Title of the Book:
Education and Corporate Social Responsibility: International perspectives

International student views of ethics within a UK Business School curriculum

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Overview:

“This course has made me observe the international business environment in a completely different light, and has made me think about whether a ‘win-win situation’ is ever possible in an international business context, where the organisations are involved in extremely complex supply chains.”

Dianne from Estonia who studied in a UK business school.

This chapter will focus on the views of three international students, from Poland, Estonia and Kosovo, and their experience and understandings as they explore ethics as part of a written coursework. It will include extracts from the student essays along with their individual and collective commentaries about how they have come to understand more about corporate social responsibility (CSR). The focus of the work is the United Kingdom (UK) Royal Mint (www.royalmint.com), a government owned company and the world’s leading exporter of coins and medals, an organisation that prides itself on its ethical buying policy. The students were tasked with following the supply chain (SC) for the purchase of copper, a valuable commodity sourced from Chile, and it is here in the mines of the Atacama desert that the students start to realise that UK CSR statements in sets of company accounts are not simple, or indeed straightforward. The relationship between lecturer and student communities in higher education can be explored using the concepts of the asymmetry of knowledge and the symmetry of ignorance. While lecturers may ‘know’ more about Higher Education, we are still ignorant about aspects of students’ experience, as they are of those of the lecturers (enTWIne).

Business Schools and their responsibilities

There has been much press coverage, both nationally and internationally, about what ‘should’ be done in the wake of the recent financial crisis and ongoing issues with governance within the European Union. The study of ethics is being considered as an important aspect of learning in business schools “since the financial crisis shone a spotlight on the damage that can be done by irresponsible business practices and an exclusive focus on the bottom line” (Gardiner, 2010). In particular, the key roles of management education and the MBA have been highlighted, especially those offered in the UK and US Business Schools. There is debate as to how ethics teaching should be undertaken:

“For too long, business schools have taken an either/or approach to teaching business ethics, opting for either a stand-alone course or an integrated model. This is a false choice as both of these options can send students the wrong message—either that ethics only matters for a single course (but not in marketing and finance) or that ethics is nothing more than an add-on to other disciplines.”
Pre-credit crunch, the need for MBAs to be ‘ethical’ as well as show you how to fast-track your career and make a load of cash was not that high on the agenda, concedes Mark Stoddard, accreditation projects manager of the Association of MBAs (AMBA) (Paton, 2010). In a recent report, The Post Downturn MBA: An Agenda for Change (Durham Business School and AMBA, 2009), business schools were widely criticised for contributing to the current economic crisis by producing MBAs that are focused on creating shareholder value and high risk strategies instead of sustainable practices and stakeholder responsibility.

“It now seems a fundamental failure of business school ideology has been to focus on how companies can make the most money with minimal regard to social consequence.” (Nair, 2009).

The aftermath of the credit crisis has resulted in a renewed call to develop the curriculum. Cass Business School set up a ‘teaching ethics task force’; Essex revisited their curriculum with more explicit outcomes by rebranding their offering which now recognises the social, ethical and environmental responsibilities of business (ABS, 2011). This points towards future teaching of ethics modules at universities covering typical topics such as corruption, but also a new approach to make students realise that “a company has responsibilities beyond its shareholders’ wallets—to employees, community, customers and the environment” (Gardiner op. cit).

“Business school faculty can have the greatest impact on the way the next generation of corporate leaders think, which will be more effective than any legislation. They need to be role models who can inspire and challenge current business models. We have to move away from teaching business as a science devoid of moral or ethical considerations, as that results in managers who lack personal reflection and values.” (Haniffa, 2009).

However, very little attention has been paid to undergraduate business school students, and the appropriateness of, and how students would access, an ethical curriculum. Students are often silent or absent from formal policy documents inside and outside the Higher Education Institution (Sinfield, Holley & Burns, 2009). The danger here is that what business schools are producing and reproducing in terms of curriculum and pedagogy is safe, avoiding ‘troublesome knowledge’ (Land, Cousin, Meyer & Davies, 2005) and the messiness of the issues that contributed to the current global economic crisis and longer term issues around sustainability. What needs to be addressed is precisely this messiness, the uncertainty of knowledge claims and the risks that both curriculum and pedagogy have to embrace to adequately respond to real world issues.

