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Russian Management Training Programs: Do Corporate Responsibility Topics Have a Place?

BY DAVID S. HARRISON AND PATSY G. LEWELLYN

BUSINESS MANAGEMENT TRAINING PROGRAMS IN POST-SOVIET-ERA RUSSIA HAVE LARGELY IGNORED ENVIRONMENTAL, ETHICAL, AND OTHER SOCIAL RESPONSIBILITY TOPICS. THE AUTHORS EXAMINE HOW THE RUSSIAN CULTURE VIEWS THESE ISSUES, PROVIDE THE BASICS ON CORPORATE RESPONSIBILITY THEORIES, AND GIVE THEIR RECOMMENDATION ON HOW TO TEACH THE RELEVANT TOPICS TO CORPORATE TRAINING PARTICIPANTS IN RUSSIA.

EXECUTIVE SUMMARY Because of fundamental political, social, and market changes in the former Soviet Union, significant changes in education were necessary. Perhaps chief among them was the introduction of an entirely new area: professional business training. Previously, Soviet educational institutions were directed primarily toward scientific and technological disciplines, at which they excelled. Now, while the somewhat stoic institutions of higher education in Russia are reacting to changes largely driven by student expectations and political influences, a variety of independent business training programs have surfaced to meet more immediate economic development needs. Overshadowed by pragmatic business skills, environmental, ethical, and other social topics are largely ignored by these new programs. The key training areas (management, marketing, finance) command center stage, leaving "less critical" needs such as business ethics and social responsibility to some undesignated time in the future. This approach is a travesty. Now is the most opportune time to build ethical commitments into the new economic and business culture. We will look at the cultural receptiveness of Russians to these issues, provide some basics on corporate responsibility and stakeholder theory, and close with recommendations on course curricula, including an outline of possible course topics and readings.

Economic and business management training courses in Russia are taught in venues ranging from large universities and established classroom settings (aimed primarily at younger college students) to intensive, two- to three-day specialty courses targeted at working managers, which are similar to corporate training programs in the West. MBA programs in English and Russian are offered to younger college grads as well as seasoned managers, and both are available through the traditional university setting and Russian and international distance-learning channels. Many government sponsored programs aim at elevating the skills of managers through special programs such as the "Presidents" program, which, while less intensive than full degree programs, is still demanding and comprehensive. A full array of short or long, focused or broad, easy or hard courses supplements these. Increased need has created many programs.

These programs deliver the basics of business fundamentals, and some are similar to Western professional development programs, which is not surprising. Many of the training program developers are Westerners or were trained in the West. Just like such courses in the West a decade or so ago, these programs fail to include corporate responsibility issues in their core, or even secondary, offerings. As is too often the case, they will wait for the inevitable Enrons or worse to emerge, rationalizing that ethics occupy that peculiar secondary level of "not quite essential" business training. Certainly such soft areas can mark time and be attended to more leisurely, after the more immediately pressing and pragmatic needs in the true fundamental business areas are mastered. After all, there is no time to waste—people are living in poverty, markets are stagnating, corruption is mounting.... Yes, better wait till later.

This omission is not surprising—it's natural. Wrong, stupid, shortsighted, and unenlightened, it is sadly still as inevitable as the side of human nature that makes hindsight seem so effortless and uncomplicated. These training programs fill a pressing need for an economy in drastic transition, severely depressed in some areas, vibrant in others, with similarly divergent levels of ambitions and aspirations in the people. Outside the major cities in Russia, economic conditions in general are terrible, and there are serious needs within the few energized city economies. Training and development in key business areas (marketing, finance, accounting, innovation, and planning) are critical to successful Russian economic development and job creation. Is it legitimate or at least explicable that social and environmental concerns are largely absent from these programs?

If part of the reason for the failure of the Soviet system to provide for its citizens was the misdirection of resources, what a pity to think that in catching up, under a new capitalist, free-market economy, human resources continue on self-destructive paths. Does that overstate the case for inclusion of ethics and social responsibility topics in capitalist business training programs? No. As it happens, there exists a serendipitous historical facet of Russian culture that begs for inclusion of social and ethical topics in training programs right away. Consider the following special situation.

