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**EVALUATING SUPPLY AND DEMAND FOR
EXECUTIVE EDUCATION IN ETHICS**

Reports from the Field

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EVALUATING SUPPLY AND DEMAND FOR EXECUTIVE EDUCATION IN ETHICS

Management Summary

In an investigation about how well managers' demand for business ethics training is met by market offers, four different categories of educational providers were identified – private academies, non-governmental organizations (NGOs), universities and corporate universities. The diverse offers of these institutions are met by an increase in demand that is characterized by (1) a heightened interest in compliance-related ethical issues, (2) the wish for practical applicability of the content, (3) a diverse and disputed understanding of the term 'ethics', (4) the importance of the company's corporate culture, (5) three different target groups, namely future leaders, middle and top management and (6) a preference for three formats conveying business ethics education – webinars, seminars and workshops and conferences, conventions and similar events.

Introduction

There are many different ways to contribute to making conduct in business more ethical. One way is the academic study of business ethics, for instance developing theories, or understanding the problems companies have that prevent them from acting in an ethical way. Universities and other research institutes focus on this method. Another way is to inform the public about the practice of ethics in modern business, thereby increasing public pressure on certain companies or sectors. Many NGOs prefer this way. NGOs and similar non-commercial initiatives may also develop guidelines that help companies to act more ethically. Another tool that promotes ethical business conduct is educating or training the actors who conduct the business. This form of business ethics education is the topic of the present report. In the following paragraphs, we lay out the precise goal and emphasis of this work.

There are a variety of business education programs. We can draw a general distinction between classic full-time or part-time study programs as offered by universities on the one hand, and off-the-job trainings as offered by universities and many other organizations on the other hand. This report focuses on off-the-job programs. Another distinction in executive education in business ethics relates to the content of the program. Teaching can focus on rather technical knowledge, such as compliance with regulations or reporting guidelines; or on conveying more general knowledge, insights, and impulses, such as ethical decision making competencies. Here, we focus on the latter.

This report thus focuses on off-the-job training, particularly for managers. We focus on managers because they are the ones who take decisions in companies and have responsibility for doing business in an ethical manner. Furthermore, we are most interested in education formats that give rather general impulses on how to respond to ethical dilemmas in everyday business practice. Such education programs are offered by different kinds of organizations, for instance the Wittenberg Center for Global Ethics or the Institute for Business Ethics at the University of St. Gallen.

The goal of the present report is to evaluate this approach to business ethics education. What alternative types of business ethics education programs are there on the market? Is there demand for general business ethics courses? Do they satisfy the needs of the customers? How can we improve executive education in business ethics?

To answer these questions, we spoke to providers of business ethics education and to (potential) customers of such offers. In this way, we gained an overview of the offers of education providers, and the demand and needs of customers. In Section 2 of this paper, we explore the supply of business ethics education, in Section 3 we analyze the demand for such programs, and in Section 4 we wrap up the report with some conclusions.

The supply of executive education in ethics

To get an overview of the supply of executive business ethics education, we carried out desk research to find out how the market is structured. In particular, we identified the market's main players and their offers. Moreover, we evaluated the extent to which the available offers correspond to the needs of customers – i.e. companies and other professional organizations. Our supply analysis focused on off-the-job training and education; neither part-time nor full-time study programs were part of our analyses.

Providers of executive education in ethics

An analysis of business ethics education offers reveals that the market is highly diversified, with a large number of suppliers offering a wide range of products. These suppliers can be clustered into four categories, namely (1) private academies, (2) NGOs and other institutions, (3) universities, and (4) corporate universities. Table 1 provides an overview of the four categories and the respective offers. A more detailed account follows in the next few paragraphs.

Table 1. Overview of business ethics education providers and their offers.

Private academies	NGOs and other institutions	Universities	Corporate universities
Broad offer	Specific offer	Extensive offer	Extensive offer
Educational content mostly on functional / technical skills	Educational content close to organization's core activity	Educational content on strategic / conceptual (leadership) skills	Educational content on both strategic / conceptual and functional / technical skills

1) Private academies

With private academies, we refer to commercial education companies. They may be called training centers or leadership academies. Their prime goal is profit generation through offering educational programs. Generally, these academies have a rather broad offer of management and employee trainings. The focus is typically on tangible topics or practical and technical skills. An example from the field of business ethics would be the training of sustainability reporting according to GRI guidelines.

