2011 Annual Report

Institute for Strategic Management: Stakeholder View
Dear Reader

Welcome to the Institute for Strategic Management: Stakeholder View. Our research competence has been developed over many years and derived in the main from former research projects, international professional contacts and continuous cooperation with practitioners and academics. We have always been committed to address the need for a comprehensive strategic management approach that considers mutual value creation with and for stakeholders as a source for improving the quality of life for human beings and sustainability for the natural world. Therefore, we constantly strive to advance our understanding of a comprehensive management approach, called the Stakeholder View. As we understand stakeholder management as an applied science, we make an effort to apply our knowledge to the development of practical solutions to problems as they arise.

Another year has passed and my research group and I look back on an inspiring and challenging time with interesting insights gained from our research and a transfer of these insights to bachelor and master students.

Some of the highlights of 2011 were the publication of the new theory book “Stakeholders Matter: A New Paradigm for Strategy in Society” by Cambridge University Press in September; the finalization of the CTI project "The Evaluation and Effect Measurement of Stakeholder Engagement"; the launch of the new research project ‘Towards a New Narrative of Leadership’ as part of the ‘People for People’-Initiative. The report at hand provides you with further information on these and other activities.
We are pleased to submit to your kind attention the Annual Report 2011 of the Institute for Strategic Management: Stakeholder View at the University of Applied Sciences for Business Administration (HWZ), Zurich. We hope that you will find this booklet interesting. If you wish to find out more about us, please visit our homepage. If you would like to receive additional information or find a question unanswered, please do not hesitate to contact us.

Best wishes

Prof. Dr. Sybille Sachs

Head of the Institute for Strategic Management: Stakeholder View
## About the Institute


## Stakeholder View Research 2011

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## Stakeholder View Education 2011

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## Center for Corporate Social Responsibility


## Stakeholder View Forum 2011

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For firms, stakeholders are indispensable contributors to mutual value creation who help to improve quality of life for human beings and sustainability for the natural world.
Business legitimacy depends on public confidence in business, as well as its leaders. This precondition became problematic during the first decade of this century due to diverse critical incidents. Business executives striving for even more shareholder value often took on enormous, even dangerous amounts of risks in finance and management alike. Small-scale patchwork such as sharper control mechanisms and selective regulations is not sufficient to correct the situation. Basically a new orientation in the understanding of leadership has to be sought.

Against this background, we recently initiated a new research project that aims to develop such a new narrative of leadership. With the participation of interested practitioners and various academicians and on the basis of the newest empirical methods of collecting data to capture and investigate their perceptions and expectations, the project attempts to clarify the demands of leadership in firms and stakeholder groups.

For more details on this project visit our Leadership-website

As part of the ‘People for People’-Initiative, the Leadership-project has been launched to establish a network of diverse participants – or what we call an arena for engaged leadership.

Our purpose is thereby to contribute teaching and research to strategic management that puts people at the center of attention. People create value in networks of firms and stakeholders that enhance benefits and reduce risks of all involved parties in a spirit of mutuality, rather than profit maximization by single parties constrained by impersonal markets and endless regulation.

The ‘People for People’-Initiative has been promoted throughout the year and has been at the center of several of the Institute’s further activities.

For more information visit our ‘People for People’-blog
As a consequence of the completed project “ICT Supported Stakeholder Management as a Success Factor in Business” two years ago, the Institute for Strategic Management: Stakeholder View has launched another project in collaboration with the Commission for Technology and Innovation (CTI).

At present, many organizations conduct stakeholder dialogues on most diverse subjects. By doing so, a systematic evaluation of these engagements and an answer to the question regarding the benefits of these dialogues for the organization as well as the involved stakeholders remains absent. This is exactly what the project, by Prof. Dr. Sybille Sachs (HWZ), Prof. Dr. Ruth Schmitt (FHNW) and their teams, in cooperation with Brugger und Partner AG, represented by Dr. Thomas Streiff, assesses.

By using the examples of three companies – the pharmaceutical firms Pfizer and MSD and a multinational firm from the nutrition industry – the research project analyses on the one hand, how stakeholder engagement processes can be evaluated systematically and on the other hand, how those processes can be tested for their efficiency. As a consequence, the primary goal is the development of an evaluation concept for both practitioners and scholars. This concept is intended to be capable of showing in a transparent and comprehensible way, how stakeholder engagement processes impact an organization's value creation and additionally, what the benefits of such an engagement not only for the organization itself, but also for the stakeholders involved may be.