Sarov, Russia

General economic development programs in Russia cover many subjects.[1] Included among these programs are management training efforts.[2] In 2001, we became involved with a collaborative business training program in Sarov, Russia, in connection with nuclear weapons nonproliferation efforts between the United States and Russia. Generally, nonproliferation programs are directed solely at weapons activities. At times, however, less direct efforts include economic development programs. The belief is that a healthy Russian economy will create private sector, nonweapons-related jobs, which in turn will provide former weapons workers with gainful employment. Jobs and a healthy economy will also curtail the potential for export of weapons technology and/or scientists outside of Russia. These are sensible and laudable goals. Unlike the usual nonproliferation "seek and destroy" missions, economic development is positive and constructive—the proverbial win/win scenario.

Part of the nonproliferation economic development effort involves business training in one very special region of Russia: Sarov, a town in the Nizhny Novgorod Oblast. Sarov was a secret city. In Soviet times, and to this day, Sarov was not on Russian or non-CIA American maps. Russians needed special permits to travel to or from this special place. Sarov was the principal city for nuclear weapons work in the USSR and was the city where the USSR developed its first atomic weapons. Industry in Sarov was centered on research, development, and production of nuclear weapons and other defense-related research and production.

Our training partnership resulted in programs that captured the essence of management, marketing, and financial skills for select groups of Russian entrepreneurs in start-up businesses in Sarov. The training was funded by the U.S. Department of Energy's Nuclear Cities Initiative Program and was considered highly successful. It will continue to be used in supporting economic development in Sarov, with updates added when practical. Later we developed a supplemental program on quality management and ISO 9000.

The programs were designed for Sarov with the intention to move them to the other Russian secret, nuclear cities. The University of South Carolina Aiken (USCA) developed the training program content based on need evaluations conducted by Russian and U.S. partners. The Russian partner organization was LINK, the Russian International Institute of Management. LINK helped direct development of the programs, and, once they were completed, performed the training in Sarov with its existing staff of educators.

LINK is the largest Russian business training institution in Russia. With more than 90 locations, LINK delivers programs that provide training to about 9,000 business managers each year. LINK courses tend to be more pragmatic than the more theoretical university-level courses. Our training program goals were similar to LINK's more practical teaching approach, so our collaboration followed natural development steps. LINK uses active training methods in course seminars, also important in our program. Outside of the seminars, however, the courses were essentially designed as self-studies, requiring very intensive, independent work by the trainees.

The content of our program of courses centered on what we felt were the most critical skills for aspiring managers and entrepreneurial venture capitalists. We focused on market approaches to business strategy, capital investment decisions, and financial performance and decision issues. Also included were general management skills, quality management, and, finally, a specially designed course to introduce the trainees to certification steps in ISO 9000 standards. The courses culminated in a trainee final exam, which consisted of presenting a comprehensive business proposal to a panel of local business and community leaders. Most of the proposals were for existing or contemplated businesses.

Include Ethics Training? Our Unique Opportunity!

When considering ethics in Russia, one must first understand that the Soviets' high levels of social consciousness and ethical standards were rigorously promoted to citizens, especially within Sarov, supporting the important defense work the city carried out. Although the Soviet line of collective good may have worn down with the passing of time and the continued tragedies of Russian leaders, both pre- and post-revolution (1917), the message was less diluted in cities like Sarov, with its system of Soviet-era privileges and a direct role in national defense. The residents of Sarov sincerely believed their city's contribution to world peace was real and meaningful through the concept of MAD, "mutually assured destruction." These beliefs, and the receptiveness to socially-oriented issues, were arguably much stronger than typically found in Americans, including in places where similar defense programs existed in the U.S., such as Los Alamos.

Such ethical standards created a sense of local pride in the people of Sarov. Soviet education and training programs continually reinforced these beliefs. Sarov continues to be involved in nuclear defense work, but with the help of the United States it is undergoing a massive effort to convert some government and defense-related commerce and jobs to free enterprise, private, non-weapons work. The change, along with the major change in economic and political systems, has left something of a vacuum where the sense of ethics and pride in the mission had existed previously. Their identity was diminished and was replaced with the promise of capitalism and freedom, yet no clear path toward progress and success was apparent, or even relevant, to many.

