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**Ethics in Business: Interview with Hans Decker**[Advocates for Ethics in Business \(GPI Interview Series\)](#)[Hans W. Decker, Julia Taylor Kennedy](#)

July 7, 2009

[Hans W. Decker](#)[Julia Taylor Kennedy](#)

**JULIA KENNEDY:**  
Welcome to the Carnegie Council's Global Ethics Forum. I'm Julia Kennedy.

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I sat down recently with Dr. Hans Decker. He is executive-in-residence at Columbia University's School for International and Public Affairs (SIPA). Decker earned the title "executive-in-residence" by climbing through the top ranks of Siemens Corporation over 35 years, culminating in a 19-year run as president and a four-year run as vice chairman of the Siemens board. A lawyer trained in Heidelberg, Germany, Decker recently has focused his research efforts in the field of corporate social responsibility. He teaches a course on strategic corporate social responsibility at Columbia.

**Decker began our conversation by telling me about his path from attorney in Germany to executive at Siemens.**

**HANS DECKER:** I was trained as a lawyer and worked as a lawyer for Siemens for a number of years, as a corporate lawyer. As I usually say, as a lawyer, at some juncture, you have to make a decision whether you want to be a lawyer for life or else. I worked in the part of Siemens that was very much internationalized early on. It was the medical part, as a matter of fact. So I had contact with most parts of the world. It was great fun.

But still, at one point, I asked myself that question: Do you want to be a lawyer for life?

What really, I think, turned it around was that I knew that as a lawyer, you were always an adviser to other people. I knew that at some point I wanted to do something beyond that. I wanted to work with people. I wanted to maybe do something that was not done before and was new.

Then I came to this question: Where would I do that? Where would I go? Siemens at that juncture was a tiny, little nothing here in the United States.

**JULIA KENNEDY: Really?**

**HANS DECKER:** A little more than 600 people working for them. Now it's over 70,000, 35 years later.

So I knew it could only go upwards. I asked them, "I want to go to New York and try my thing there more as a manager of certain affairs in the United States"—again, tiny, so we hadn't, really, a big thing to manage here. The Siemens people said, in Munich, "Okay, you can go for three years. That's fine."

For my part, I fell in love with New York immediately when I got here. I liked what I saw with this tiny, little Siemens. After a little while, I had already in my mind decided that I wanted to stay. It took me quite a while to convince people in Munich that it was maybe in the best interest of Siemens, and not to change things again and send me back. I think I also knew that I was made more for a fish in a small pond rather than a small fish in a big pond in Munich.

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I don't think I was made for being one of thousands or so sitting in an office there.

**JULIA KENNEDY: The pond has grown here in the United States, as you pointed out.**

**HANS DECKER:** The pond has now grown quite a bit. But at that time, it was a real small one.

After a while, they sort of gave in, and after another while, they said, "Well, the guy's almost, anyhow, lost. He acts more like an American."

The rest is history. I stayed with Siemens through 1992 or so, and then I joined Columbia and joined SIPA, the School of International and Public Affairs, because it seemed to me a great place, from what I had in mind. First of all, I knew a couple of people there. They had invited me. That's how I got there. I had given some classes.

At some point, the lady who was in charge of that concentration said, "Would you become part of our place here, our faculty?" I said, "Sure. It sounds like a great idea. I like it a lot up here."

I immediately noticed that SIPA is indeed a particular place. As you know, it was established right after World War II and first was actually a school for international affairs. It was meant to educate people for working in the world, and mostly in the public sector, mostly for State Department people and all of that. But in the late 1960s or so, it dawned on the school that the world had broadened and it wasn't just a public affairs thing; it was a private affairs thing. In other words, it was business as well.

Maybe the first thought at that time came about civil society—to my mind, actually, the most important part of any modern society is civil society. That's all of us, every one, individually. We all are called upon to think about the affairs of the world, about the affairs of our countries and the affairs of any part of that.

So that's why I liked SIPA. I have been there ever since.

**JULIA KENNEDY: A lot of people have an image of corporate executives as people who think about the nitty-gritty, they think about their own corporation, they think about their day-to-day. How are you able to step back and look at the corporation's role in society and those bigger questions?**

**HANS DECKER:** That's indeed right. It is stepping back. I did that. At SIPA, finally, I knew why I did things that I did at Siemens. At that time, I just did it, probably, and now I was reflecting upon it and knew why I did it, and why it was right or not right.

First of all, when you are in business—and usually, in an alternate situation like Siemens, where we were really building up and buying companies and joint-venturing and all of that—it's constant pressure on you just to get things done (of course, preferably right, but it doesn't always work that way). So you don't really indeed reflect much on why you do things. That's what I did start doing at SIPA, asking questions like, what is really the purpose of a corporation? What is the *raison d'être*, as the French would say? Making money, adding shareholder value? Or is there something else to it?