Student mini biographies and country/background details

**Dianne/Estonia**

Dianne is originally from Estonia and she moved to London over four years ago to gain further knowledge about different countries and cultures (prior to moving to London, she spent a year in Washington D.C.). She comments, “Estonia is an interesting country; in a way, it seems to be the ‘unknown’ country for a lot of people.” It gained its independence in 1991 after 60 years of occupation by the Soviet Union, and therefore it is still a relatively ‘young country’. Estonia is now on a fast-track for gaining a status as a country that is known for its fast-growing economy. Indeed, Estonia has had the fastest growth compared to other EU countries, with GDP growing by 8.5% in the first quarter of 2011 (Ashton 2011). Estonia is known for being quick at adopting new technologies. Skype – the online software used by 200m people every month (BBC, 2011) is a revolutionary idea developed by an Estonian team (BBC, 2011) is one of the fastest growing technologies across the globe. Skype’s international traffic volume grew 39bn minutes in 2010, more than twice the volume gain achieved by all telephone companies in the world combined (Taylor, 2011).
Estonia’s developing educational system has been built to “develop Estonian society into an open learning society, where every person is a lifelong learner.” (Estonia.eu, 2010). According to the Education Act, adopted in 1992, the ultimate goal of education is to “to create favourable conditions for the development of personality, family and the Estonian nation; to promote the development of ethnic minorities, economic, political and cultural life in Estonia and the preservation of nature in the global economic and cultural context; to teach the values of citizenship; and to set up the prerequisites for creating a tradition of lifelong learning nation-wide.” It is common for students in Estonia to spend five years at a higher education level as the general structure of higher education is divided into two main cycles: the first three years of study will provide them with a Bachelor degree and the following two years will provide them with a Masters degree. There are now nine universities, including three private universities, 22 institutions of professional higher education, and two vocational schools offering higher education programmes in Estonia (Estonia.eu, 2010). The tuition fees vary from around £1000+ to £6000 per year (Educations.com, 2011). While scholarships are available, they are mostly granted for Masters and Doctorate students.

Despite the rapidly expanding opportunities and increasing professionalism and international approaches at a university level, Dianne decided to study in London in order to develop her English language skills and gain a broader experience of international markets. Indeed, her interest in international business has grown since an early age as her mother works in an Estonian organisation that trades in cloth and materials from abroad and arranges the manufacturing of clothes for designers around Scandinavia, the Baltic countries and the UK. So she was convinced London would be the best place to study due to the limitless access to various business environments and diverse cultural experiences. This is why she decided to read for a BA in Marketing with Arts Management at London Metropolitan University. However, her final decision to attend an International Purchasing course, was based on recommendations from her friends, who had attended this module previously. What she found the most compelling about this course was that tackling issues, such as ethics and CSR, were done in a very natural way, as the students were asked to prepare a real business case study – making the learning processes intriguing and relevant in the real-world business context.

Saranda/Kosovo
Saranda, originally from Kosovo, aged 22 has recently completed her masters degree at University College London studying Politics, Security and Integration. Although Saranda and her family have lived in London for the past 13 years, she has recently returned to Kosovo and is being considered for a senior position at the OSCE Kosovo in the Human Rights Department. Saranda has aspired to become a successful businesswoman hence began her studies studying business studies from GCSE. She then moved on to an undergraduate degree course in International Business and Management at a London Business School. London Business schools are known across the world due to the quality of teaching, resources and teaching staff. Although ultimately Saranda was confident she would seek employment in her home country, she was aware that her degree would be highly attractive in the Kosovo labour market. her decision to study business shaped her ambitions for the future, thus adding value to her CV in terms of career prospects.

Kosova was declared an independent country in February 2008, thus it is the youngest country in Europe. Subsequent to the war and years of segregation under the Serbian regime, the independence of Kosova has provided the opportunity to create a modern, cross-ethnic school and university-system. The American University in Kosova in partnership with the Rochester Institute of Technology in New York is Kosova’s most prestige university taught in English by known lectures from across the world. The degree from AUK is accredited and recognised across the world hence it attracts students from different countries making it the most culturally diverse institute in Kosova. AUK offers extensive options for undergraduate degrees, most popular being the business school due to the diverse career options it brings for graduates. The syllabus, exams and grading standards being similar to universities in the US, AUK is attracted by the elite due to costing but it offers opportunities that other local based universities are unable to offer. The University of Prishtina being the oldest and most respected in Kosova offers ranges of course, specifically, the faculty of economics offers courses in banking and finance, accounting, management, marketing and economics (http://ekonomiku.uni-pr.edu/). Due to lack of employment opportunities in
Kosovo, business degrees offer opportunities to seek employment in private businesses such as banks, accounting firms, and other private business hence making it the most favorite degree to study which offers career offers for graduates.

