "institutional investors and large investing funds are taking into account, more and more, a company's CSR policy and conduct."

Using Enron as an example of the recent scandals, he argued, "it cannot be a matter of simply following guidelines and rules in order to operate ethically. There will always be new ways of staying just within the law, yet acting in an unethical manner." As he concluded, "ideally, a company should strive towards applying morally correct behavior to enhance its operations and services while complying with the law."

Kasemsit Pathomsak, Merchant Partners Securities Ltd.

Kasemsit Pathomsak, *president and chief executive of Merchant Partners Securities Ltd.,* shared a practitioner's view on governance and CSR. As an investment banker, he reacted to the concept of CSR by noting that corporations are now being asked to take on an increasingly large CSR agenda, filled with environmental, labor and ethics concerns. Focusing on his native Thailand, Pathomsak began by describing the Asian financial crisis of the last decade. As international and multinational corporations entered Thailand, local businesses were given significant access to sizable but short term funding. However, because these local businessmen were "used to agricultural economies and trading business rather than manufacturing and service economies, they made poor investments." As businesses failed, banks began recalling their money rapidly and companies were unable to pay. Consequently, Thailand was forced to accept an IMF assistance package and adopt new corporate governance practices.

Pathomsak explained that firms in Thailand now adhere to good corporate governance and CSR regulations, but "do so because they are forced to." He argued that the business community would "be more receptive to such CSR tactics if they were educated on CSR rather than given a checklist of what they must do." As a result, there are backlashes and animosity toward the CSR initiatives that have been implemented in Thailand and businesses would go back to the old practices once the economy recovers.

Pathomsak argued that "value, knowledge, and awareness must be created in countries in order for CSR to be accepted. People must be taught rather than forced to engage in appropriate practices." He called for regulators

to "give business people some slack" as they adopt new programs and behaviors. In conclusion, he warned, "This isn't 'one size fits all,' … adopting CSR is a long-term process," asking for those who call for increased CSR policies to understand that "each situation presents unique challenges and opportunities for CSR and business development."

PRINCIPLES OF SOCIAL BUSINESS: THE GRAMEEN TRUST AND MICRO-FINANCE

As the Symposium's closing keynote speaker, Professor **H.I. Latifee,** *managing director of the Grameen Trust,* focused on principles of social business, the Grameen Trust and the role of micro-finance. He began by noting that "CSR is gradually gaining ground. Of course, it still means different things to different people in the business world … but it is about the human connections and relationships that help to make a better business and build a better world." Latifee then explored the current state of the world, which is witnessing "unprecedented growth in terms of technology and trade." Yet, despite this growth, he underscored that this is not the case for all. As he argued, "The world is a place of luxury for many, but at the same time a planet of suffering for innumerable human beings due to lack of adequate income, education, health care and housing among other basic factors of life." He pointed out that 94 percent of the world's income goes to 40 percent of its people, while the other 60 percent of the population are forced to live on the remaining 6 percent. "Clearly, this skewed distribution of income is concerning. In 2000, the top 1 percent of the world's population accounted for roughly 40 percent of the world's total net worth, whereas the bottom half of the population owned only 1.1 percent of the globe's wealth."

Reflecting his frustration, he argued that, "it is very unfortunate that more than 1.2 billion people around the world live on a dollar a day or less, and tens of millions of children worldwide are locked out of school as their parents cannot afford to send them." There are, however, some fundamental solutions to this problem. Latifee pointed out that many businesses and nongovernment organizations (NGOs) are coming forward to solve this problem. Businesses, he stated, are becoming more involved in social responsibility because of growing social pressure. Pointing to the Symposium's theme, he noted that "the corporate social responsibility and business ethics debate and discussion are a clear demonstration of this concern. It is also a manifestation of the fact that there are many things that need to be taken care of in order to meet the challenges associated with CSR program management, making it more effective and rewarding."

Latifee explained that "CSR programs should be channeled toward sustainable solutions." Underscoring that the idea of social entrepreneurship has become increasingly popular, he argued, "The challenge is about applying practical, innovative, and sustainable approaches to benefit society in general with the focus on the poor." He observed that social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. These people "invent new approaches, improve systems, and develop sustainable solutions to change society for the better. They are mission-driven and result-oriented."


H.I. Latifee, Grameen Trust

Latifee then turned to the efforts of his colleague Nobel Prize winner Muhammad Yunus and his broad definition of social entrepreneurship as "any innovative initiative to help people." This initiative may be economic or non-economic in nature. He noted that Yunus "promotes the concept of social business and distinguishes it from the concept of social entrepreneurship." As Latifee continued, "According to him, all those who are in social business are social entrepreneurs. But all social entrepreneurs may not be engaged in social business." "Yunus," according to Latifee, "defines 'social business' as a non-loss, non-dividend business. It aims at maximizing social benefit. It is about doing good, focusing on people's needs. It is different from a business that is devoted to maximizing profits and private gains." He elaborated that the people engaged in social business are driven by social objectives they want to achieve by creating or supporting a special kind of business enterprise. Like any other business, this business should not incur loss, but earning dividends is not the motivating factor for the investors. As Latifee explained, "It is a new kind of business. It is unlike charity or NGO programs that are dependent on charitable donations, foundation grants, or government support for their existence and expansion. Any social enterprise that cannot cover its cost fully cannot be called a social business."

