

## Simulation on Corporate Social Responsibility

### Introduction

There is a growing realization that management education has to prepare future business leaders to address societal challenges while doing business. This requires helping them to balance a concern for profitability with a concern for the wider social and environmental challenges facing us. Students of management often tend to believe that the business of business is to make profits only. The wider role of business in improving society is thus ignored. This simulation seeks to powerfully demonstrate the importance of Corporate Responsibility (CSR) to them.

### The design of the simulation

The **objectives of the CSR simulation** are to help participants (a) recognize the importance of CSR for business sustainability; (b) discuss the challenges to investing in CSR; and (c) analyze the contextual factors that could explain the corporate response to CSR.

In the simulation, student groups perform one of the following roles: telecom company, government, media and NGO. The telecom companies submit competitive bids to the government for the permission to set up and operate telecom infrastructure and services in a rural “circle”<sup>1</sup> called Apna Pradesh in India. The bid requires companies to decide on the license fee they will pay the government, the subsidy they require for setting up the infrastructure and how they will deal with many social and environmental concerns of importance to the government. In arriving at these decisions, companies have to balance their concern for social/ environmental issues with their concern for financial returns. Media and NGOs attempt to influence the decisions and behavior of the telecom companies and the government.

The telecom company which has the highest stock prices at the end of the simulation wins the game. Stock prices are a function of projected returns, the outcome of the bid

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<sup>1</sup> The Government through its Telecom Regulatory policy, divided the country into “circles”, each roughly corresponding to either the metropolitan cities or states.

process and public opinion about the company. Even though they do not have stock prices, the NGO, media and Government will be judged on their public opinion scores.

### **The people behind the simulation**

The simulation is based on an earlier one developed by Tim Fort and Nathan Bos at the University of Michigan. It is customized to the Indian context. Many people, both academics and practitioners from India and elsewhere, have contributed to the customization of this simulation with their ideas and time. The Business & Society Program of Aspen Institute has financially supported its development.

We hope that the simulation aids the discussion on Corporate Responsibility in training and class-room sessions across the world.