In clear contrast to Soviet times, issues of social consciousness were either largely ignored or simply took lower precedence to the new issues of job creation and economic progress. Certainly, it was the case in our own training programs. This prioritization reflects not so much a conscious decision or omission, but it is more likely a straightforward and pragmatic, if not simplistic, reaction to apparent critical needs. Jobs first! This maxim is all too logical, all too practical, and, unfortunately, all too familiar. Thinking beyond the short term may seem a luxury that can be afforded later when more substantial development is under way, but long-term development and social issues should at least be openly deliberated—up for grabs, if you will—before they make way for business priorities. It's an all too recognizable tune, only set to a dynamically different score this time. In the cases of Sarov and the nuclear cities, it misses a prime opportunity to capitalize on embedded levels of social consciousness at much higher levels than those arguably typical of the West.

These considerations are complicated by the nuclear issues attending economic development, job creation, and business training in Sarov. The prevailing rationale is that good economies, good opportunities, and good jobs at home will prevent nuclear weapons and nuclear talents from falling into the wrong hands. The emphasis has been on numbers—numbers of businesses created, numbers of jobs created, and numbers supporting economic growth.[3] Social issues have not emerged as priorities of planning or funding. That this contrasts with the prior Soviet thinking, which directly tied employment to world peace, ethical behavior, and social responsibilities, has not been considered adequately. The message now is innovation, free market emergence, competitive forces, growth, profits, jobs, and sustained economic development. And for the most part, the message comes sans social issues.

We got caught up in this, too. In retrospect, it never occurred to us to integrate social and environmental issues into the core coursework. We thought we were too busy trying to condense everything in the core business disciplines into modules that retained the essence of required information and methodologies and also could be given to working managers over an intense six-month training period. Who had time?

Perhaps what's more telling is we never really considered the issue. We were driven by "content first," probably not an unusual theme in the circumstances. Should we have known better? Certainly. Social responsibility issues are now major topics of current relevancy in business school curricula. One would think social topics would have worked their way into the program. This omission is perhaps further embarrassing as program funding is based on the social mission of mutual worldwide nuclear cooperation and the complementary interests of economic development, free markets, and democracy—all socially oriented goals.

Had we tried to introduce training modules on ethical issues, we might have hit that trade-off between socially oriented subjects and the practical content mandate from our government. We certainly were aware that, on other issues, the government sponsors were reluctant to support anything considered not direct economic-growth or job-creation efforts. A GAO audit performed at the direction of the U.S. Congress, in fact, criticized associated development programs for directions that were social instead of practical. The managers of the funding organizations were keenly aware of the GAO observation, resulting in pressure for direct and practical approaches.

A Missed Opportunity

On reflection, we could have easily offered (read: sneaked in) at least an introduction to business responsibility issues through our coverage of basic management principles and strategies. For example, successful management requires an organization to find solutions to three basic questions: (1) "Where do we want to go?" (2) "Why?" and (3) "How do we get there?" This leads to the missions of organizations perhaps consisting of these components:

- Technology for the product/service, market, and production and delivery.
- Company's survival through sustained growth and profitability.
- Company's philosophy, basic beliefs, values, aspirations, and priorities.
- Present and future public image of company.

As managers of companies often want to demonstrate good citizenship by being socially responsible, and because published purpose (mission) statements tend to focus on high-profile issues such as environment/pollution, equal opportunity personnel policies, restricting investment in corrupt and oppressive regimes, and educational initiatives, it is entirely appropriate to delve into these subjects and their related issues during management training segments.

Of course, for many organizations operating in government or the public sectors there is an expectation that purpose and objectives will be closely connected to social and national responsibility, furthering the need to explore the areas. Finally, organizations that act ethically achieve some additional advantage in general. A pattern of equitable acts leads to trust, and that trust leads to commitment, and that committed effort, with cooperation and innovation, leads to success. These directions could have melded into our course content easily and improved the courses. Further, such topics tend to encourage dialogue and active learning experiences, which was our chosen method of seminar instruction.

CSR Alternatives Approaches

One approach for integrating corporate social responsibility (CSR) into the training modules would be to develop relevant issues into evocative, active discussions to introduce many of the more practical business topics. For example, showing clips from the movie *The Solid Gold Cadillac*, in which Judy Holliday plays a small investor in corporate giant International Projects Inc., might have created some lively discussion and been a good introduction to stakeholder and agency issues.[4] In the movie, Holliday makes a nuisance of herself at shareholder meetings, badgering executives about their inflated salaries. The result: They hire her as VP of corporate relations. Some strategic lessons there, for sure.