Tomasz/Poland
Tomasz comes from Poland and has been living in London for the past eight years. For Tomasz, London is a city of opportunity and careers which offer new challenges and possibilities. Prior to his move he studied for an IT degree and worked in the IT and Logistics field. He comments, 01/05/2004 is a remarkable date for all Poles living within or outside Polish borders. It was a time when the Polish nation said “Yes!” to EU membership. A new era of uncertainty and curiosity brought new challenges and opportunities for a nation of emigrants. Over 80,000 Poles left their country after the EU opened it borders in 2004 (Iglicka & Ziolek, 2010). According to the Annual Population Survey of the UK Office for National Statistics, about 520,000 Polish born people were in the UK in December 2009. This made Poland the second largest emigrant country, after India. The Organization of Economic Cooperation and Development (OECD) prediction for Polish economy growth is close to 4% in 2011. This was driven by foreign capital investment, EU financed infrastructure projects and the 2012 European Football Championships Tournament. Some claim that having its own currency works to Poland’s economic advantage. The Polish economy has demonstrated the most persistent approach to avoid recession and it was the only country in the EU that avoided a recession with an economic growth of 1.2% (http://www.economist.com), despite a national tragedy when plane carrying 88 members of the Polish Parliament, Military members, and war veterans crashed in the suburbs of Smolensk, Russia. That crash included the Polish president Lech Kaczynski, National Bank President: Slawomir Skrzypek and Army chief Gen. Franciszek Gagor. Despite this tragedy the Polish nation is perceived as open and hardworking, and it is where many international corporations have decided do business. In newly created economic regions, multinational corporations have opened their major factories. Just recently, Samsung and Dell opened the largest production plants in Europe. This development, together with Euro 2012 and the EU Presidency, let’s us look at the future with positive prospects. Tomasz successfully applied for a post as an SAP developer with a blue chip company upon graduation

Methodological considerations:

The three students invited to participate in this study all volunteered in the first instance to be interviewed for a small scale research project carried out by their lecturer, the first author, into students’ attitudes to ethics (reported in Holley, 2010). This initial study was conducted after the students had completed all aspects of the assessment on the course, and after marks had been awarded. The small scale study was subsequently developed into a joint conference paper, and presented at an International Corporate Social Responsibility symposium (Holley et al., 2011); and the students, now graduates, have added in their reflections and comments to this chapter as the writing evolved. The first author has edited to allow for academic consistency, but minimised ‘interference’ to the wording of the sections contributed by her co-authors.

To develop this chapter, we have drawn upon Rowland’s (2000) concepts of an ‘ideal speech community’ where a learner cannot be empowered until conditions are created in which each is free to communicate sincerely and honestly undistorted by the influences of power. A model to develop the resources for learning is suggested, in which each has a part to play:

- The public context (knowledge from different disciplines)
- The personal context (knowledge from different teaching experiences)
- The shared context (knowledge of the present process)

Thinking through some of the issues of power relations within the classroom, the ideal situation where the student will be able to communicate to the lecturer, on an equal basis seems unlikely as “contributions as tutor were inevitably given special value” (Rowland, 2000:66). The relationship of a tutor undertaking research with his/her own students will require careful structuring and there will be implications for the research design of the empirical work for the thesis, and the methodological stance, as both reflective
(private practice) and reflexive practice (practice shared with one’s community) will have to be considered. Tenni, Smyth & Boucher, (2003:5), talking about the researcher as autobiographer, suggest that a willingness “to see, confront and discover oneself in one’s practice and to learn from this is at the core of this work and central to the creation of good data”.

Following Stake and his case study as a ‘choice of object to be studied’ (Stake, 1994:236), the work of the three co-authors is annotated as they explore the ethical implications of a Government Department sourcing a commodity from Chile. The students have selected key ethical aspects from their individual course works, and identified joint themes for further discussion. This approach assists us to ‘hear’ the student voice through their writing, as all too often the unequal powers of educational discourse can find the academic acting as a ‘gatekeeper’ to academic discourse (Sinfield, Burns & Holley, 2004).

Sims and Felton (2006) suggest that for addressing ethical issues, a pedagogical framework needs to focus on the following questions: (1) What are the objectives or targeted learning outcomes of the course?; (2) What kind of learning environment should be created?; (3) What learning processes need to be employed to achieve the goals? and finally, (4) What are the roles of the participants in the learning experience?

The student voice and experiences of ethical teaching and learning analysis is carried out is encompassed partly by (1) above, in that it is articulated in the learning outcomes; by (2) in that both online discussion and encouraging students to have their opinion was encouraged in group discussion and writing tasks in the classroom; (3) by scaffolding student participation throughout the semester and (4) of especial interest to this paper, students being required to ‘assess the ethical implications’ of a series of recent press articles. Thus the structure of the paper offers an analysis of the Royal Mint and its efforts at partnership sourcing set in the context of a rich case study; and in doing so offers the reader insights into student attitudes to ethical teaching and learning.

The coursework brief:
Your task is to provide a “Financial Times” style piece of interesting and original work of not more than 1500 words that assesses the supply chain issues facing the Royal Mint.”
(See appendix A for full coursework briefing)

Overview of country and context for coursework (text selected and written by students)

An analysis of Chile
Chile, with population of 17.3 million (UN, 2008) spread over 3,287,590 sq km (BBC, 2009), is one of South America's most stable and prosperous nations. While being the fastest-growing economy in Latin America, it is still on the road to recovery after the recent global economic crisis when the export markets shrank, and from the devastating earthquake that hit the country in 2010. In June 2009, Chile’s Central Bank reported that the country’s economic activity had contracted 4.6%, despite a government stimulus plan of nearly $4 billion (World Bank, 2010). But Chile, the world's No.1 copper producer, seems to be getting back on its feet as the GDP rose by 5.2% in 2010 to $221.6 billion (Avila, 2011). But despite recent improvements in living standards and GDP per capita $11,873 (World Bank, 2010), in 2008, around 13.7% of Chileans live below the poverty line (World Bank, 2009). Thus, Chile is facing the challenges of diversifying its copper-dependent economy, and equalising wealth distribution (Moreira and Blyde, 2006).