These businesses, Latifee stated, must have long-term goals and sustainable plans. Profits must be earned to pay back investors and to expand the businesses and make improvements and innovations. As an example of a company that focuses on providing social benefit rather than on maximizing profit for owners, he pointed to the Grameen-Danone Corporation, which has taken the initiative to produce and market nutritious food and beverage products for malnourished children in Bangladesh. A non-loss, non-dividend business, the investors are involved based on their social commitment, but they are entitled to take their invested money back if they want. They invest, however, "because of their desire to help others."

Latifee then turned his comments to the Grameen Bank. A private initiative, the Grameen Bank provides microfinance to the poorest of the poor, enabling them to rise out of poverty. Women, previously considered "unbankable," have benefitted immensely from this institution. The bank "is based on trust," Latifee explained. "It does not require the borrowers to sign any legal document or provide any group guarantee. The bank came into being as a result of feeling for suffering human beings, continuous thinking, and innovative efforts." He argued that as a result of such microfinancing, "many Grameen members' families are attending universities, business, engineering, and medical schools. As of 2007, more than 16,000 students received higher education loans and about 50,000 students received scholarships from Grameen." He continued, "Grameen is supporting the creation of this next generation because these students are coming from the families who never had an opportunity to go to school, who never had an opportunity to write. Now their children are going to the best schools, colleges, and universities and getting higher education. A new class of entrepreneurs is being created through their support and we hope that they will become the instruments of economic and social change in Bangladesh." Through such initiatives, 64 percent of Grameen families have crossed the poverty line and more than 7 million borrowers have been served worldwide.

Latifee concluded by noting that "If companies like Grameen-Danone Foods can be established with the investments of those who are committed to making a difference in their society, the people at the bottom of the pyramid will truly benefit … If institutions like Grameen Bank can be created not only in the area of microfinance, but also in other areas — health, housing, nutrition — with the ownership of the poor and the disadvantaged, the world will definitely be a better place in terms of prosperity and peace." Lastly, he said, "Muhammad Yunus believes that the concept of social business is so powerful that it can really change the world. Our hope is to create a better world, working on and improving these ideas and trying to do more to benefit the poor and maximize the social benefit."

ACKNOWLEDGEMENTS

As coordinator of the Bentley Alliance for Ethics and Social Responsibility, I wish to, once again, express my gratitude to the State Street Foundation for its continued support for and multi-year commitment to this venture. I would also like to thank the speakers, panelists and moderators in our third symposium for their willingness to share their work in the business ethics and corporate social responsibility arena, and, most of all, for their good natured colleagueship and support. Among my many Bentley colleagues, without whose effort and support the Symposium would not have been possible, I would, once again, particularly like to thank Michael Hoffman, Robert Frederick, Robert Galliers, Mark Rowe, Mary Chiasson, Carrie Richardson, Michele Walsh, Steven Salina, Terry Tierney and Gail Sands. Special thanks also go to our colleagues at Universidad Pontificia Comillas, especially José Luis Fernández Fernández, Nuria Villagra García, Juan Benavides Delgado, and Anna Bajo, without whose hard work, gracious hospitality and warm welcome the symposium would not have been successful, particularly as we ventured outside the United States for the first time.

As always, some difficult choices were made in capturing the essence of the ideas exchanged during the program. As we did with the proceedings for our earlier symposia — "Ethics and Risk Management in a Global Environment" (2005) and "Corporate Social Responsibility in the 21st Century: Coping with Globalization" (2006) — we chose to focus on the remarks made by and exchanges between our panelists, unfortunately bypassing a wealth of ideas that were raised during the interaction with the audience. Kenneth Melillo, my graduate research assistant, and Pablo Pareja, a student member of Bentley's Center for Languages and International Collaboration, provided invaluable assistance in viewing tapes of the different sessions, culling key points and ideas, and helping to edit the proceedings.

José Luis Fernández Fernández, Universidad Pontificia Comillas

I would also like to note the wonderful colleagueship and thoughtful participation of the faculty who stayed for the remainder of the week, working as part of our Teaching Business Ethics Faculty Development Workshop — Javier Carrillo (Instituto de Empressa Business School), Ann Jennings (University of Houston-Downtown), Patricia Kelley (University of

Anthony F. Buono, Bentley College

Washington), Garry McDaniel (Franklin University), Virginie Vial-Kilner (Euromed Marseille School of Management) and Bentley faculty members Angelique Davi, Samir Dayal, Kristina Minnick, Tracy Noga, Marcus Stewart, Jay Sultan and Joe Weiss.

Looking ahead to next year's program, I look forward to sharing many of the thoughts and ideas that will be exchanged during the 2008 Symposium — Ethics, Governance and Enterprise Risk Management: A Global Perspective — which will be held on May 19, 2008 on the Bentley campus in Waltham, Massachusetts. I also hope that you will be able to join us for what promises to be another thought provoking day.