Similarly, reconciling the thoughts "capitalism depends on character" and "capitalism is based on the profit motive" might encourage lively discussions. Richard Hirst states that capitalism "seeks to channel a potentially destructive human impulse, greed, to constructive uses, but, as Solzhenitsyn observed, there is a line between good and evil that runs through every human heart."[5]

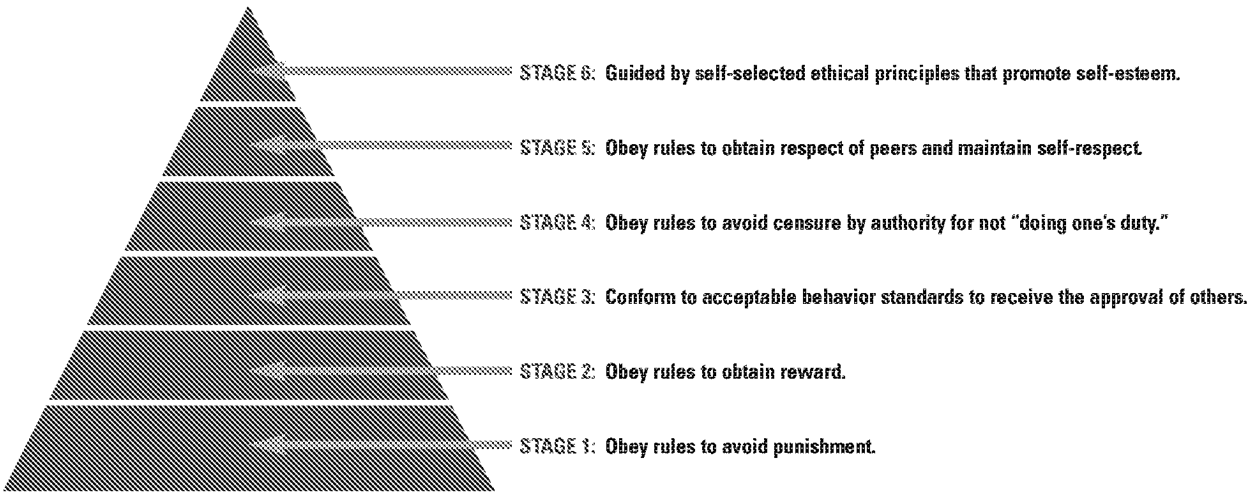
Hirst says that because business presents many opportunities to make money by violating duties of trust, it might tempt those who think they can get away with it. This is another wonderful introductory opportunity. In Russia, trust and responsibility, while presumably founded on basic ethical mores, took on new roles under the new economy. In the everyday life of small, provincial Russian cities, there are no examples of local companies having developed successful management systems. In this context, the local community does not associate the success of these companies with their management and with efforts on developing management. Success is associated with performing government orders. Rather than link the success of companies with management, local communities explain it in terms of previous monopoly positions. During Soviet times, the government interfered in the life of local communities. The state government made all community decisions. People did not have a real sense of participation—social responsibility roles and issues were drastically different. Exploring the ways in which they were different would be fruitful in developing management skills for today's business environment.

What would trainees think about the importance of demonstrating strong ethics in employment interviews? The Institute of Management Accountants cites a Robert Half International survey, which states, "58% of chief financial officers said that other than ability and willingness to learn, the qualities that impress them most while interviewing a candidate are honesty and integrity."[6] Discussion can follow from either the employer or candidate side of these issues. This could lead to other human resource management topics.

All too often, we hear about how free enterprise ventures cannot compete in given markets and be "green." Or we hear that the need to attend to economic needs of developing economies must come first, with the social areas attended to later. These areas provide fruitful and provocative points of debate to incorporate with the traditional, skills-based business topics.

The above topics come to mind easily. It seems that introducing ethical areas is not the hurdle we thought it might be. Clearly these topics and associated discussions should be enough to animate even the dullest of Western business undergrads. Remember, in Russia we are generally working with (1) more mature individuals, (2) people with more deeply ingrained social consciousness levels, and (3) trainees often more eager to learn and participate because they see the potential results of moving ahead with successful businesses and the consequences of not doing so.