Financed by the Commission of Technology and Innovation (CTI), the research project is realized in collaboration with the Institute for Management at the University of Applied Sciences Northwestern Switzerland (FHNW), Brugger & Partner AG (BHP), Pfizer Schweiz AG, MSD, and a multinational firm from the nutrition industry.
At this year’s AoM Annual Meeting under the theme “West meets East: Enlightening, Balancing, Transcending”, James E. Post and Sybille Sachs organized a caucus with the title “People for People – An invitation for Scholars from East to West” that addressed the key question of how value creation between firms and stakeholders in networks can be interlinked to achieve greater service to society. The aim of the symposium was to assess whether there is sufficient interest in the core challenge of nurturing humanism in management/business education by creating a network of interested scholars, or more ambitiously, a social movement around this topic. Throughout, the caucus was considered a great success.

For more information see the caucus synthesis.

Based on the insights gained in this caucus session, a follow-up Professional Development Workshop (PDW) on “Value Creation with People for People” will be held at the AoM Annual Meeting 2012 in Boston, Massachusetts. In this workshop, a panel of leading thinkers on the issue of management education will be brought together to share their thoughts, provocations, and ideas about how the future of management education should be reshaped to contribute to the humanistic mission of “people for people”.
Conference Attendance

Strategic Management Society (SMS)

Stakeholder Strategy Interest Group Town Hall Meeting, Miami, FL, USA

As a member of the Launch Committee and Representative at Large, Sybille Sachs had this year, the inaugural year of the Stakeholder Strategy Interest Group, been invited to attend this Town Hall Meeting as a panelist and keynote speaker. The meeting was designed to enhance the interest group by increasing the level of engagement of its members. It should help to build community within the interest group and to identify and prioritize initiatives to explore over the next few years. The invited panelists represented a variety of perspectives from academia to practice, to initiative what promises to be an important milestone in the Interest Group's collaborative development.

*For more information on the Stakeholder Strategy Interest Group visit the Interest Group’s website.*

GOLDEN Program

Various Meetings, Milan

As part of the Global Organizational Learning and Development Network (GOLDEN for Sustainability) program, Sybille Sachs and Edwin Rühli attended two follow-up meetings this year, one in Milan and one in Boston.

GOLDEN for Sustainability is a global multi-stakeholder initiative. Academic research centers bring the data-gathering and analytical skills to work with companies in a three-year cycle of activities. These activities develop the knowledge and support development of the capabilities necessary to respond to the sustainability imperative.

*For more details on the GOLDEN program visit GOLDEN's website.*
Bentley Global Business Ethics Symposium

Stakeholder Management in Practice: Global Challenges, Possibilities and Limitations, Marseille, France

The 7th Global Business Ethics Symposium organized by Bentley University and sponsored by the State Street Foundation was dedicated to “Stakeholder Management in Practice”. Sybille Sachs was thus invited as an academic expert to participate on the opening plenary panel on “The Nature of Stakeholder Engagement: State of the Art” and to discuss and share ideas throughout the symposium.

American Political Science Association (APSA)

Annual Meeting 2011, Seattle, WA, USA

Claude Meier attended the Annual Meeting 2011 of APSA entitled ‘The Politics of Rights’ from 01 to 04 September 2011. He was accepted to present the following paper in the division ‘International Political Economy’ at the panel ‘Responsibilities and Rights of Firms and Governments in the Global Economy’:


APSA Annual Meetings are one of the largest and most reputed conferences in the discipline of political science. Every year they take place in another American city and count several thousand participants. For presenters it is not only an honor to present there, more important it is a chance to receive high-standing feedbacks by faculty members of renowned institutions. These feedbacks are very useful for a PhD student, especially because the panel-discussants have studied the presented papers in detail. The conference is also an opportunity to discuss and exchange ideas with academics with similar thematic interests when visiting other panels.
Conference Attendance

Microfinance Research Group (MRG)

Conference on Contemporary Microfinance: Institutions, Policies, and Performance, Cairo, Egypt

Marc Moser attended the ‘Contemporary Microfinance’ - Conference and was accepted to present the following paper in the parallel session ‘MFI Funding’, alongside renowned microfinance experts.


