

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY IN BUSINESS SCHOOLS

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ABSTRACT

Sustainability has been a prominent topic in professional business meetings and in the media recently. This paper reports on a number of these meetings and highlights an exploratory study of business school deans regarding coverage and importance of sustainability in their schools.

INTRODUCTION

Webster defines sustainability as “Capable of being sustained;” “of, relating to, or being a method of harvesting or using a resource so that the resource is not depleted or permanently damaged;” and “of or relating to a lifestyle involving the use of sustainable methods.” Many business schools are working to build the capability of students to be socially responsible as they train the next business leaders of the world. AACSB has commissioned studies on sustainability and made sustainability the focus of the International Conference and Annual Meeting. Schools around the country are placing emphasis on methods leading to sustainable practices.

As we expand the definition of sustainability, four primary areas seem to be the focus: the environment; people and communities; resources; and energy. The most prominent use of going green is protection of the environment. Quality of our air, water, and land is foremost. Research abounds on pollution reduction and renewable energy sources. To a lesser extent, lifestyle modification has been discussed as we work to make our planet livable for generations to come. Education, programs for the poor and hungry, and job creation help to build sustainable societies.

An even larger debate surrounds the definition and appropriateness of Corporate Social Responsibility (CSR). Should businesses be primarily concerned with creating products and services demanded by the public, creating jobs, and creating wealth for shareholders and other owners? Or, should CSR dictate the decisions of the board room and shop floor?

How much emphasis should business schools place on sustainability and CSR? This paper looks at initiatives and studies focusing on sustainability and CSR. Surveys were distributed to two groups of business school deans: the National HBCU (Historically Black Universities and Colleges) Business Deans Roundtable and the South Carolina Business Deans Group. Primary purposes of the surveys were to determine how business schools view sustainability and the emphasis placed on sustainability in the classroom and in practice.

The SC State Business Week Celebration discussed below provided an opportunity to dialogue about the role of students, faculty and staff in sustainability strategies on our campus. This week-long event and the immediate reflection on the outcomes, coupled with the work of the Sustainable Endowments Institute, AACSB International and other national college and university sustainability initiatives, were the impetus for this research. Specifically, the researchers wanted to determine the degree to which other business schools were embracing sustainability and CSR. The survey findings and analysis are reported below.

BACKGROUND

The Sustainable Endowments Institute [2]

The Sustainable Endowments Institute developed the report “Greening the Bottom Line: The Trend Toward Green Revolving Funds on Campus.” The report looks at results of the College Sustainability Report Card project that followed the progress of 52 universities. Of the schools in the report, the median return on funds invested in sustainability initiatives was 32 percent, ranging from 27 percent to 47 percent. From light bulb replacement and other energy saving strategies to recycling, universities are seeing the bottom line business advantage to sustainable strategies. The report uses nine categories to judge a university’s commitment to sustainability: administration; climate change and energy; green building; student involvement; transportation; investment priorities; endowment transparency; food and recycling; and shareholder engagement

Sessions at the 2011 AACSB International Conference and Annual Meeting [1]

1. What is the Social Responsibility of Management Education? – A Debate

This session presented a debate that centered on CSR versus Capitalism. The discussion indicated that the distinction is, at best, blurred. In many cases, the arguments supporting CSR simply are good management practices, with positive social results being beneficial side effects. The points in favor of CSR were presented by Dr. Ira Jackson of MIT. Dr. Jackson started by saying that CSR is relevant and important and is critical to competitive management. CSR is too important for business schools not to step up. The 10 primary points were:

1. There is a market for morality. We need to redefine business self-interest and build a new form of creative capitalism.
2. The boundaries between for-profit and not-for-profit organizations are fuzzy.
3. Values matter.
4. There is a new CSR, beyond philanthropy. We need to embrace value and values as we create a new strategy.
5. Government is incapable, incompetent, and corrupt (in many cases) and cannot regulate properly or enough.
6. We cannot have a healthy economy in a sick society.
7. In light of the economic meltdown, business schools may be at fault – it is our graduates who perpetrated the wrong doing. We need to get serious.
8. CSR is happening anyway. Practice is ahead of scholarship.
9. This is a wake-up call. We need higher aims. We can create a purpose driven school.
10. Every societal problem can be solved by entrepreneurial efforts. Do good and do well.

