State of Sustainability in Management Education

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Background

Throughout 2013-2014 meetings took place between the Global Compact LEAD companies, an exclusive group of 50 corporate sustainability leaders from across all regions and sectors, and the Principles for Responsible Management Education (PRME) Champions schools, a group of 30 of the most engaged PRME signatories with a mission to contribute to thought and action leadership on responsible management education. Together they agreed on the importance of supporting the embedding of sustainability within higher education, notably in management education.

The following paper has been prepared to inform discussions moving forward between the two groups. It provides an overview of the degree of sustainability integration in business schools, outlines the challenges business schools face in moving forward, and identifies opportunities for how Global Compact companies and PRME schools can collaborate to advance sustainability goals.

A note on language: In the following paper the terms 'business school' and 'management education' will refer to all graduate, undergraduate and executive education students of business and the term 'sustainability' will refer broadly to ethics, responsible management, sustainable development and CSR.

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1. The Role of Management Education in Sustainability

Business schools have a broad reach and deep impact on the business sector. Graduates influence the organisations they work for, both directly through their respective jobs, or indirectly through their influence over their teams. Because of this, business schools should be seen—and see themselves—as key partners in moving the sustainability agenda forward.

In this respect, management education is uniquely positioned to empower individuals and businesses to put in place sustainable solutions by bringing together theory and practice on sustainability and responsible management. Business schools equip students and practitioners with the necessary tools and mindset to better understand the role business can play in society today. Beyond training of graduates, business schools provide, through their faculty and varied student bodies, an environment to generate much needed knowledge, create and test innovative ideas and solutions and offer a safe space to discuss company-specific and global challenges around the implementation of sustainability. This can be a valuable tool for companies of all sizes.

1.1 Where We Are Today

There are now business schools in essentially every country around the world, most taking a very similar approach in terms of structure and teaching. Shareholder value maximisation is traditionally presented as the centerpoint of a siloed curriculum, with ethics and societal issues sitting around the edges, sending messages to students to largely separate themselves and society from their business decisions. Teaching is often dominated by theoretical work and simplified cases based in the past as a platform for learning. New ideas may be kept out because of the long process of curriculum change, the lack of testing or proof of the validity and success of those ideas, as well as the lack of awareness/(re)training of faculty to teach such ideas.

However this traditional approach to management education is changing. A growing number of business schools, in particular over the past 5 years, are recognising the crucial role that management education plays in moving the sustainability agenda forward and the changes that need to be made in regard to the way that future managers and leaders are prepared. Two groups have largely pushed this change. First, students themselves are often not only requesting but also driving the process of transformation within schools. Second, perhaps the biggest influence comes from business itself who are increasingly taking sustainability seriously and, through their actions and relationships with business schools, are sending more consistent messages to schools about the importance of these ideas.

Local, regional and international networks for faculty, staff and students focused on sustainability and management education have also enabled this change by creating a platform for business schools to share their experiences and further their efforts. PRME, for example, launched in 2007 and currently counts over 600 signatory schools from 80+ countries.

1.2 The Response by Schools

Academic institutions vary greatly among themselves, and even within their own institutions, regarding how and to what extent they are incorporating sustainability into their activities, whether through curriculum, research, or school operations. Many have put in place new courses and electives, student clubs, and a series of annual events or conferences around the topic. Business schools are establishing research centres that focus on ethics, governance, CSR and increasingly sustainability, and there are individual faculty who publish papers with some reference to the topic.
More engaged schools are developing a growing elective portfolio and include at least one core course on the topic in the curriculum. Audits and surveys are conducted to determine where a school stands in terms of sustainability in the curriculum and across the institution, and sustainability strategies are developed according to the results. Several business schools are making changes to their mission statements to reflect the importance of educating students in this area. Many also now offer, or are currently developing, certificate and specialisation programmes, as well as minors and majors focused on sustainability, with some schools rebranding their business degrees to be ‘sustainable’. Others have created sustainability-focused degree and dual degree programmes or programmes exploring very specific topics (e.g. green construction, social entrepreneurship) where the assumption is that sustainability is integrated throughout. The following table shows a range of ways that schools are engaging in sustainability. Few schools are implementing the advanced initiatives, although a growing number are considering these options.