Hosted by the German University in Cairo (GUC), this microfinance conference took place for the first time in this setting. Although the three day conference was rather kept familiar, it attracted several PhD students, numerous professionals as well as some of the most renowned academics from the field of microfinance such as Beatriz Armendáriz from Harvard University and Dean Karlan from Yale University. They participate actively in the conference in the form of panel chairs or discussants. Moreover, all participants presented latest insights from their research or practical experiences, making the conference an exciting and fruitful event.

Miscellaneous

In December, Tom Schneider attended a doctoral colloquium organized by Prof. Antoinette Weibel, Chair of Management at the University of Konstanz. Under the theme “Where are the new theories of organization?” each participating PhD student presented a related research paper.
New Book Announcement

Stakeholders Matter – A new Paradigm for Strategy in Society

by Sybille Sachs and Edwin Rühli

Hardback
Series: Business, Value Creation, and Society
ISBN: 9780521196390
296 pages, 25 b/w illus. 10 tables

Since 2009, Sybille Sachs, Edwin Rühli and their research team have been working on a new theory book. In September this year, the book has finally been published by Cambridge University Press. Although it just has become available, it already attracted wide attention.

Please find in the following a few voices on the book and a chapter overview.

For further information visit our homepage or the ‘People for People’-blog.

“Stakeholders Matter: A New Paradigm for Strategy in Society is an important book. It ushers in a new wave of scholarship in management theory. (...) When the authors claim that a new paradigm has emerged for strategic management, they are being too modest. Their proposals do no less than rewrite the contract between business and society. (...) Equally as important as the substance of their argument, is the process of research on which this book is based. It comes from a multi-year, multi-company, multi-disciplinary perspective which the authors have developed (...)”

R. Edward Freeman, Institute for Corporate Ethics, The Darden Business School, University of Virginia
“Stakeholder management is an idea whose time has come. This book articulates and further develops a new stakeholder paradigm in strategic management. It contributes both to research scholarship and to management practice.”

Joe Mahoney, *College of Business, University of Illinois*

“Few concepts are as central to the study of corporate strategy and business responsibility as that of stakeholders. As this book makes clear, stakeholders matter! Professors Sybille Sachs and Edwin Rühli show that stakeholders are at the heart of a twenty-first-century strategic management paradigm. As they show, a firm’s ability to operate, innovate, and compete in the modern economy requires a deep understanding of its critical relationships. *Stakeholders Matter* is a valuable reference for business leaders and an essential text for students of strategy, business, and society.”

James E. Post, *John F. Smith, Jr. Professor in Management, Boston University, School of Management*

**Chapter Overview**

Chapter 1: Challenges for a new paradigm in strategic management
Chapter 2: The economic paradigm and its basic assumptions
Chapter 3: Contribution of stakeholder theory to our understanding of the stakeholder paradigm
Chapter 4: The stakeholder paradigm
Chapter 5: Our understanding of the stakeholder paradigm operationalized in the three licenses
Chapter 6: License to operate
Chapter 7: License to innovate
Chapter 8: License to compete
Chapter 9: Challenges resulting from a paradigm shift

The Institute for Strategic Management: Stakeholder View has set up a new blog to promote the ‘People for People’- initiative as part of the Leadership-project. Team members are taking turns to author blogs that associate the main message of the initiative with news and current events twice a week.

Visit our ‘People for People’-blog.

Expertise

Appointment to become Adjunct Professor

Faculty of Business and Law, University of Southern Queensland (USQ)

Prof. Sachs has been appointed to the position of an Adjunct Professor in the Faculty of Business and Law at the University of Southern Queensland (USQ), Australia.

As an associate supervisor of former DBAR student, Dr. Georges Ulrich and current DBAR student, Marc Moser at the University of Southern Queensland (USQ), Sybille Sachs has accepted the invitation to become an Adjunct Professor in their Faculty of Business and Law, thereby strengthening the fruitful collaboration between HWZ and USQ.
By making the findings of our research projects available to a larger community of business practitioners, politicians and other stakeholders, we contribute to a positive development of society.
### Teaching Activities

**University of Applied Sciences (HWZ)**

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<td>S. Sachs, E. Rühli</td>
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<td>Spring semester 2011</td>
<td></td>
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<tr>
<td>MAS Human Resources Leadership Strategic Management</td>
<td>S. Sachs</td>
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<td>Spring semester 2011</td>
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<tr>
<td>MAS Health Care Management Strategic Management</td>
<td>S. Sachs</td>
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<td>CAS Unternehmensführung Strategic Management</td>
<td>S. Sachs</td>
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<td>Spring semester 2011</td>
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<tr>
<td>MSc Business Administration Strategic Management I</td>
<td>S. Sachs, E. Rühli</td>
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<td>Autumn semester 2011/2012</td>
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**University of Zurich (UZH)**