We all know, everybody knows, that moneymaking is extremely important. If we don't make money, then we go the way of GM [General Motors] or other companies and are out. So moneymaking is the base. Everybody knows it. But we also equally know that there is more to it than just making money. We all know it intuitively. But the question is, what is that?

**JULIA KENNEDY: Right. That was my follow-up question.**

**HANS DECKER:** What is that? What is that, in addition? We wrestle with that all the time. There is no one good answer.

But again, maybe you step back. One thing is looking at shareholder value and making money. That's one part of it. The other is what we now call

stakeholder value, stakeholders being all the others that have a stake in a corporation, starting with employees, of course; customers; suppliers—the whole supply chain. Now there's a worldwide chain, usually; government—why? They want taxes and they regulate; the community; banks.

Everybody who has some kind of stake in that corporation wants that stake to be protected and to be taken care of. The big question is, how?

Again, we all know it's not just the money side. We also equally know it cannot just be stakeholders, because we cannot forget the money side. It has to be some demarcation line in between. The constant question and wrestling is, where is that line in between? How do we draw that line?

We don't draw it once and for all. We draw it differently, the more we think about it, the more demands come about of a corporation or the more our level of awareness rises. Think of environmental things.

Sure, people thought of the environment 50 or maybe even 100 years ago. Certainly the term wasn't there. But haven't we made some progress in that? We are not good at it, at all, with the environment, but at least the level of awareness has risen. Then the question is, who is in charge? Is it corporations or is it government, the public sector, civil society pushing and so on? Very tough questions.

**JULIA KENNEDY: It's easy to say, well, it's not me that should be doing it. It should be the state or it should be the corporation or it should be the United Nations.**

**How do we get a workable answer to that question, even if it's not the "right" answer to that question?**

**HANS DECKER:** That, of course, is the question. How can we operationalize things? That actually was the reason we had this course the past semester about strategic corporate responsibility. We call it "corporate social responsibility." Some people prefer "corporate responsibility." But it comes to the same thing, actually.

How can we operationalize it? That's the toughest of all questions. When you look at the whole thing from a corporate point of view, you find different levels of things.

One is law and regulations. Corporations have to comply with the law. It's a given.

The next level is the pre-law and pre-regulation thing. In other words, that's the whole universe of politics. How do we get to regulation and law? Politics leading to policy. The question is, to what degree should corporations be part of that or not? I am convinced that corporations have to play a certain role there. They are not the only operators there, but they have to play a certain role, there is no doubt. And they do. When it comes to environmental things, people like GE [General Electric] get very much involved.

So there's a role for society as a whole and certainly also for business.

The next thing is for corporations to ask themselves, shouldn't a large measure of what we call CSR also be a business proposition? In other words, should the two things be aligned? For example, when you look at corporations, the way they do business and the way they use their resources—and one big resource is usually energy—the way they use energy is a very, very important thing for the business, because if they optimize it, they can save money, and if they do it very well, they save energy.

Saving energy is a big part of the whole environmental thing. So corporations have a mandate to husband all the resources they deal with in such a way that they make the best use of them. They optimize them for the least input and the best output. That is the biggest contribution corporations can make to society's needs and demands. I think that's a given.

Only for things that cannot be aligned, where business and social responsibility are not exactly the same, then there might be a part where people just do

corporate social responsibility work.

Let's say IBM has a plant in a certain community where there are school districts and they don't have money, of course—who has money?—and the school would ask IBM, "Wouldn't you have some of your engineers or scientists come to give classes every so often?"

That, to my mind, would be corporate social responsibility. You work for your environment by giving something there. That is not directly business-related, but in a somewhat indirect way, it could be.

The remainder is maybe something that we usually call philanthropy, which is if Citibank gives money to the New York Philharmonic. That, to my mind, would be philanthropy. That's not business-related. It doesn't have an immediate effect. It's just more to put the brand out and say how great we are.

**JULIA KENNEDY: All of that falls under the way that people talk about corporate social responsibility.**

**HANS DECKER:** Correct.

**JULIA KENNEDY: What is strategic corporate social responsibility?**

**HANS DECKER:** The strategic part is that part that makes sure that what we call CSR and a true business proposition can be aligned to be almost the same. The term was actually coined by [Michael Porter](#), who is a rather famous professor at the Harvard Business School, a great guy. He has written about strategic CSR, not in a book, as he usually does, but in a very prominent article in the *Harvard Business Review*. As I say, he coined that term, and he gave a number of good examples of how corporations can do good by doing well and vice versa. In other words, they can do something that is good for their own business and yet goes beyond that and helps society with their own demands.