Over the past decades, as Chile has deepened its commitment to trade liberalisation, its exports of commodities, including copper, which accounted for 40% of GDP, were valued at £43.76 billion (Salter, 2008). According to a study conducted by British Trade International (2010), Chilean exports to the UK rose between 2008 and 2009 from £873 million to £875 million. As the world’s leading producer, Chile produced 461,700 tonnes of copper in September 2009, up 10% from the corresponding month in 2008 (Metal Bulletin, 2009). The largest contributor to the total output was BHP Billiton and Rio Tinto owned Minera Escondida.
Codelco, as a largest copper producer, accounted for 15% of global production (Metal Bulletin, 2009). It operates in the World’s Premier copper region in Chile and it unites the biggest red metal mines at Codelco North, including: Chuquicamata, El Abra, Los Pelamabres, Andina. Nishiyama (2005:134) states Chuquicamata is “the largest and most productive open copper mine in the world.” With a relatively stable copper production over the period of 20 years from 1980-2001 and accounting for 642,000 metric tonnes in 2001, the mine contributes towards Chile’s GDP by 2.5% (Infomine, 2009).

**Supply Chain Processes**

Christopher (1998:19) defines the supply chain (SC) process as: “A network of connected and interdependent organisations mutually and cooperatively working together to control, manage and improve the flow of materials and information from suppliers to end users”. A company such as the Royal Mint will typically use a third party to arrange all its ore purchasing via the London Metal Exchange (www.http://www.lme.com/) and a specialist shipping agent to arrange for transportation of coils of copper, ready to be unrolled and punched into thousands of copper coins (McDougall, 2009).

Chile is one of the first countries which started to install their own smelting plants (Prain, 1975). Codelco has five mines out of which three have smelter facilities: Chuquicamata, Potrerillos and Salvador. Although there is a significant trade in their ores and concentrates, most of the output is smelted and refined in the country where they are mined and is then exported to the consuming centres as refined metal (Minerals Trade, 2002). Local smelting plants such as those operated by Codelco enable mining companies to maintain full capacity at low production costs.

All the mining transport processes are determined by the mine design and layout, either open or underground mines. At the pit in order to uncover the mine the blasting take place. Then, the mountains of rock are loaded into big Liebherr trucks by the electric giant shovel Bucyrus. The trucks are then moved to a higher section where the smelter is located (Codelco 2004). The ores are grinded, enriched by a float flotation process and then smelted to 1200°C. At the next stage the concentrate is cleaned from impurities and cooled. Finally, copper is purified to 99.99% by electrolysis. From Chuquicamata the copper in its cathodes form is palletised, bounded by metal straps, 2 MT per pallet and loaded into 20 foot containers. Then it is transported by Antofagasta Railway Co Plc to Mejillones or Antofagasta (www.antofagasta.com). Different methods of copper transport are determined by particular types of ore, agent agreements, the distance to the nearest port, port facilities, and local atmospheric conditions. Hill (2009:550) points out 14 steps of typical international trade transaction, which specify the legal obligation between seller and buyer. The transaction agreement identifies the roles and responsibilities of Codelco to convey ingots to Mejillones. From this point, a Shipping Agency will handle all Customs and Excise duty, taking account of import duty rates which are set annually by the EU (Lysons & Farrington, 2006). As Chile has signed the Free Trade agreement with the EU, there is a 0% tariff applied for importing copper, which helps the Royal Mint to save on costs (Market Access Database, 2009).

From deep in the Atacama desert, the copper alloys travel thousands of miles from the mines to reach our pockets. From Minera Escondida, a slurry pipeline transits concentrate to a mechanised port built by BHP and Rio Tinto at Coloso and copper cathodes to Puerto Antofagasta (Infomine, 2009). From there, however, the copper needs to be transported to San Antonio port in order to gain access to the route towards the UK, where the copper coils are processed and then stamped into finished coins (McDougall, 2009).

**Ethics, workers’ rights, corporate theft and water**

There are widespread, polarised and contentious views about ethical issues involved in the copper mining industry in Chile. It is undeniable that the Chilean Government is keen to keep its international mining companies to secure employment and country revenue.

