

CLADEA
Guide to
Responsible
Business
Education in
Latin America

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A case for assessing ethics and CSR in master's programs

From Universidad Icesi

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Ethics and Corporate Social Responsibility (CSR) is one of the key topics in the learning objectives of all master's programs at Icesi's Business School. Alumni from these programs should be able to judge the personal, organizational and social implications of the decisions they make as well as the ethical responsibilities associated with those decisions. This case describes how the business school has assessed the level of achievement related to this learning objective. We focus on the challenge of assessing such topics outside the Ethics and CSR classrooms in order to avoid social desirability bias. We addressed this challenge by developing a case study presented to students in their last semester, which simulates an everyday managerial decision. The case includes a range of activities that allow for evaluation of the reflexive process involved in dealing with the dilemmas that arise when choosing an appropriate business partner and when managing crises.

Keywords: CSR, ethics, organizational decision making, crises management, Icesi's Business School

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Introduction

Ethics and Corporate Social Responsibility (CSR) make up one of the key topics in the learning objectives of all master's programs at Icesi's Business School. Alumni from these programs must be able to identify and analyse the personal, organizational and social implications of their decisions, as well as the ethical responsibilities associated with those decisions. In the following we present the processes and instruments developed at the school to assess this learning objective.

Background

In 2012, students participated in a role-playing game in which they needed to take a position related to an ethical dilemma; during the exercise, the instructors realized that discussions became superficial given that students tended to take a politically correct position, instead of taking a stand consistent with their beliefs. Following that, in 2013, an assessment based on a debate about an ethical issue was implemented; however, the results were similar to the role-playing exercise. In 2015, a new assessment method based on case was developed and will be presented here.

Challenge

The main challenge was to assess Ethics- and CSR-related topics outside the classroom in order to avoid social desirability bias. To do so, a case study dealing with dilemmas and crisis in the context of managing sustainability in buyer-supplier relationships was developed⁴. As companies dispatch their products across the globe, they are increasingly being held accountable for actions beyond their boundaries (Gereffi et al.).

Crises at the organizational level can be understood as defining moments (Badaracco, 1997) insofar that these situations make it so that managers have to reveal their beliefs and convictions in a pragmatic way. Pedagogical cases based on critical situations are simulations whose main goal is to show how tensions and difficulties emerge from diverse interests that are at play in certain moments.

In the particular case proposed here, students have to choose options that represent diverse alternatives, while managing possible negative impacts on the firm's

4 Sustainable supply chain management can be defined "as the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e., economic, environmental and social" (Seuring & Müller, 2008, p. 1700).

reputation. Each of these alternatives, in turn, has different moral, economic and legal connotations. By ranking options to solve the crisis, we assume that students prioritize their own commitments and beliefs. We seek to stimulate moral reasoning and communication skills by putting students in situations in which they have to make compromises but also justify their decisions before others.

What we did

The following is a replication of the case used to assess Ethics and CSR with students in their last semester.

Case name: Management dilemmas in choosing suppliers

Part I

In recent years there has been sustained growth in efforts to monitor global value chains. Global brands like Walmart, Unilever, Nestle, Kraft foods and Coca-Cola, among others, have ambitious programs to develop their suppliers and improve their supply chains.

Suppose you work in a medium-sized company in Colombia that sells consumer products, does business at a national level, and has recently ventured into the international market. To keep up with the growth, the company has identified the need to have suppliers with whom they can establish long-term relationships. Because of the greater public visibility the internationalization will be giving to the company, it is very important to have a good corporate reputation and to maintain margins and financial indicators at appropriate levels.

On your desk, there is information about two new suppliers, and you have to choose one of them.