2) NGOs and other non-commercial institutions

NGOs and other non-commercial institutions – such as the Wittenberg Center for Global Ethics or the Industrie- und Handelskammern (Chambers of Commerce) form the second cluster of competitors in the market for business ethics education. NGOs typically have a very specific offer because they teach subjects that are close to their core activity. That is, an NGO that is committed to decelerate climate change is likely to focus its educational offer on topics in that field – e.g., sustainability reporting or how to decrease environmental impact.

The German Chambers of Commerce, on the other hand, have rather broad educational offers, including courses for becoming a certified Manager of Corporate Social Responsibility.

A specific example for a product in this category would be the course value oriented acting (wertorientiertes Handeln), offered by the IW Academy (Institut der deutschen Wirtschaft Köln Akademie GmbH). The course takes a full day and targets middle management and future leaders. It addresses the topic of morals and markets, with a focus on the business case for value oriented acting. Participants learn about theories and practices by discussing case studies and expert opinions.

3) Universities

Public and private universities are major providers of executive education. They are able to tap a large pool of resources, such as cutting edge expert knowledge in various fields. This allows universities to provide an extensive offer of business ethics education, thereby satisfying the specific individual demands of the various customers. In addition to that, universities benefit from their high reputation and credibility. This is manifested in their presence in the market and the redundancy of having to market their offer. Companies simply turn to universities in their search for executive education, as will be shown later in a specific case example.

A specific example in this category would be the course CSR kompakt, offered by the University of St. Gallen, specifically the Institute for Business Ethics. The course takes five days and targets middle and top management. Participants discuss theories and case studies and thereby acquire general knowledge of business ethics, with a focus on compliance and integrity.

4) Corporate universities

Corporate universities are company-owned research- and educational institutions. Companies that have their own research and education institution tend to be rather big, and usually there is sufficient funding for an extensive course offering and adequate faculty and staff. An advantage of corporate universities is the ability to align courses to the company's individual needs. However, none of the curricula we looked at included a conceptual ethics course that aims at the capability of moral decision-making.

To sum up, our supply analysis shows that there are different suppliers of business ethics education who offer a wide range of products. The crucial question now is whether the offer meets the demand of managers. We therefore proceed with an analysis of the demand side in the next section.

Managers needs with respect to business ethics education

What kind of seminars would managers like to participate in? Which topics would managers like to learn more about? How long should a seminar be? Is there an interest in business ethics seminars at all? Answers to these questions will be provided in this section.

We started analyzing the demand for business ethics education by asking the respective suppliers about their impressions.

To this end, we talked to five representatives from different suppliers, including the Cologne Institute for Economic Research (IW Academy), the IHK Nürnberg für Mittelfranken (IHK Akademie Mittelfranken), University of St. Gallen (Institut für Wirtschaftsethik), and the HTWG Constance University of Applied Sciences (Lake Constance Business School). These calls provided valuable insights into the demand for business ethics education and how this demand has developed over the past few years. The most important insights can be summarized as follows:

- Managers are interested in concepts such as CSR and Corporate Governance if it is embedded into a bigger picture. They are hesitant to sign up for programs that aim at general ethics.
- Trainings on compliance issues no longer enjoy a high level of demand, as compared to the years after the financial crisis 2007. This may be due to the now large offer of compliance trainings and the excessive use of the term compliance, which has deprived the term of its significance.
- An increase in demand has been observed in seminars that address current issues and topics that are part of sociopolitical debates.
- Interest is driven by obvious and immediate value-add, i.e., managers sign up for business ethics education programs if they see a direct benefit for their business.
- Managers are looking for heuristics for dealing with ethical dilemmas.
- Demand often comes from companies or sectors that are under public scrutiny for questionable business practices.

For more precise first-hand information, we conducted interviews with representatives of ten different companies. These companies differed in size, industry, and significance of business ethics within the company. Based on the interviews, we split customers of business ethics education programs into three groups – top management, middle management, and future leaders. Furthermore, we extracted three kinds of common education formats within companies – webinars, seminars and workshops; and conferences, forums, and similar events.

We present the methods used to gather the needed information in the following section. The subsequent section outlines the results of our demand analysis in a detailed manner. The last section concludes this section with a summary and discussion of the most important findings.

Method

We conducted eleven interviews with representatives of ten different companies. The sampled companies represent different industries as well as different sizes. Three of these companies had less than 5,000 employees, three employed between 5,000 and 100,000 people, and four companies had more than 100,000 employees. The sampled companies operated in different sectors, including oil industry, chemicals, engineering, automotive components, transportation, telecommunications, e-commerce, and the textile industry. Seven of the interviewees worked in the HR departments and three had CSR-related responsibilities. One interview partner was the manager of an employers' association and should rather be considered as a consultant.