Indeed, evidences have revealed that the copper and nickel used by the Royal Mint is sourced unethically, causing shocking levels of environmental and social devastation as vast amounts of water are being drained from the Atacama desert, which is already “one of the driest places on earth” (McDougall, 2009). The mine sucks the land dry for miles and as a consequence, water demand is extremely high. Escondida uses more
water each year than the whole of the capital, Santiago. This has led to a “water war” with the indigenous people of Quillagua (BBC Programmes, 2009). The water problem is compounded by the issue of ownership – the water supply rights are in private hands that trade them like commodities, thus there are no safeguards for the environment (McDougall, op.cit)

“Copper Mining, like all open cast mining, can never be ethical.” Guilen Gonzalez, union leader, says in an interview with the Daily News (2 August 2009)

As a result, continuing industrial action was taken at the end of October 2009 in Chuquicamata. Union leaders blocked mine access, delaying work for 41 days, demanded a pay increase of 5.5 over two years and medical benefits (BHP, 2009). This radical move was the result of workers’ demands for wage increases as the economy rebounded and copper prices boomed to just over US $3.11 on the London Metal Exchange (Soto, 2009). According to trade union leader Guilen Gonzalez (McDougall, 2009:5): “Here in Chile, our land and our lives have been destroyed by copper mining [and] water theft by big corporations is common.” An in-depth investigation by McDougall (op. cit) revealed that the mining companies approach has led to environmental damage. In Escondida, one of the largest and driest open pits in the world, almost all water is being drained. The consequence is that there is virtually no plant or animal life being supported, which impacts on the local economy.

However, this has not stopped the Royal Mint from buying metal to make “dirty money”. For Hajdari, Hummal and Scibior (2010) the price that Chilean people pay for the production of UK coinage is too high. Below, are extracts from their coursework which have been selected to illustrate the tensions between a large government organisation needing to be seen to act ethically, and the reality of the life in the copper mines.

Extract One:

_The Government-owned Royal Mint is a supplier of coins needed for our everyday transactions. Beyond producing 1.4bn coins on behalf of the Treasury for UK circulation, it supplies around 2.7 billion coins for 50 other countries around the world, making it the leading export mint with around 15% share of the worldwide market (Llewellyn-Jones, 2008). In the words of Andrew Stafford, the Royal Mint’s Chief Executive: “We, at the Royal Mint, are making money for everyone.” In 2007, as the company celebrated the 40th anniversary of its move from Tower Hill, London, to Llantrisant, the national mint saw sales increase to £160 million, contributing towards £8.2 million profit (Llewellyn-Jones, 2008)._

_Saranda:_
As a Government Agency, politicians too have responsibilities to ensure that all the stakeholders needs are taken into account.

_Dianne:_
This year has not been greatest and most profitable year for Royal Mint, as in the year that ended on the 31st of March 2011, recorded pre-tax profits of £3.1m were down from £4.2m in last year (Trotma, 2011; Kelsey, 2011). However, the CEO, Adam Lawrence, is highly positive about what is yet to happen as they are the official suppliers of victory medals and commemorative coins for the London 2012 Olympic and Paralympic Games, as well as providing coins for the Diamond Jubilee (Trotma, 2011). Furthermore, Lawrence anticipates “this will drive strong demand…and grow Royal Mint’s international reputation.”

While this may all be very exciting for the company, there is still little said in public by the company directly about what measures they are taking to secure and maintain a safe working environment for every stakeholder, from top to bottom. As the company continues to shovel the profits, a question remains: How will this affect the Chilean miners working underneath the Atacama Desert? As the money-making continues, the company will have to start talking openly about the ways they source materials to make coins for the masses.
Tomasz:
During the opening ceremony of a new plant in Llantrisant, in March 2011, The Chancellor of the Exchequer, the Rt Hon George Osborne MP said: “As a manufacturer, exporter and employer based in South Wales, the Royal Mint is a real British success story. I’m proud to open this new facility which will allow the Royal Mint to build on this success.”

The source of this success has its participants not just in the UK but around the world. The majority of revenue however, comes from the national market and it is supported by many events such as: HM The Queen’s Diamond Jubilee, the Royal Wedding, or the Olympics for which the Royal Mint has been awarded a contract to produce 4,700 gold, silver and bronze medals. In addition The UK will be moving 5p and 10p coins to a new pioneering technology – plated steel – effective 1 January 2012 (The Royal Mint Annual Report 2010-11).

Turning to international markets, Greece and the rest of the Europe are the largest sources of revenue for the Royal Mint, accounting for just under £72million. According to Andrew Clark (2011), Egypt is the Royal Mint’s second-largest foreign customer, behind Russia, accounting for a substantial portion of last year’s overseas revenue. The income result from international customers indicates the Royal Mint’s status as the leading exporting mint in the world; “with approximately 15% of the available global market, consolidating its status as a major supplier of steel-plated coinage products” – as stated on the Royal Mint website.

Extract 2:

How dirty is the money in our pockets?
Money-making comes with a high price tag, as the Royal Mint itself claims: “with unique position, there come responsibilities”. And with the Royal Mint being a multimillion pound business, there is a lot of vaqueness around the origins of the copper needed for producing coins. In fact, when looking at the Royal Mint sourcing policies, there seems to occur more uncertainty than assurance. Their website states that “a significant proportion of raw materials consist of non-ferrous metals which are traded on LME”, where metals are bought in anonymity, or “purchased-to-order” from clients of the London Metal Exchange (McDougall, 2009). As Chile is the biggest copper producer, and exported 42,900 tonnes of copper to the UK in 2005 (WBMS Yearbook, 2006), then – by using common sense – it is obvious that at least some of this copper must come directly to the Royal Mint.