FIGURE 1: Behavioral Stage Theory of Moral Development



Source: James A. Hall, *Accounting Information Systems, 4th ed.*, Thomson South-Western, Mason, Ohio, 2004, p. 121.

Russian Culture and Natural Receptiveness to CSR

Social and environmental concerns fit easily with Russian cultural norms and expectations because the Russian culture is more socially oriented than its Western counterparts. In Russia, working for the common good and individual sacrifice for the good of the group are culturally indoctrinated norms of expected behavior. Russians are used to operating at the group norm level, not individually. Sarov has a history in Russia as a special place whose sole purpose was to collectively work toward world peace. On the other hand, Russians find Western values—individuality, objectivism, self-interest, and that old "invisible hand"—a complicated and sometimes disillusioning set of principles that are hard to equate with the common good and socially responsible actions.

In terms of moral development, Russians arguably have reached a higher plane than more advanced economies. A modern adaptation of the original theory of moral development and behavior offered by Anne Colby and Lawrence Kohlberg explains moral development and behavior over six stages (see Figure 1).[7]

In stage one, the actor simply avoids punitive results. In the next stage, the actor's motivation is to obtain reward. This is the highest stage achievable for business organizations whose primary motivations are profit without regard for social and environmental costs. Although Western capitalism has operated at times as though this motivation is overarching, thankfully a growing trend in activism and investor awareness is making this stage a strategic disaster recognizable by most global managers. Certainly it is a worthwhile goal to prevent Russian business managers from "stalling" at level 2 while building a capitalist economy, especially as they have a long tradition of operating at a higher level of moral development from their work under a communist regime. One can see that certain strategic advantages are possible at level 3, where the actor considers the approval of others. When the business builds an awareness of and consideration for the expectations of the stakeholders of the organization, for example, strategic opportunities and the avoidance of potential disasters become possible.

In addition to the level of moral development for the Russian manager, players in the emerging Russian economy would benefit early on from an understanding of the complex linkages between a broad range of constituencies in the business arena, as well as from an appreciation that the most important linkages to financial success often are indirect—and not easily identifiable or quantifiable.

Theoretical Underpinning for CSR in the Training Curriculum

Stakeholder theory has been in Western business literature for several decades now, although explicit articulation of linkages between stakeholder concerns and financial performance still largely eludes empiricists.[8] But a compelling business case is emerging that suggests that the way stakeholder expectations are anticipated and responded to by business organizations is a significant predictor of financial success over the long term. Most early studies that examined links between corporate behaviors and market measures suffered from lack of theoretical grounding, and most mismodeled variables in attempts to produce proof that treatment of a particular stakeholder, say employee training and development, would predict future stock prices.[9] More recent studies, however, have been longitudinal and provide a much richer business case for corporate social responsibility and accountability to a broad range of stakeholders.

Stakeholder theory posits that stakeholders, those who affect or are affected by an organization, impact organizational outcomes. Their roles are varied, and their impacts are not easily anticipated, but organizations can benefit significantly through careful identification of relevant stakeholders and intentional engagement with them.

Stakeholders impact organizations through four roles:

1. Stakeholders establish expectations (explicit or implicit) about corporate performance.
2. Stakeholders experience the effects of corporate behaviors.
3. Stakeholders evaluate the effects of corporate behaviors on their interests or reconcile the effects of those behaviors with their expectations.
4. Stakeholders act upon their interests, expectations, experiences, and evaluations.

Given these stakeholder involvements, scholars have undertaken numerous studies in an attempt to identify the exact nature of the links among organization behaviors, stakeholder actions, and business performance.

As our understanding of stakeholder relations has become more concrete, scholars have been able to develop more adequate measures of corporate social performance (CSP) and to confirm empirically that CSP and financial performance (FP) do have a positive relationship.[10] This relationship is demonstrated best when independent and dependent variables are theoretically related through a corporate/stakeholder link. For example, Jeffrey Frooman has demonstrated that social performance measures, such as defective products or recalls, invariably yield a negative stock price hit because of the resulting decline in customer satisfaction and consequent sales.[11]