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<td>Lecture on Business &amp; Society</td>
<td>S. Sachs</td>
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<td>Autumn semester 2011/2012</td>
<td>(together with Jean-Paul Thommen)</td>
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**In Practice**

Due to the publications on our research projects in the last years, more and more firms, professional institutions and governmental agencies invited us to present our results in conferences, workshops and management development courses.
Claude Meier: “The effectiveness of multi-stakeholder initiatives (MSI) in the light of Swiss corporations”, University of Zurich.
Committee: Prof. Dr. Dieter Ruloff, Prof. Dr. Sybille Sachs

Claude Meier started his doctorate in July 2009. In his investigation, he compares the effectiveness of different kinds of transnational multi-stakeholder initiatives (MSI) after their implementation in different Swiss companies. The author hypothesizes that the institutional designs of the initiatives, such as monitoring demands, specificity of rules, transparency to stakeholders, sanction mechanisms influence implementation and thus its effectiveness. It is planned to investigate the cases of AS8000, Business Social Compliance Initiative (BSCI) and Fair Wear Foundation (FWF). Claude Meier is enrolled at the Department for Political Science at the University of Zurich.

Marc Moser: “The Western Side of Microfinance: A Case Study on Stakeholders’ Perceptions of Swiss-based Microfinance Investment Companies“, University of Southern Queensland, Australia.
Committee: Dr. Bruce Millett, Prof. Dr. Sybille Sachs

Marc Moser started his doctorate in March 2010. Referring to a former project of the Institute, his research focuses on the western side of microfinance – the provision of funds through socially responsible investors for refinancing microfinance institutions in developing markets more concretely. He applies the current ‘mission drift’ debate in microfinance literature as a means to investigate similarities and differences in stakeholders’ perceptions of the Swiss microfinance investment community. In doing so, his research is expected to provide insights into normative motives of an increasingly important stakeholder network in microfinance. Marc Moser is enrolled at the Faculty of Business at the University of Southern Queensland (USQ), Australia. For his efforts in the first year, he received two consecutive USQ Dean’s Awards for Outstanding Academic Achievements‘.
Thomas Schneider: “The Impact of Stakeholder Identities on Mutual Value Creation in Issue-Based Stakeholder Networks”, University of Berne.
Committee: Prof. Dr. Sabine Sczesny, Prof. Dr. Sybille Sachs, Prof. Dr. Jörg Dietz

Thomas Schneider started his doctorate in January 2010. In his research, he explores the impact of stakeholder identities on mutual value creation. This interdisciplinary focus blends frameworks from the fields of social psychology, instrumental stakeholder theory and strategy theory’s resource-based view. If stakeholders are conceptualized as social groups related to a focal issue, the corresponding inter-group processes and consequences for mutual value creation in stakeholder networks can be analyzed. However, due to inter-group biases, mutual value creation in an issue-based stakeholder network may is contingent on a perceived superordinated stakeholder identity based on shared benefit and risk potentials in different stakeholder relations. To investigate these effects of stakeholder identities and intergroup-processes in stakeholder networks, Thomas Schneider uses an experimental approach to validate the hypothesis derived from his theoretical model.

Committee: Prof. Dr. Laurent Goetschel, Prof. Dr. Sybille Sachs

Since September 2011 Sabrina Stucki is enrolled as a doctoral student at the Department of Political Science at the University of Basle. Her research focuses on corruption prevention through collective action. In her investigation she compares the mobilizing structures, corporate opportunities and framing strategies of the stakeholders from different kinds of multi-stakeholder and long-term initiatives.
The Center of Corporate Social Responsibility is associated with the Institute for Strategic Management.

Conference Attendance

Dr. Christoph Weber-Berg attended and contributed to the second international colloquium on Christian Humanism in Economy and Business at IESE Business School in Barcelona. The colloquium had the main theme “Christian Humanism at the Service of Development”. Dr. Weber-Berg spoke about “A New Christian View on the Economic Man”.

In the context of his fellowship at the Center for Religion, Economy and Politics, Dr. Christoph Weber-Berg held a public seminar, as well as a public lecture at the University of Basle. Together with his co-fellows, he organized a conference at the University of Basle, to mark the end of their two year fellowship. At all three occasions, Dr. Christoph Weber-Berg spoke about new ways of thinking and speaking of the “economic man”.