Dianne:
As stated by the Chief Officer of the Royal Mint, Adam Lawrence, it was only in the Annual Report 2008-2009 when Royal Mint’s corporate objectives were introduced to the public, that the company promised it would invest in being safe and environmentally friendly and commit to building for the future. According to the report, the company has now invested in building a new treatment plant, which will go into operation during the first quarter of 2011-2012, enabling the company “to reduce the amount of effluent discharged, allowing [them] to recycle whenever possible”. And Lawrence (2011) further claims that the company’s energy usage per tonne of production also decreased in 2010-2011. However, while the company is making improvements, only future figures will be able to show and prove to us that the Royal Mint is serious about the steps they are making to build for a sustainable future.

Saranda:
Being anonymously traded at the London Metal Exchange does not exempt a company from acknowledging its Corporate Social Responsibilities.

Extract 3:
Surprisingly, the Royal Mint praise themselves for being a member of Sedex (The Supplier Ethical Data Exchange) which claims to be “a membership organisation for businesses committed to continuous improvement of the ethical performance of their supply chains” (Sedex, 2010). However, Sedex does not set concrete ethical standards which the companies have to obey and this in effect devalues the concept. A Royal Mint spokesperson told the Financial Times: “We take sourcing of its raw materials very seriously...As a member of Sedex, we are committed to continuous improvement of the ethical performance of their supply chain”. However, SEDEX membership is not a defence; as a body they do not require members to meet or commit to any ethical standards.

Dianne:
Despite the Royal Mint being a member of Sedex, it is clear that this does not obligate them to actually take actions that would consider all of the stakeholders’ needs — so there appears to be a shift towards the more profitable parts of the supply chain, at the expense of the actual miners and their working conditions. In its recent Annual Report (2009), the Royal Mint claims to understand the environmental impact of the suppliers it uses, and even promises to choose suppliers that follow environmentally balanced practices within a 5-year-plan. One can only hope that these promises are kept. However, it is likely that the Royal Mint will continue to ‘wash its hands’ after touching the money, and it will take them some time before they are able to prove to wider communities that they are able to keep their promises at all times.

Tomasz:
The major impact on the Royal Mint’s financial status is driven by purchasing. The largest part of raw materials purchased by the Royal Mint are metals such as: nickel, gold, silver and copper. The price of these materials has been highly unstable in the last year. If we look at the example of copper, the price of which has seen some volatile increases from just over 6,000 US$/tonne at 31/05/2010 to 10,000 US$/tonne at 26/01/2011. This illustrates how copper prices have rocketed by almost 66.6% over a seven month period, whereas, nickel saw a significant increase in price from just under 18,000 US$/tonne at 31/05/2010 to 29,000 US$/tonne at 26/02/2011. This represents a 65% increase in nickel price over a nine month period (LME 2011). As a result, £3.9 m profit while the price of majority of raw materials increased by over 60% is a substantial performance. If we look at the example of the Royal Australian Mint which reported an after tax surplus of $1.2 million for the financial year 2009-2010, (Royal Australian Mint Annual Report, 2009-2010), the Royal Mint are more profitable, but, arguably, this is at the expense of the workers in the mines who are on short term contracts, minimum wages and subject to the exigencies of market forces.

Extract 4:

There are concerns at the local level as well, as Peter Harris, the Public and Commercial Services Union (PCS) National Officer for Wales has said: “We are deeply concerned that the Mint’s effectiveness and international reputation are being placed in jeopardy by the Government’s desire to plug the gap in finances, following the bailout of the banks” (Western Mail 10-11-09).

Dianne:
When looking at this year’s Royal Mint profits, it is noticeable that the profits have decreased (from £8.3m in 2009/2010 to £3.6 million in 2010/2011), with the company expressing this as a ‘disappointing’ year. The graphs in the annual report show swift rises in copper prices, and a fluctuating market, with unstable forecasts for the future. As an income-generating Government department, the need to bring increasing profits will put pressure on the whole SC, and those at the end – the miners extracting the copper – are the ones who are most likely to suffer.