Supplier A	Supplier B
Supply cost: COP\$11,000/unit	Supply cost: COP\$20,000/unit
2 years of experience	8 years of experience
Company imports supplies manufactured mainly in China and Vietnam	Domestic manufacturer of supplies with a 70% market share in its category
Payment terms: 120 days	Payment terms: 60 days
Warranty: 1 year	Warranty: 1 year

Table 1

1. Based on the information from Chart 1, which of the suppliers would you choose?
 - Supplier A () Supplier B ()
2. From the following list of topics that could provide you with more information, mark with an 'X' the five (5) that you consider are necessary (though not enough individually) to be able to make a better decision in the choosing the supplier (suppose you can get the information you require on these subjects):
 - a. Liquidity management
 - b. Social initiatives with the community of influence
 - c. Business practices
 - d. Organizational climate among employees
 - e. Business profitability
 - f. Public commitments and accountability
 - g. Access to information and confidentiality with clients
 - h. Labor law compliance
 - i. Inventory management
 - j. Industrial safety policy
 - k. Quality management
 - l. Environmental management

Part II

3. Suppose that after a year of having made the decision, and having no problem with the chosen provider, one of the following two scenarios emerges:

Scenario A (For those who chose Supplier A—importing company)

For the past few months, social networks have been featuring a video showing the precarious working conditions in which multinational companies produce the input you buy from Supplier A. This video has already had about 200,000 visits, and this figure increases each week. Some social groups are beginning to question not only these companies but also organizations that are part of the whole supply chain. These groups have the power to organize very effective public defamation campaigns. So far, the company name has not been mentioned in these videos, nor in the initial releases and e-mail chains.

Scenario B (For those who chose Supplier B—domestic company)

For the past few months, social networks have been featuring a list of domestic companies that, allegedly, are involved in corruption scandals regarding their contracts with the government. According to social networks and e-mail chains, one

of these companies is supplying Supplier B. Some social groups are beginning to question not only these companies but also organizations that are part of the whole supply chain. Recently, the media has begun to inquire about this issue, and they seem to be willing to keep going until the bitter end. So far, the company name has not been mentioned in the media.

In the face of this situation (Scenario A or B), the company must make a decision on how to respond and what statements to give. You are part of the committee that will make this decision and are asked to number the following options from better (1) to worse (5) in order to address this situation:

- () Change supplier immediately, terminating the contract unilaterally.
- () Develop a communication strategy to prevent any deterioration of the corporate image.
- () Set up an urgent meeting with the provider in order to gather better information on the situation.
- () Wait until things cool down and are eventually forgotten.
- () Review the contract terms with the company lawyers to determine how the company is legally protected against any eventuality.

4. For extreme positions—the best (1) and the worst (5)—indicate the main reasons you have to place them in these positions:

Part III

Students get together in groups of five people, and give a collective response to questions 1, 2 and 3.

Part IV

5. After the group discussion you had with your classmates, indicate on the following scale how much *their opinion* changes the way you will address and resolve *this type of dilemma in the future*:

(1) (2) (3) (4) (5)

Not at all

Substantially

Justify the option selected: _____

What happened

We will focus on two main results of the implementation process. First, there was a high level of student participation in all the case's steps. We could observe that they were deeply interested in treating the case's dilemma as real, and taking seriously their role as decision-makers. However, we also noticed that group discussions were often lead and controlled by some participants (usually men) whose answers were usually taken as the final group decision. Therefore, we have to develop a kind of pedagogical mechanism or instrument in order to provide a more democratic participative environment for all students. Second, we believe that presenting the case as an activity not related to Ethics class was an effective way to avoid the social desirability bias. Students did not feel that they had to give *expected* answers in terms of any particular moral view. This preliminary conclusion is based on informal conversations that we had with some of the participants and the diversity found in the answers.

What next

Our first experience with this case gave results that show it has promise as a method for evaluating Ethics and CSR outside the classroom, and finding ways to improve our curriculum and achieve our learning goals. We seek to replicate our case on a yearly basis in order to conduct comparative longitudinal analysis and, if needed, adjust the case that is given to students. The data collected will also be analyzed by introducing different variables, such as socio-demographic ones, in order to better understand how different populations manage dilemmas and crises in the context of sustainable buyer-supplier relationships.

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