Market-based CSP/FP links are the easiest to document, but nonmarket links could turn out to be more important. The most recent developments in corporate performance measurement have been spurred by an eclectic coalition of interested parties, including some progressive executives, NGOs (nongovernmental organizations), accountability professionals, traditional accounting firms, social investing professionals, academics, and others. These efforts are referred to en masse as the social accountability movement.[12] Examples include the Global Reporting Initiative (GRI) related to measurement and reporting of triple-bottom-line performance indicators; AA1000, which is related to the quality of stakeholder engagement and embedded organizational learning; SA8000, as related to labor conditions and outsourcing; the Global Sullivan Principles regarding basic human rights; the U.N. Global Compact relating also to human rights issues; and others that specifically address environmental protection.[13] These initiatives are attempting to address the impact of firm behaviors on nonmarket or, at the least, indirect-market stakeholders. They represent widespread attempts to enhance performance measurement using more comprehensive models by addressing the claims of and accountability to nontraditional stakeholders. All of these efforts are about performance measurement, but they are not all on the same page as to what should be the focus of measurement. Some are process oriented, others are outcomes oriented, still others are stakeholder relations oriented, and so on.

Drivers of financial, social, and environmental performance are inextricably linked. Thus, future financial performance might best be predicted through a comprehensive view that includes all four of these elements of business performance measurement. The significance of the impact of outcomes on financial perfor-

Table 1: Stakeholder Outcomes that Impact Financial Performance

STAKEHOLDERS	OUTCOMES
Employees	Satisfaction
	Motivation/Productivity
	Loyalty
	Turnover
	Reference/Reputation
Customers	Satisfaction
	Purchases
	Loyalty
	Reference/Reputation
Suppliers	Alliances/Integration
	Loyalty
	Cooperation
	Reference/Reputation
Shareholders	Investments
	Resolutions/Governance
Activists, NGOs	Public Scrutiny
	Awareness Campaign
	Cooperation
Communities	Access to Resources
	Tax Incentives
	Supply Workforce
Governments	Legislation/Regulation
	Sanction
	Alliances/Partnerships
Legal System	Litigation/Remediation

Source: Patsy Lewellyn, "Corporate Performance: A Stakeholder Engagement Model," *Proceedings of Conference on International Corporate Responsibility 2002* (forthcoming).

mance can best be understood through the roles of stakeholders as the definers and evaluators of corporate performance expectations.[14]

Outcomes emerge when stakeholders evaluate and respond to the behaviors of business. An array of representative outcomes that directly and indirectly impact financial performance are illustrated in Table 1.

Internal stakeholders (employees and managers) evaluate many facets of firm behaviors, particularly those that impact their work environment, their pay, and equity among fellow employees. Regarding direct impacts between outcomes from employees and financial performance, a recent study found evidence that CSR behaviors increase employee commitment to the firm.[15] Likewise, Shawn Berman, Andrew Wicks, Susan Kotha, and Thomas Jones found that a managerial-stakeholder orientation in relation to employees has a significant direct effect on financial performance, independent of firm strategy.[16] Regarding indirect impacts, Mark Huselid found that the implementation of high-performance work practices (development of employee skills through training and development, organizational structure, job design, quality of worklife initiatives, labor-management teams) correlated with decreased employee turnover and increased productivity in the short term (cross-sectional study) and with increased financial performance over a longer term (longitudinal study).[17] According to Archie Carroll and Anne Buchholtz in an edition of *Ethics and Stakeholder Management*, the most conclusive empirical links between firm behaviors and financial performance have emerged through correlations between CSR and employee relations.[18]

External stakeholders also evaluate and act upon firm behaviors that impact their quality of life, the natural environment, and the perceived congruence with social expectations. The quality and safety of products, directly impacting customers, have been shown to directly affect financial performance.[19] From a market-based perspective, product failures and recalls have been demonstrated to result in permanent, negative, abnormal stock returns.[20] Customer satisfaction is significantly correlated with *future* financial performance, but many studies have limited their investigations to short-term impact, overlooking long-term impacts, which can be obscured by many other factors.[21] It is important to note that customer satisfaction can serve as an advance warning of eventual decline in market share—a leading indicator of future financial performance—even if a significant correlation is not immediately apparent.