The language of the interviews was German, except for three interviews, which were conducted in English. The interviews took between 30 and 60 minutes. A semi-structured interview design was deemed most suitable for the study's purpose. In this interview form, the interview is conducted based on a set of topics, rather than specific questions. The conversation is less restricted and therefore develops more freely. The semi-structured interview form was chosen to learn what and how potential customers think without restricting the conversation by personal presumptions. The interview featured three key topics:

- The perception of ethical issues in the respective company
- Existing management development programs, particularly with respect to business ethics
- Content and budget

For each of the topics, we had a couple of example questions that we adjusted before each interview, so that they fitted the context of the interviewer best (see Appendix for the interview structure).

Results

The open structure of the interviews contributed to a pleasant and relaxed atmosphere during the interviews. Even though topics and certain impulse questions were provided, the interview partners usually talked about loosely related issues that came to their minds. Most of the time, this freedom was conducive to the goal of the interviews – understanding the customers' needs. Only occasionally was it necessary to guide the interviewees' attention back to the topic.

Before the interviews, many interview partners had doubts whether they would be able to contribute anything useful. However, we gained valuable insights from all interviews. Generally, the interviewees offered further support should additional questions or doubts should come up later. After the conversation, interviewees had the chance to comment on the conversation. Here, some interviewees mentioned that they, too, enjoyed the talk and the reflection about business ethics issues in practice.

The remainder of this section will outline six main insights from the interviews:

1) Ethical issues in the companies, 2) Practical applicability of content, 3) Use of the term 'ethics', 4) Ethics in corporate culture, 5) Participants and 6) Teaching formats.

1) Ethical issues in the companies

Before talking about business ethics seminars, we asked interviewees to think of typical ethical dilemmas in their company. Many answers can be classified as compliance-related issues. As all of the interviewed companies operate in a global context, the topic of cultural differences was also mentioned regularly, often in relation to compliance. Some interviewees came up with quite specific issues, like the following three: (1) Our customers expect us (a telecommunications company) to sell the iPhone – at the same time we hear about the bad working conditions at their supplier Foxconn. (2) Should we (a clothing company) take a stand on Amazon (and its working conditions)? (3) Should we (an engineering company) build a wind farm in a conflict region?

2) Practical applicability

One issue that was regularly mentioned was the practical applicability of seminar content. Most of the interviewees said that any seminar must have the potential to tackle an issue that the seminar participant has in her daily work routine. One person said that participants are less motivated if all participants have different interests. That person expects seminars that are not specific to be less effective. Another interviewee stated that ethics seminars could be general, as long as participants are able to relate it to their day-to-day operations. Furthermore, this person was of the opinion that ethics-related seminars must be industry specific – it would not make sense to talk about ethical issues of any sectors other than the one in which one's own company operates. One interviewee put all these thoughts in a nutshell in an ironic way: *When I ask you "What is the added value of the event?" and you say "They will have a better understanding of ethics afterwards", then I say "No thanks!"* That person further commented that most people want to progress in their job, and that they usually do not associate that goal with ethics: "I am not paid for ethics." A related idea should be mentioned here: One person supposed that managers would be more interested in a seminar when it is credibly communicated that the content has implications such as increased revenue or profit.

3) Use of the term 'ethics'

Most interviewees commented on the term ethics. It was particularly insightful to learn that the term ethics is not used in the corporate world. One person called the concept "too abstract". This caused misunderstandings that started already during the interview preparation. Many interviewees were concerned that they were not the appropriate interview partners; they thought that they could not contribute meaningful input because they had no idea about ethics in their company. However, in most cases, company representatives were in fact able to give useful insights into their ideas of business ethics – they just used different terms. As one person pointed out, "Just because the term ethics does not appear within a company, does not mean it

doesn't exist". Unfortunately, there is no single correct term that translates the concept of business ethics into a more tangible expression.

Yet, these are but a few of the alternative terms that came up in the interviews: Decency, honorable merchant, good governance, compliance, integrity, and sustainability. Seminar providers might consider these findings when searching for an appropriate name for their offer.

4) Ethics in corporate culture

One interviewee observed a societal movement towards more responsible business conduct. However, the person said that business ethics seminars cannot stand alone but must be part of something bigger. The person suggested that an executive board has to take up a position for ethical business and described what was suggested in the other interviews more subtly – that an ethical corporate culture is a precondition for individual ethical decision-making. A different person put it directly by saying that “even decent people will have problems acting decently if the surrounding culture is encouraging unethical behavior.”