Tomasz:
Despite some poor figures from 2010-2011, which Peter Schofield, the accounting officer, described as disappointing, the profit trend at the Royal Mint Limited was upward. Taking into account the financial, combined with the business and economic challenges facing today’s world, as well as unstable commodity
prices fluctuation, the Royal Mint produced a solid, profitable performance with £3.6 million profit. Revenue increased by 24.5% to £215.1m (2009-10: £172.8m) mainly due to increased base metal commodity prices. The Royal Mint revenue growth deduced as capital expenditure spend reached £17.3 m (The Royal Mint Annual Report, 2010-2011). This is seen as a positive move in the development of the company, the benefits of which will be seen in future years. The Llantrisant (Welsh) based facility was part of a long term strategy move to invest in a new, world leading aRMour production plant to support the change from non-ferrous metal to aRMour plated steel coins and blanks. “These plants are critical to our future growth plans”: Adam Lawrence, Chief Executive. Furthermore, cash outflows were used to support the London 2012 Olympic Coin Programme, HM The Queen’s Diamond Jubilee events and boost operational efficiency. Moreover, during the year, the Royal Mint paid a £4.0m dividend to their shareholders, HM Treasury, for the financial Year 2009-10. This additional income was driven by The Royal Wedding of HRH Prince William to Catherine Middleton.

Extract 5:

Further to that, the Royal Mint fails to disclose the social consequences of its partnership with BHP Billiton and Rio Tinto. While the commodity prices have improved due to increasing demand from countries such as China and India (BBC, 2009), the miners’ rights are continuously being ignored; and they are left without any share of the enormous profits the mining companies are earning. Indeed, one of the biggest challenges facing Chile’s mining industry is not only to cope with environmental ignorance but also the controversial consequences of labour exploitation. While the Royal Mint is not on “the spot” and not directly responsible for the workers’ conditions, it is – as a multi-billion corporation – to be blamed for earning its profits at the expense of the miners in Chile.

Tomasz:
Now, almost two years after the first initial study was carried out by the contributors to this chapter, there is still little mention by the Royal Mint directly of what commitments they have made to guarantee that the people at the end of the SC are treated fairly. When scanning through their latest Annual Report, there is actually no mention of where from and how they supply the copper, without which it would not even be possible to produce the money ‘for the nation’.

Saranda:
The Royal Mint still has some work to do and a lot to prove before it can be claimed that they are wholly ethical in the way they operate.

Discussion
“Ethics is the discipline that examines one’s moral standards or the moral standards of a society” (Velasquez, 2002). It has, obviously, a variety of other definitions, such as: “the principle of conduct governing an individual or a group” (Webster’s Third New International Dictionary (1986), in Velasquez, 2002). Nevertheless, when classifying the larger term, then business ethics is seen to be the understanding of what is right or wrong in the “assortment of institutions, technologies, transactions, activities, and pursuits of what is called the business” (Velasquez, 2002). Or, in other words, business ethics are concerned with moral standards as they apply to behaviour in the wider business context.

Clearly, with the increasing public exposure, ‘ethics’ is building a more solid platform in the public’s eye, but at the same time there is a common struggle between the wish to be ethical and the competing pressures of business performances. What is important to note, however, is that there is escalating evidence from academic studies that shows “positive correlations between responsible business behaviour and return-on-investment, stock price, consumer preferences and employee loyalty” (Kumar and Steinmann, 1998). However, the fact is that many young adults in universities see business, together with ethics, as a “game” (Freeman and Gilbert, 1991 in Parks, 1993). Nevertheless, the idea that business education should include the discussion of ethics and corporate responsibility has long been universal among those responsible for shaping business schools’ curricula (Piper, 1993).
But is it really the responsibility of business schools to address these issues? Some would say no, because ethics embodies yet another subject in an already overcrowded curricula, and that the values of management students are shaped and unchangeable (Piper, 1993). However – to reject this view – Kohlberg (in. Velasquez, 1987) found that a person’s ability to deal with moral issues is not formed all at once because, just as people’s physical, emotional, and cognitive abilities develop through years, so does the ability to deal with moral issues as people move through different stages of their lives. Furthermore, as Velasquez has argued, a person starts to practice ethics at the level where moral standards absorbed from family, friends and others, start to play a role in the decision-making processes over what is right or wrong. Thus, in reality, undergraduate and MBA students are actually at a critical stage in making sense of the ethical dilemmas of business. Therefore, it is the obligation of business schools to enforce the sense of social responsibility (Gordon and Howell, 1959), and Universities should be made responsible for developing the principal business ethics framework for students to critically evaluate, ready for application that students could then apply in organisations that they are potentially going to work for after graduating.

Accordingly, undergraduate students should be encouraged to develop a common belief that for obtaining a job and sustaining success, one must develop a clear understanding of how to anticipate and address ethical issues as they arise. Doing the right thing from day one, and taking into consideration all of the stakeholders’ needs and anticipations, will definitely help today’s students avoid becoming involved with the business faults of tomorrow (Hajdari, Hummal and Scibior, 2010).

It is important to note, however, that by taking ethics into consideration, the chances for enhancing consumer preference and employee loyalty become much higher (Haas in Kumar and Steinmann, 1998). Thus, the Royal Mint, just as any other company who discards the needs and rights of the stakeholders, risking neglecting its full Corporate Social Responsibilities. Accordingly, without question, it is today’s students’ responsibility to recognise and understand how important it is that businesses (that they are likely to be employed by) commit to the noblesse oblige (Hill, 2009), and do their best to give something back to the societies within which they operate.