Outcomes from internal/external stakeholders can affect firm performance directly or indirectly. Studies that have attempted to establish a direct link between social

Table 2: The Links of Stakeholder Responses to FP

	SHAREHOLDER	CUSTOMER	EMPLOYEE	GOVERNMENT
Expectation	Profitable product	Safe and effective product	Marketable product	Responsible product
Experience (Unsafe product)	Costs of damages, Increased risk	Physical/emotional harm	Embarrassed by association with firm	Consumer complaints Advocacy groups
Evaluation	Negative	Negative	Negative	Negative
Response (Outcome)	Sell stock	Switch brands Lose faith in firm, Negative reference	Seek new job Absenteeism, Negative reference	Protective legislation
Link to FP	Direct—decline in stock price	Direct—decreased sales Indirect—damaged reputation	Direct—costs of turnover, decreased productivity Indirect—damaged reputation	Direct—costs of compliance Indirect—lobbying, public relations

Source: Patsy Lewellyn, "Corporate Performance: A Stakeholder Engagement Model," *Proceedings of Conference on International Corporate Responsibility 2002* (forthcoming).

and financial performance overlook the possibility that social performance can indirectly impact the financial bottom line. In the case of Sears, for example, the impact of an increase in employee satisfaction (five points) predicted a change in customer satisfaction (1.3 points), which in turn predicted 0.5% increase in sales.[22] Had the intervening customer satisfaction effect been ignored in their model, the significance of employee satisfaction impacts on financial performance might well have remained obscure. Employee productivity, an outcome resulting from internal stakeholder evaluations of corporate policies that impact quality of worklife, directly impacts profits. On the other hand, employee motivation to provide good service, resulting from their evaluation of corporate policies that enable them to easily serve and satisfy their customers, impacts profits indirectly through impacting first the experience and evaluation of customers, who then impact profits through sales.

Different stakeholders experience, evaluate, and respond differently to the same firm behavior, and their responses (outcomes) can have direct and indirect effects on firm performance. Table 2 illustrates how various stakeholders might produce differing responses to an unsafe pharmaceutical product.

An unsafe product can result in public scrutiny, negative press, legislation, regulation, litigation, and the costs of recalling defective or harmful products. On the other hand, safe products can result in loyal customers, disease remission or eradication, employee pride and motivation, good reputation, better recruiting status, and so on. Ultimately, outcomes from stakeholder evaluations of engagement with the firm, positive or negative, affect financial and social performance, including profitability, market share, stock price, and improved quality of life.

Through recognition of and an appreciation for the linkages among management values, organizational capacities for engaging their stakeholders, and long-term financial health, future Russian managers hopefully can "capitalize" on the theories of stakeholder management that empower the most progressive companies in the world today to make the world a better place and be profitable at the same time.

A Curriculum for Russian Training

Next is a topical outline, including references and discussion topics, that represents what we feel provides comprehensive CSR coverage for business professionals in general. This outline will form the basic structure of our proposed Russian CSR training module. It provides a short course on the responsibilities of business for its impacts on the environment and on the human condition; the impacts of ethical values and social and political interests; and the legal and institutional structural effects on management decisions. The training curriculum focuses on macro-level analysis of the roles and responsibilities of business and on micro-level analysis of ethical decision-making processes by individuals. These topics are critical to a solid overview of corporate responsibility and ethics training. Customizing these areas to specific Russian needs, background, and culture will form the core of our intended Russian CSR course.

Corporate Social Responsibility (CSR), Accountability, and Sustainable Organizations

I. Business Citizenship

Readings:

Archie Carroll and Ann Buchholtz, *Business and Society: Ethics and Stakeholder Management,* fifth ed., Thomson South-Western, Mason, Ohio, 2003, Chapters 1-3.

Hillary Bradbury and Judith A. Clair, "Promoting Sustainable Organizations with Sweden's Natural Step," *Academy of Management Executive,* November 1999, pp. 63-73.

Simon Zadek, Peter Pruzan, and Richard Evans, *Building Corporate Accountability,* Earthscan Publications Ltd., London, U.K., 1997.

Jeffrey Frooman, "Does the Market Penalize Firms for Socially Irresponsible Behavior?" *Proceedings of the International Association for Business and Society,* 1995, pp. 112-119.

Discussion Topics:

- To whom is business responsible, and for what?
- How much should we tell? To whom?
- Corporate performance: a multidimensional construct.
- Key drivers and impacts of sustainable business.
- Systemic risks and infrastructure.
- Trends in accountability.
- Triple-bottom-line reporting.
- Standards, emerging and latent.