**JULIA KENNEDY: How has the conception of the way corporations fit in society—their places in society, their duties even, if you want to use that word, to society—how has that changed?**

**HANS DECKER:** It has changed, because people have told them that they have more of an obligation than to just make money for their shareholders. The NGOs—the famous NGOs, the nongovernmental organizations—have told Nike, if they felt it did something very bad, like child labor in parts of Asia, where you usually don't know about it, they might boycott their business. These are the things that first really did something for corporations to wake up and say, "Aha, there is something that can hurt us if we don't do it," which is, by the way, a very interesting thing. It's not easy at all to measure whether you do good corporate social responsibility work, but you can measure the negative, which I think is very interesting. It's hard to measure the plus, but you can, every so often, measure the minus.

You might have heard about the [Global Compact](#) idea of the United Nations. The Global Compact is actually an idea that was, in a way, born at SIPA. It was drafted by the dean of SIPA, [John Ruggie](#), at the time, who was—and still is, by the way, in a somewhat different function—an adviser to the secretary of the United Nations.

**JULIA KENNEDY: The secretary-general.**

**HANS DECKER:** Yes. At that time it was [Kofi Annan](#).

John Ruggie said, yes, there is an obligation, a duty, of business to do something. He sat down and formulated nine points—now they are ten—about what corporations should be doing. You could easily categorize them into human rights, environmental matters, and labor relations, those three.

John Ruggie, a great guy. I really admired him. He was sitting down and, of course, he was writing in an academic fashion. It was all very lofty language. It almost sounded a little bit like motherhood and apple pie. Nobody would ever object to what it said. It said corporations should be nice to their employees; corporations should help save the environment.

The big thing about the Global Compact was that it was not easy to operationalize it. That has been done, in some fashion, and corporations have been signing up to that, although reluctantly so. Most American companies actually had a certain reluctance to sign up to a UN Global Compact. Even within companies I happen to know—but I don't want to talk about it here; it's a little bit of an insider thing—there are tensions, whether one should join.

But still, it's a worldwide thing. It has some heft now. It is there. It also adds to that civil society pressure on corporations to at least think of what they are doing in terms of CSR work, at least have the level of awareness rising, to, when they do things, also take into account what it does to social responsibility. Most corporations really do that now—really, really do that now. Not perfect, by any means. Not perfect. A lot to be done. But at least we are moving in that direction. It's the right direction.

Again, it's an evolutionary process. Fifty years ago, nobody talked about it. Now at least we have gone to a certain length to not only talk about it, but do something about it. I am, personally—maybe the eternal optimist—pretty sure that this evolutionary process will go on and will progress.

**JULIA KENNEDY: In discussions with your students, what do they bring to the table? Do you learn from them? Do they bring new ideas? Do they push you in any direction?**

**HANS DECKER:** Yes, they do push. First of all—it's interesting—there is great demand. There was a seminar. I wanted to limit it to about 20 people, but we ended up with 28. There was just too much demand. I had to push back a little bit.

Of the 28, there were five male and 23 female students. There seems to be a bit of a gender thing in here. Young ladies want to know more about it. They all came with great enthusiasm and said, "What is this thing?"

Most of them had worked with corporations and had some ideas, though somewhat limited or rudimentary. But most of them were a little bit on this lofty side. They said, "Corporations have to do something and they have to be socially responsible," and so on. So we talked about all those things and brought some realism into the discussion, without losing sight of what it is. We easily could agree that it's not just making money and we could easily agree that it's not just corporate social responsibility and so on, that there must be something in between.

But to find that line in between, that's what we wrestled with and worked with all the time. So when we ended up and said, "Do we really have a solid, manageable definition of what it is?" we were not so sure. We said, "I think it's better to look at cases and see how corporations deal with that, rather than have a readymade definition that covers it." I think it's hard to do that.

**JULIA KENNEDY: *The New York Times* had a report on business students who have signed this ethical pact, basically. What do you think of that?**

**HANS DECKER:** I saw it, and I was enthused. I liked it, of course, a lot. I thought, "Aha, finally, we start early. We don't wait until we join a company. We start even before." I like that a lot. It's a great thing. That's part of that evolutionary process, no doubt.

On the other hand, again a little bit of realism. First of all, I know that we have to have some reference point there. Maybe "ethical" is a fine term, but I have a little bit of a problem with this term "ethical." "Ethics" is a term that we usually use in philosophy, for good reason. And there is such a thing. But when we talk about the corporate world and ethics and morality, I'm a little hesitant, at least.

**JULIA KENNEDY: Really?**

**HANS DECKER:** Yes. I know there has to be a reference point. Otherwise, you don't know what you are talking about, what you are doing, what you are measuring against. There's no doubt. But to my mind, it's a bit too abstract;

it's a bit too philosophical in that context.