Dianne:
“While I have always been convinced that organisations should be responsible for giving something back to the societies that they operate in, I have never really put much thought into how to actually carry out ethical business decisions, and how severe the consequences of unethical behaviour can be. And now that I have graduated from the University and have been part of the job market. I feel there are still a lot of questions that I need to find answers for. Therefore, I strongly believe that Universities should integrate the basic framework of ethics to the curricula throughout the undergraduate courses in order to assist students to make a difference between what is right or wrong, and to help them identify irresponsible actions before they can even arise. And, most importantly, enhance the understanding that decisions made today, will have an effect on tomorrow.”

Saranda:
“I believe that students should be learning about ethics from secondary school. Although it is important that ethics should be taught more in undergraduate courses, if students do not have an ethical and moral compass, I very much doubt that a few modules at business school are going to make much of a difference. The rushing river of profit and greed creates a cultural flow so strong that ethics can be more challenging to navigate. Most importantly, I think that business schools should not be merely responsible because I believe that students should have acquired ethical foundations before university from their parents, family, and peers. Although I would encourage greater emphasis on the study of ethics during university, I am almost certain that a few modules would not be able to instil ethical qualities.”

Tomasz
“Searching for the latest news, the BBC ethics website sparked my attention. “Torture at secret Iraq jail in Baghdad”, “China executes killer of eight school children”; these are just couple of top news items in today’s podcast. I have asked myself a simple question: “Do we really care”? If it is true, what should we do?
How to react? Being a business undergraduate student, it is my understanding that ethics perception should be inculcated not only through teaching or discipline.

Our awareness of ethics should be derived from our upbringing, experience and common sense. Although, I would enjoy an ethics foundation course as a part of degree curriculum, I don’t see the Business School as an institution which currently offers a crucial role to play in the area of ethics education.”

Conclusions:
Business and Management courses continue to be the most popular subjects within the UK. Over the past 14 years, Business Studies courses have expanded by 74% (ABS, 2011:26). While in 2009/10, both the undergraduate-level and postgraduate-level business studies uptake were up 7% and 12%, respectively. And, it is important to note that one in four international students coming to the UK decide to undertake business studies (ABS, 2011:35). This means that the things that are being learnt and students are exposed to, will be put into practice around the whole world. Therefore, it has never been more crucial that exposure to ethical issues and corporate governance, as an integral part of Business Studies, is implemented and guaranteed at all times. Developing future leaders and business decision makers, who will be working in increasingly competitive, yet global markets, is happening now. However, whether educators are able continue to make progress with implementing the recommendations of ABS and associated stakeholders remains uncertain. The ‘economic meltdown’ has, as a consequence, led to a Government that is reducing public spending across the board. In the UK alone, Government funding to Higher Education institutions over the next five years is due to fall by between 18 and 35% (Morris cited in ABS, 2011:2).

All three students, now graduates, agreed this concluding statement:

“Today’s educators need to become more innovative in the ways they communicate the need for ethical business-making to students from around the world. The 21st Century’s curricula is much more than just understanding the basics of business and money-making. It is about ensuring that, when students leave the schools and enter the real world, they have the business know-how that takes into consideration that each decision they will be making, will have a larger impact to the wider communities. If not immediately today, then tomorrow for sure.”

The implications of this study for the academy are in terms of curriculum review and realignment, in terms of the inclusion of ethical debates and issues throughout an undergraduate program of study. Indeed, we argue, that more corporate social responsibility, including the fast developing debates of sustainability, should be represented in the classroom, and modelled in the business world. As Aras & Crowther (2012:6) explain, sustainability implies that society must use no more of a resource than can be regenerated. By viewing an organisation as part of a wider social and economic system implies that, these effects must be taken into account, not just for the measurement of costs and value created in the present but also for the future of the business itself “(Aras & Crowther 2012:7). It is students coming through Business Schools and taking their places in the fast changing world of business that hold the key to the future. The three students who contributed to this chapter come from very different cultural backgrounds, and had different motivations for study, yet share a common ground with their view that ethics is a crucial business skill they will need for their future careers.

I would like to thank my co-authors for agreeing to share their work with the wider community.
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Appendix A

Assessment brief Autumn 2009

Your task is to provide a “Financial Times” style piece of interesting and original work of not more than 1500 words that assesses the supply chain issues facing the Royal Mint. The completed work should include full referencing of all sources, facts, and figures within the body of the work and a full bibliography is to be provided.

Indicative marking scheme:

- Include a brief analysis of the Royal Mint and some carefully selected information about the country of origin (20%)
- Demonstrate your knowledge the physical supply chain process for transporting and processing copper (including minting the money) from the country of origin to final destination (50%)
- Assess the implications of the recent press coverage about ethical issues (30%)
- Marks will be allocated for depth of research and writing that conveys a range of complex issues within the word count.