Dr. Aneel Karnani of the University of Michigan discussed points opposed to CSR. Dr. Karnani stated that CSR is confusing, irrelevant, ineffective, and dangerous. His major points included:

1. What is the role of business in society?
 - a. To satisfy a need of society
 - b. To create jobs
 - c. To create wealth for stockholders
2. People think of Whole Food stores as being socially responsible because of the products they offer.
 - a. They have very high profit margins
 - b. They cater to people who will pay more
 - c. This is just good management practice
3. Efficient markets produce social welfare and profits
4. There has been a shift in values to a political/economic ideology
5. We should stop demonizing the government and allow them to regulate where needed - deregulation cost us dearly in the most recent economic downturns
6. We need to move away from “triumphant capitalism”
7. The final point was to ask the questions, “What is CSR?” and “Who knows?”

2. Integrating People and Planet Themes in B-School Curricula [1, 3]

Dr. Pierre Tapie, President of ESSEC Business School Paris-Singapore, led the session that focused on the Principles for Responsible Management (PRME). The mission of the PRME initiative is to inspire and champion responsible management education, research and thought leadership globally. Dr. Tapie noted that the six principles of PRME are:

- Principle 1 **Purpose**: We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.
- Principle 2 **Values**: We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.
- Principle 3 **Method**: We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.
- Principle 4 **Research**: We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.
- Principle 5 **Partnership**: We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.
- Principle 6 **Dialogue**: We will facilitate and support dialog and debate among educators, students, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

The PRME website indicates that the PRME can serve as a framework for systemic change for business schools and management-related institutions, on the basis of three distinctive characteristics of the initiative:

1. Continuous Improvement

Any school that is willing to engage in a gradual but systemic manner is welcome to join the initiative. Implementation of the Principles should be understood as a long-term process of continuous performance improvement and the PRME can provide a framework of general principles through which to engage faculty and staff, and build institutional support.

2. A Learning Network

The PRME initiative also functions as a learning network. By collecting and channeling good practices, it will facilitate an exchange of existing and state-of-the-art experiences within the PRME network.

3. Report to Stakeholders

Adopting the PRME implies that the signatory school is willing to report regularly - annually - on progress to all stakeholders. Public reporting is the best way to ensure the credibility of the initiative and allows giving recognition to good performances.

Dr. Lydia Jean Price, Associate Dean, MBA Director and Professor, China Europe International Business School (CEIBS) discussed initiatives in her school:

- At CEIBS, the process of integrating sustainability in the business curriculum is ground up, a faculty driven process
- The faculty asks, “What is important to us?”
- The faculty create spaces for students to do what they want
- Responsible leadership projects result in Business Plans – some of the objectives are:
 - Carbon neutral campus
 - Poverty reduction
 - Rural education
- The CEIBS philosophy and motto is: BE, KNOW, DO
 - BE = attitude and character traits of faculty and students; recruit individuals with strong character and the attitude will be pervasive
 - KNOW = what should we teach our students?
 - DO = Service Learning
 - Doing drives Being and Knowing
- What is the right thing to do? Who are we training?
- Citizen of the World = Do social good = Do good

SC State Business Week Celebration Focuses on Sustainability

The 39th Annual Business Week Celebration in the Business Program at SC State focused on sustainability. Speakers and activities were centered on this theme. An administrator for the Nature Conservancy challenged the students in the kickoff address to apply for internships with the Nature Conservancy to gain valuable experience and knowledge about sustainable practices. A panel of experts from local businesses discussed sustainability initiatives of their respective

companies. One company has worked to preserve over 100 acres for a nature park to be used by employees, for local school field trips, and by other groups in the community. One company is looking into alternative energy sources. One company is looking for ways to reduce the use of energy. Student organizations participated in environmental sustainability projects including the Beta Alpha Psi survey to determine paper use on campus. The speaker in the Executive Speaker Series was President and CEO of Electric Cooperatives of South Carolina who spoke on the topic, "Renewable Energy Resources: Implications for Sustainability." A campus representative spoke at the University Sustainability Town Hall meeting discussing campus initiatives on sustainability.