In June 2011 Sabrina Stucki was admitted to attend the International Anti-Corruption Summer Academy (IACSA). The ten-day course was organized by the International Anti-Corruption Academy and supported by the Siemens Integrity Initiative. IACSA aims to analyze and familiarize participants with the latest insight in selected areas of corruption theory and anti-corruption practice.

Research Projects

In spring 2011 the CCSR finalized its research project with the University of Applied Sciences of Northwestern Switzerland (FHNW) on the Campus Brugg/Windisch.

In autumn 2011 the CCSR became a partner of a joint research project with the Bertelsmann Stiftung (Germany) and the Institute for Business Ethics at the University of St. Galle (Switzerland). The project, “The Role of Governments in Promoting Sector-Specific Corporate Responsibility”, compares existing policy instruments designed to foster corporate responsibility activities within five industrial sectors in eight selected European countries. Its aim is to identify good practices and formulate recommendations for the design of framework conditions able to effectively promote CR. The project will be finalized in April 2012.


Teaching

In 2011, Dr. Weber-Berg taught CSR and business ethics at several Universities of Applied Sciences, mainly at HWZ and the University of Zurich. In addition, a significant number of bachelor- as well as master-theses have been supervised by the research team. Furthermore, Dr. Weber-Berg conducted several workshops for business practitioners and gave speeches on the subject of business ethics.
The Forum Stakeholder View builds a bridge between theory and practice and fosters the exchange of knowledge to enhance a firm’s sustainable success in cooperation with its stakeholders.
During 2011 the Forum Stakeholder View supported the activities of the Institute for Strategic Management: Stakeholder View. For the purpose of its bridging function between theory and practice, the Forum Stakeholder View was also facilitating the ambitions of the Institute to gain more popularity and attention in public with its research findings.

At the general meeting on 21th November 2011, Dr. Thomas Streiff has been elected as a new president of the Forum and Dr. Mark Veser as the Forum’s new cashier. Prof. Dr. Edwin Rühli (former president) and Dr. Ulrich Gut (former cashier) withdraw from their commitments to the board of the Forum.

The board members of the Forum Stakeholder View are therefore: Dr. Thomas Streiff (president), Prof. Dr. Sybille Sachs, Prof. Dr. Ruth Schmitt and Dr. Mark Veser.

For more information visit the website of the Forum Stakeholder View.
Academic/Practical Commitment & Memberships

Academic Commitment of Prof. Dr. S. Sachs

Representative at Large for the launch of the Stakeholder Strategy Interest Group of the Strategic Management Society (SMS)
Member of the GOLDEN Program (Global Organization Learning and Development Network)
Member of the Steering Committee of the Social Issues in Management (SIM) Division of the Academy of Management (AoM)
Invited expert for the EU Framework Programme for Research (2011-2013)
Member of the Multi-Stakeholder Advisory Council of the European CSR Platform
Member of the Expert Advisory Committee of the MAS in Business Communications at the University of Applied Sciences (HWZ)
Member of the Editorial Board of the Journal “Business and Society”
Member of the Editorial Board of the Journal “Corporate Citizenship”
Member of the Editorial Board of the Journal “Business and Professional Ethics”

Practical Commitment of Prof. Dr. S. Sachs

Member of the school board at the University of Applied Sciences for Business Administration (HWZ) since October 2008
Promoter for a better “Vereinbarkeit von Beruf und Familie” in organizations (Nomination by the „Regierungsrat des Kantons Zürich“, 2008-2011)
Member of the board of the Forum Stakeholder View
Memberships

Academy of Management (AoM)
International Association for Business and Society (IABS)
Schweizerische Gesellschaft für Betriebswirtschaftslehre (SGB)
Verband der Hochschullehrer für Betriebswirtschaft
European Academy for Business in Society (EABIS)
Strategic Management Society (SMS)
Academic Network of the Global Compact
Schweizerische Gesellschaft für Kommunikations- und Medienwissenschaft (SGKM)
Content by the Institute for Strategic Management: Stakeholder View:

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Claude Meier
Marc Moser
Edwin Rühli
Sybille Sachs
Thomas Schneider
Sabrina Stucki
Christoph Weber-Berg

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Institute for Strategic Management: Stakeholder View

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