5) Participants

Three groups of participants became apparent during the interviews. The most typical seminar participants appear to come from middle management. These are line managers, heads of department, or managers with rather operational duties, as opposed to managers with rather strategic duties. These managers, by contrast, were labeled top management, executive level, or senior executives. One interviewee of a very large company stated that senior executives would constitute the top six percent of employees. Alongside top management and middle management, we identified a third customer group that can be called ‘future leaders’. These are young talents who just started working or will soon have responsibilities, like management trainees or recent graduates.

6) Teaching formats

Some interviewees explained that innovative didactic concepts catch their attention, such as role-plays that enable participants to take on a different perspective, or internally organized Ted-talks. Generally, three sorts of formats play a role in business ethics education:

- a) Webinars
- b) Seminars and workshops
- c) Conferences, conventions, forums, and other events

a) *Webinars*. Webinars are location independent – people participate using their computer. Webinars are usually short (one hour) units of education. This length of time is suitable for teaching a specific technical skill, or for instance, to discuss a particular current issue. It is thus mostly used to serve the masses. A typical use is to educate all employees about new company guidelines. Most of the interview participants said that this form of education is very common even for middle

management, such as compulsory webinars on compliance, cultural differences, or corporate values. Top management, however, is not concerned with this kind of training.

b) Seminars and Workshops. Seminars and workshops are rather traditional education formats. Participants meet at a given location to be taught about certain topics or skills by one or more speakers or trainers. A duration of one to two days is most common; however, there are also more extensive offers which take a couple of days. Workshops are usually more interactive, shorter, and may be embedded in more extensive programs. Seminars and workshops are offered to a rather diverse audience; hence participants usually come from different companies. However, many seminars and workshops are offered specifically to employees of a given company – such events are labeled in-house. Companies may work together with contractors to host in-house seminars. Large companies often operate their own corporate universities that also organize management education. We learned from the interviews that seminars and workshops are the traditional and preferred option for middle management and future leaders. As a rule of thumb, it can be said that middle management participates in seminars once a year. Freshly employed managers and future leaders go even more often, i.e., twice a year. Top management usually does not attend seminars or workshops. In the interviews, it became apparent that top managers are expected to “already know everything” – going to a seminar may be seen as a sign of weakness and thus entails the risk of image damage.

c) Conferences, conventions, forums, and other events. These are meetings intended for the exchange of views or ideas within a specific field or industry. It was suggested that top management visits such events in order to network and get updated on new insights in their field. However, as some interviewees stressed, even if the idea of developing new ideas and learn something at conferences is interesting in theory; these events are not a good learning environment in practice.

Demand for Ethics Education: Conclusions

The goal of this chapter is to understand how managers use business ethics seminars and what the demand for such events is. The previous sections laid out how these questions were answered: After talking to different experts from HR and CSR-departments, we analyzed the interviews and came to a couple of conclusions. We identified three groups of customers with different needs regarding business ethics education. In the present section, we will discuss these results and the implications for current and future business ethics education formats.

Before the interviews, we supposed that business ethics seminars should mainly target executives and top managers because they have the most power and can exert influence most effectively. This view was corrected; top managers are expected “to know everything” and therefore, are hesitant to attend seminars. Instead, they sometimes visit conferences, conventions, and forums, which give them the opportunity to stay up-to-date with current developments in their field, as well as a good environment to network. However, this does not mean that top management does not need to be targeted by business ethics education products at all. It became

apparent that in order to have an effect on a company's business ethics, the corporate culture must facilitate ethical behavior. A company's top management significantly shapes the company's culture; and anything that is implemented to improve the company's ethical decision-making needs to be backed by its top management. Thus, a critical challenge is to find a way to communicate business ethics issues to top managers.

The analysis of the interview results showed that middle management and future leaders are typical audiences for seminars. We identified three factors that contribute to the success of business ethics seminars.

First of all, the content of the seminars needs to be closely related to the work of the participants. There are usually many seminars that managers can choose from, so they like to select the one that addresses (and potentially solves) problems that the managers face during their work. This entails that business ethics seminars should be particularly flexible, i.e., they need to constantly adapt to current issues of the target group. Moreover, business ethics seminars have higher chances of success if they focus on a specific kind of department or industry. In short, business ethics seminars need to address specific current issues of the managers and communicate the resulting value add clearly in the seminar's advertisement.