Anthony F. Buono
Bentley College
Waltham, Massachusetts

Further information on the Bentley Alliance for Ethics and Social Responsibility can be found online at:
www.bentley.edu/alliance

More information on the Bentley Global Business Ethics Symposium series sponsored by the State Street Foundation can be found online at:
www.bentley.edu/symposium

Speakers and Panelists

Opening Keynote

Jean-François Schock, Senior Managing Director, Strategic Growth Group, State Street Global Advisors — Europe/Middle East/Africa

Luncheon Speaker

Carlos Espinosa de los Monteros, President, DaimlerChrysler Spain

Closing Keynote

H.I. Latifee, Managing Director, Grameen Trust

Welcoming Panel

José Ramón Busto Saiz, Rector, Universidad Pontificia Comillas

José Luis Fernández Fernández, Professor and Director, Javier Benjumea Chair of Ethics for Business and Economics, Universidad Pontificia Comillas

Anthony F. Buono, Professor of Management and Sociology and Coordinator, Bentley Alliance for Ethics and Social Responsibility

The State of the Art: Business Ethics and Corporate Social Responsibility

Moderator:

W. Michael Hoffman, Executive Director, Center for Business Ethics and Hieken Professor of Business and Professional Ethics, Bentley College

Panelists:

Antonio Garrigues, President, J&A Garrigues, S.L.

Armin Ritz, Ambassador of Switzerland to Spain

David Vidal, Director of Research, Global Corporate Citizenship, The Conference Board

Jim Wilson, Senior Commercial Officer at the U.S. Embassy in Madrid

Stephen Young, Global Executive Director, Caux Roundtable

Challenges in Managing Business Ethics Programs

Moderator:

Jesús María Caínzos, Chairman, JM Cainzos & Asociados

Panelists:

Marvin Brown, Business Ethics Professor, University of San Francisco

Joan Fontrodona, Academic Director, Center for Business in Society, IESE Business School, University of Navarra

Josep Mª Lozano i Soler, Professor and Senior Researcher, ESADE Business School

John Neill, Professor of Accounting, Abilene Christian University

The Problem of Corruption: CSR and Anti-Corruption Initiatives

Moderator:
Juan Benavides Delgado, Universidad Complutense de Madrid

Panelists:
Antonio Argandoña Ramiz, Professor, la Caixa Chair of Corporate Social Responsibility and Corporate Governance, IESE Business School, University of Navarra

Anil Chopra, Management Consultant, Enterprise Governance & Business Ethics and Former Senior Consultant, Tata Sons, India

Carlos Mª Moreno Pérez, Faculty of Psychology and Educational and Sports Sciences (Blanquerna,), Ramon Llull University

Virginie Vial-Kilner, Assistant Professor, Euromed Marseille School of Management

Challenges in Managing Corporate Social Responsibility Programs

Moderator:
Carmen Valor Martinez, Associate Professor, Universidad Pontificia Comillas de Madrid

Panelists:
Gabrielle Bedewi, Senior Vice President and Chief Knowledge Officer, SIGMA Marketing Group

Luis Ángel Guerras Martín, Professor of Management, Universidad Rey Juan Carlos

Josep Miralles Massanes, Professor of Sociology and Corporate Social Responsibility, ESADE Business School

Rajendra Sisodia, Professor of Marketing, Bentley College

Sustainability and the Triple Bottom Line

Moderator:
José Manuel Rodríguez Carrasco, Universidad Pontificia Comillas de Madrid

Panelists:
Cristina García-Orcoyen, Managing Director, Fundación Entorno BCSD España

Mette Morsing, Director of the Center for Corporate Values and Responsibility, Copenhagen Business School

Ignacio Pérez Arriaga, Professor and Director of the BP Chair on Sustainable Development, Instituto de Investigación Tecnológica, Universidad Pontificia Comillas

Ethics, CSR and Stakeholder Management

Moderator:
Nuria Villagra García, Professor of Corporate Image and Corporate Communication, Centro Universitario Villanueva, Madrid

Panelists:
Alberto Andreu, Subdirector General de Marca, Reputación y Responsabilidad Social Corporativa, Telefónica S.A.

John Boatright, Raymond C. Baumhart, S.J., Professor of Business Ethics, Loyola University, Chicago

Sandra Waddock, Professor of Management, Boston College

Heidi von Wetzien-Høivik, Professor of Business Ethics and Leadership, and Director, Center for Ethics and Leadership, BI Norwegian School of Management

Governance and Corporate Social Responsibility

Moderator:
Joaquín Garralda Ruiz de Velasco, Professor of Strategic Management and CSR, and Director of PwC, IE Corporate Responsibility Center, Instituto de Empresa

Panelists:
Paloma Bilbao Calabuig, Associate Professor of Strategic Management and Organizational Behaviour, Universidad Pontificia Comillas de Madrid

Mariano Carbajales, External Consultant, Lupicinio-Eversheds

Dirk Matten, Hewlett-Packard Chair in Corporate Social Responsibility, York University

Kasemsit Pathomsak, President and Chief Executive, Merchant Partners Securities Ltd. (Thailand)

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