THE SURVEY AND RESULTS

The survey listed in the Appendix was distributed to participants at the National HBCU Business Deans Roundtable in June 2011 and to the South Carolina Business Deans Group in July 2011. The National HBCU Business Deans Roundtable meets annually, attracts Deans from HBCUs around the country, and focuses on issues related to HBCUs. The South Carolina Business Deans Group meets twice per year and focuses on issues related to South Carolina Business Schools. The survey sought information from Deans regarding emphasis placed on sustainability at their Universities and in their business schools. Questions determined how schools include sustainability in mission statements and learning goals, and gained information on participation in sustainability projects. General summaries of responses and correlations among the responses are listed below.

Twenty-one deans responded to the survey. Less than 30 percent of the schools surveyed include an emphasis on sustainability in their University mission statements. Less than 30 percent of the schools surveyed include an emphasis on sustainability in their B-school mission statements. Less than 40 percent of the schools surveyed include sustainability in their University learning goals. Forty-three percent of the schools surveyed include sustainability in their B-school learning goals. B-school student knowledge of sustainability averaged just below 3 (2.8) on a scale of 1 to 5, 5 being very knowledgeable. The distribution for this knowledge variable was bell-shaped, but slightly negative. B-schools average 2.1 sustainability initiatives per semester. Very few B-school students participate in sustainability projects, with more than half of the respondents indicating that less than 25 percent of students participate and only 30 percent of the respondents indicating that between 25 and 50 percent of students participate in sustainability projects. Very few B-school faculty members participate in sustainability projects, with similar participation rates as students. Average enrollment at the schools surveyed is 4,943. Seventy-six percent of the participating schools are Public Institutions. Average B-school enrollment for these participants is 885.

Considering the 60 percent level as a high correlation, the following conclusions are drawn from the survey results:

1. if the University has sustainability in the mission statement, B-school students tend to have more knowledge of sustainability
2. if the University has sustainability in the mission statement, the B-school tends to have more sustainability projects
3. if the University has sustainability in its learning goals, so does the B-school

4. as the University tends toward having sustainability in its learning goals, the university tends to be Public
5. as knowledge of sustainability increases among students, so do the number of sustainability initiatives
6. as the number of sustainability initiatives increases, so does participation of students

CONCLUSIONS and FUTURE RESEARCH DIRECTIONS

Despite the increased emphasis on sustainability in the general media, the business press and from the most prestigious business school accrediting body, this exploratory research suggests that business schools have been slow to adopt sustainability as a significant component of their curriculum and day to day operations. As noted in the results section of this paper, only a handful of business deans in this sample acknowledged the presence of sustainability goals in their mission statements or in their learning goals. The deans, with the exception of two institutions, also reported that less than half of the students and faculty at their institutions have been involved in sustainability initiatives or activities.

Based on this small sample, it is apparent that much work needs to be done if the benefits of a focus on sustainability are to accrue to business schools and, by extension, to the future business leaders they help develop. This research further suggests that the initial step of including sustainability in the university's mission statement has the potential to increase awareness of sustainability issues as manifested by the relatively higher levels of knowledge of and participation in sustainability activities reported by the deans.

Future research should expand on the sample size reported here and also develop hypotheses related to the emphasis on sustainability based on some of the observations reported along with additional theoretical perspectives. For example, are smaller or larger institutions more or less likely to be able to motivate faculty and students to become involved in sustainability issues? To what extent does the direct involvement of the dean or other university administrators promote the development of sustainability activities and strategies on campus? Is the meaning, importance and goal of sustainability equally understood and appreciated by different institutional stakeholders including faculty, staff, students and administrators?

In general, as Universities and B-schools increase emphasis on sustainability, student knowledge and participation in sustainability projects should increase. This is certainly a logical conclusion and may be, for many institutions, may be a critical starting point. This emphasis can also provide guidance to universities and B-schools who would like their students to become more socially responsible in the sustainability arena.

REFERENCES

- [1] AACSB International Conference and Annual Meeting, New York, NY, April 28 – 30, 2011.
- [2] www.endowmentinstitute.org
- [3] www.unprme.org

SUSTAINABILITY SURVEY

University Enrollment _____

Institution (check one) ☐ Public School ☐ Private School
B-school Enrollment
Do you offer graduate programs? ☐ Yes ☐ No
Dean's Academic Area Dean's Years of Service