This leads right to the second precondition for a successful business ethics seminar – the terminology. Specifically, the term 'ethics' is seldom used and therefore often misunderstood in the corporate world. The term should therefore be avoided in advertisements and descriptions of seminars. Instead, it is suggested that titles and descriptions of such seminars should convey the potential to solve the participants' issues at work. Although general business ethics seminars cannot claim to solve particular problems, it is obvious that seminars that teach approaches and heuristics rather than specific solutions are important if the goal is to enable managers to make ethical decisions in diverse contexts. The main challenge therefore lies in communicating to managers that participation in a business ethics seminar will help them to tackle specific issues which they regularly encounter at work.

Thirdly, interviewees regularly mentioned on a side note that innovative teaching concepts catch their attention. It will therefore be an advantage for business ethics seminars to feature interesting techniques. Role-playing was mentioned multiple times in this context.

Before concluding this section, we would like to point to a general impression concerning the overall magnitude of demand. None of the interviewees expressed the need for a general business ethics seminar as such. The reasons included "no pressure from outside", "we already have seminars for everything", and "we develop our own seminars with our contractor". However, there was openness and interest in the topic as it became more specific. It can therefore be concluded that there is demand to some degree, and that this demand must be met with specific offerings.

Conclusion

The goal of the present work was to get an overview of the market for business ethics education. Moreover, we wanted to evaluate business ethics education that teaches managers rather general ways to think about business ethics and approach ethical dilemmas.

Interviews with providers of such education programs and (potential) customers yielded a couple of interesting insights. They suggested that education programs can take on different formats, including webinars, seminars and workshops, and conferences and similar events. For the general business ethics events that we focused on, seminars and workshops are the most appropriate format. These are the formats that are suitable for middle managers – those who benefit most from general business ethics education and, at the same time, are likely to make the biggest difference within their business practice. However, the other two formats are equally important. Conferences, conventions, forums, and other events in that category are important to reach top management. It is crucial to educate top management about business ethics because they shape a company's corporate culture and that culture is essential for consistently ethical business conduct in the whole company. The third education format, the webinar, is more suitable to convey specific content such as compliance guidelines to a broad audience.

Two more important points that were stressed in the interviews are the applicability of the course content and the terminology used. Providers of business ethics education may want to consider these points when designing new programs or when they are evaluating their current education offer(s). Seminars and other formats are more likely to be successful if they are able to address specific issues which the participants (customers) face. In addition to that, the terminology needs to be adapted to the customers, i.e., companies and its managers, so that they understand what to expect in the seminar or workshop at hand.

We do not claim our report to be an exhaustive review of executive education programs in business ethics. However, we hope that it serves as an impulse to think about today's business ethics education and how we can improve it.

Appendix

Interviews with representatives of the demand side

Goal of interviews:

We want to find out about the market situation/ the demand as perceived by potential participants of business ethics seminars. For that, we need to find out:

- How do the interviewees understand ethics?
- What value do companies ascribe to ethics education?
- Is there a budget for ethics education (how much)?
- Who decides which courses are offered (and how)?
- Who exactly should the product be tailored to?
- To what extent do interviewees feel saturated with respect to ethics education?
- What are the relevant buzzwords (Ethical decision making? Ethical leadership? etc.)?

Not all questions are appropriate for each contact. More senior people can give a more general overview, whereas more junior HR- or CSR-people have more specific facts about existing programs and needs.

Interview structure

Topic 1: Perception of ethics issues in the organization

- Do you think employees (managers) within your company are facing ethics issues in their everyday work?
 - For example: Situations in which the responsibility for the company seems to conflict with the responsibility for employees, suppliers, the environment, or society...
- Do employees get assistance with such issues? Who assists them?

Topic 2: Existing management development programs, particularly with respect to business ethics

- How is manager development organized in your organization?
 - Do you use corporate development (e.g. corporate academy)?
 - Do you cooperate with external suppliers of ethics education (e.g. St Gallen, HHL)?
- What formats are popular (and why)? Storytelling? Design-thinking? Webinars? Duration?
- How are (CSR or ethics) courses selected? Where do you find the programs that you use? Who exactly gets advanced training?

- To what extent do CSR and/or ethics play a role in that program?
- Do you work exclusively with that partner or do you “shop around” for courses?

Topic 3: Content and budget

- What is the proportion of ethics/CSR topics among the advanced training offer?
- Are you satisfied with existing ethics/CSR topics, or do you have the feeling that there is something lacking?
- How much e.g., money or time is spent on ethics and CSR-competence training (per employee)?

REPORTS FROM THE FIELD

Nr. 1

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