**JULIA KENNEDY: Where do you think it belongs, then, would you say?**

**HANS DECKER:** The ethical?

**JULIA KENNEDY: Yes, the ethical.**

**HANS DECKER:** You could easily do a course at Columbia about ethics, of course, and ethics in business. You could, but then it's not operational so much. I'm not against applying ethical standards, but it's not just ethical then; it's applying ethical standards, which is, in my mind, a little different.

**JULIA KENNEDY: So it's one thing to sign a piece of paper—**

**HANS DECKER:** Exactly. To sign a piece of paper is great. Again, who is not in favor of motherhood and apple pie? I never heard anybody opposing that. But then, when it comes to reality—some might call it "dirty reality"—it's always a little different. You should all be prepared to do that. Otherwise, you know what happens?

Particularly with these young students, they get frustrated and disappointed, if they come from high up and say they want to hear about ethics and so on, and all of a sudden they come down to corporate reality and not only find that it's not there in the way they had expected, but they might even find that it cannot be there in the way they expected. Then frustration sets in.

So maybe we start with a dose of realism a little earlier and see how we deal with that.

**JULIA KENNEDY: Do you think that in response to the financial crisis, which was cited as one of the reasons for this ethical document—**

**HANS DECKER:** It gave it another boot.

**JULIA KENNEDY: Right—that there is a little bit of optimism or this push to talk about ethics and to talk about improvement, but that, in the end, corporations are corporations and you can only change so much?**

**HANS DECKER:** No. You can change. I don't think human beings, deep down, change so much over the millennia, but their behavior does change and can change.

Tomorrow morning I will be at a discussion about corporate governance. Corporate governance and social responsibility are very much related. They are, actually, maybe part and parcel of one thing. You can do things with corporate governance. The board can tell management that certain things do go and others do not go. In the financial world, they should have told them—they didn't, unfortunately—that more than a certain ratio in leveraging is not being done, period. It's not being done.

A big part of the whole meltdown, of course, had to do with this over-leveraging with banks.

If there are certain things not being done, that is also an ethical issue in so many ways. The aftermath of the meltdown is unethical in so many ways.

So I guess there are quite a number of good things that can be done, without calling them ethical, that do make sure that certain things that have to do with risk and risk assessment and risk management are taboo. Then we have achieved quite a bit.

So the role of boards and the way they supervise management is very critical. I think we need to do a good deal more there, although it's not easy to do that. It's always easy to say, "Yeah, the board should do more, and they can do more." But where are those boards who know all of that and do do it?

**JULIA KENNEDY: Then you have another line to draw, too.**

**HANS DECKER:** Then you have another line to draw.

But we have to go about it. Maybe we can't do it 100 percent perfect yet, but

we can do something big about it.

By the way, that's my optimism. I think this crisis now will yield a number of those things. I really am sure. (I'm also sure that in 100 years another bubble will burst, but that's a different story.) We will do something about this now that will improve things. I'm convinced about that. Human nature being what it is, we will draw some lines and push in some pegs that will make sure that a number of things that we have seen now being part of this mess and this meltdown will not be repeated. I'm reasonably sure that we can do a number of things now.

**JULIA KENNEDY: Could you expand on your thought that our behavior can change, but we as humans don't?**

**HANS DECKER:** I am convinced about it. I was in a group of seven or eight people who were reading [King Lear](#). *King Lear* tells you something about human nature, doesn't it? Or it makes you ask questions about human nature. How can people be so beastly and do so many terrible things? I was thinking, gee, maybe we should ask the question another way around: How come we have at least a little bit of civilization, a little veneer around us, that contains our beastly nature that all of us have in some way, in some fashion?

Different cultures go about containing the human beastly nature in different ways. That's what we call the process of civilization. In certain ways this containing functions, and in others it doesn't. If your mind goes wild, becomes schizophrenic or Alzheimer's or whatever, where dementia sets in, then all of a sudden those tools to contain things are not there anymore, and you go wild.

That's where my behavioral thing comes in. Behavior is, in my mind, applied civilization.

**JULIA KENNEDY: It's interesting, your theory about different cultures going about it in different ways, perhaps provoked by different crises that they experience.**

**HANS DECKER:** Very true, very true.

**JULIA KENNEDY: This is fascinating. We could go on forever.**

**HANS DECKER:** I think we could.

**JULIA KENNEDY: Unfortunately, our time is up.**

**Hans Decker, thank you so much for sitting down with me in the Carnegie Council.**

**HANS DECKER:** Thank you so much, Julia. I really enjoyed it. Those thoughts are always terrific.

There's actually a German guy by the name of [Kleist](#) who once had a little essay. The title of the essay was "Creating Your Thoughts While Talking."

**JULIA KENNEDY: And that's what we do. Thank you so much.**

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