II. Ethics Implementation

Readings:

Ronald Green, "Ethical Theories and Moral Choice," Chapter 2, *The Ethical Manager: A New Method for Business Ethics,* Macmillan, New York, N.Y., 1994.

Ronald Green, "Neutral Omnipartial Rule-Making," Chapter 3, *The Ethical Manager: A New Method for Business Ethics,* Macmillan, New York, N.Y., 1994.

Discussion Topics:

- Moral muteness and amoral managers.
- Moral imagination.
- Resolving relativism and imperialism.
- Principles and design of ethical organizations.
- Key concerns for analysis (industry specific).
- Barriers, facilitators, design issues.

III. Stakeholder Management

Readings:

Lawrence Susskind and Patrick Field, "The Mutual-Gains Approach," Chapter 3, *Dealing with an Angry Public: The Mutual Gains Approach to Resolving Disputes,* Free Press, New York, N.Y., 1996, pp. 37-59.

Carroll and Buchholtz, 2003, Chapters 12-13, 16-17, 19.

Jeanne Logsdon and Patsy Lewellyn, "Expanding Accountability to Stakeholders: Trends and Predictions," *Business & Society Review,* Winter 2000, pp. 419-435.

Discussion Topics:

- Traditional stakeholders: investors, customers, suppliers, employees.
- Nontraditional stakeholders: activists, governments, communities.
- Engagement processes.
- Assessing the quality of stakeholder engagement.
- Systemic learning from stakeholders.
- Resolving conflict with stakeholders: a mutual-gains approach.

IV. Reputation Management

Readings:

Grahame Dowling, "Corporate Reputation Value: Good Really Is Better than Bad," *Creating Corporate Reputations: Identity, Image, and Performance,* Oxford University Press, Cambridge, U.K., 2001, pp. 9-28.

Charles Fombrun and M. Stanley, "What's In a Name? Reputation Building and Corporate Strategy," *Academy of Management Journal*, pp. 233-258.

Discussion Topics:

- Do reputations matter?
- Can reputations be managed?
- Reputation as a strategic asset

V. Business-Government Relations

Readings:

Carroll and Buchholtz, 2003, Chapters 10-11.

Discussion Topics:

- Roles and responsibilities of business in public policy.
- Nature of regulation.
- The rightful place of business.

VI. Community Relations

Readings:

Edmund Burke, *Corporate Community Relations: The Principle of Neighbor of Choice*, Quorum Books, Westport, Conn., 1999, pp. xiii-xviii, 1-43.

Discussion topics:

- Does business make a good neighbor?
- When local norms conflict with organizational norms.
- Win-win solutions to complex problems.

While most people develop a code of personal ethics from a variety of influences, including family environment, education, and experience, conventional wisdom in Western business schools is supportive of inclusion of formal ethics training in business education. In fact, the Association to Advance Collegiate Schools of Business (AACSB) accreditation standards require ethics training in undergraduate curricula. AACSB is the foremost international accreditation body for business schools. Corporate executives recommended that AACSB add social and political perspectives to curriculum requirements three decades ago. The inclusion of these issues is considered essential for modern management. Recall that the Russian culture recognizes and expects work for the communal good. With grounding on the basic theory and issues as suggested in our course outline, the Russians, ideally, will embrace CSR tenets.

A study of the differences between Russian and Western ethical development norms and the infusion of ethical standards into planned management strategy complements the overall strategic management topic and serves trainees well by offering tangible examples of differences. Using our active learning seminar style, many valuable group discussions could emanate from these topics.

The Second Time Around

In truth, we have had our second time around. We began our second training program early in 2003. Regrettably, it lacked corporate social responsibility topics. But we are working on a third time and are eager to try and integrate social issues into the curricula and look to make it an independent module. We feel the Russian culture would form an accepting base from which to initiate discussions on business responsibility and that the topics would complement the other topics well. Further, our existing courses were designed to be updated, allowing us the opportunity to integrate ethical topics within their core. ■

David S. Harrison is an associate professor at the University of South Carolina Aiken, in Aiken, S.C. David can be contacted at (803) 641-3376 or davidh@usca.edu.

Patsy G. Lewellyn is a professor of accounting and MIS at the University of South Carolina Aiken, in Aiken, S.C., and the 2004-2005 president of the International Association for Business and Society. Patsy can be contacted at (803) 641-3203 or patsyl@usca.edu.

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