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**Spectrum of Business School Engagement**

<table>
<thead>
<tr>
<th>Basic</th>
<th>Engaged</th>
<th>Advanced</th>
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<tbody>
<tr>
<td>- Core or elective course on ethics or CSR</td>
<td>- Rewrite values/mission statement to include developing responsible leaders</td>
<td>- Put in place, measure, and report on goals and targets</td>
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<td>- At least one student club focused on sustainability-related topics, in most cases associated with Net Impact, oikos International or SIFE</td>
<td>- Core courses on ethics/CSR and sustainability topics</td>
<td>- Integrate sustainability across the curriculum and within a dedicated course</td>
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<td>- Sustainability conferences and events that bring together students and the academic and business communities</td>
<td>- Range of electives exploring different sustainability-related topics</td>
<td>- Facilitate and develop opportunities for inter- and multidisciplinary teaching and research</td>
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<td>- Relevant research centres</td>
<td>- Develop new modules and programmes specifically focused on sustainability, including minors, majors, and certificates</td>
<td>- Put in place structural changes to enable sustainability integration</td>
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<tr>
<td>- Individual faculty research</td>
<td>- Put in place audits and surveys to identify and better understand where the school currently stands</td>
<td>- Continuous engagement</td>
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<tr>
<td>- Campus greening initiatives</td>
<td>- More comprehensive campus sustainability strategy that explores environmental and social issues</td>
<td>- Transform campus into a living laboratory</td>
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<td>- Individual staff responsible for sustainability-related topics</td>
<td>- Develop an integrative strategy around sustainability with high level support</td>
<td>- Identify sustainability as a focus for research activities and partnerships</td>
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<td></td>
<td>- Working groups, task forces, and committees responsible for implementing sustainability or responsible management education</td>
<td>- Show leadership in this field and share knowledge/lessons with other</td>
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<td></td>
<td>- Stakeholder engagement</td>
<td>- Measure the impact of the school’s activities on society and business</td>
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<tr>
<td></td>
<td>- Engaging with other schools around this topic</td>
<td>- Collaborate with a range of stakeholders, including business</td>
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These schools often take a very **bottom up approach** – initiatives started and led by individual faculty, staff, and/or students and alumni.

The terms ethics and CSR are often used.

These schools take a **top down/bottom up approach** – initiatives are coming from and supported by leadership as well as the faculty, staff, and/or students and alumni.

The terms ethics, sustainability, responsible management, and responsible business are often used.

Initiatives are both top down/bottom up and **connected** by an on-going strategy as well as resources to support them.

Schools begin breaking sustainability into its individual parts for targeted response.

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Despite the increase in discussions and opportunities on campus, there is too often a disconnect between how much is actually happening in business schools and the impact these initiatives are having on the students and beyond. Although some schools are fully on board, others remain unconvinced about what the actual business case is for them as an academic institution to move forward. A significant number now recognise that more needs to be done in this area but are unsure of the best way to proceed.

Moving forward
- How can business schools move to being at the leading edge of innovation?
- Would a business school that embeds sustainability attract a wider range of students (including women) to the business degree, making the programme stronger and more relevant in the world today?
- How can business engage with business schools to clarify the understanding of corporate purpose and the role of business in society moving forward?
- How do we create new initiatives and strengthen initiatives that already exist, such as courses, programmes, and events, to make them more relevant and impactful?

2. Embedding Sustainability in Management Education

Business schools are not looking for a checklist when it comes to embedding sustainability. They value flexibility in implementation in order to develop programmes based on their strengths and interests. Despite their similarities in approach and structure, every school has different drivers and pressures, different cultures, and different people. Given these vast differences, no single model to implementing sustainability in management education is going to work, or is even desirable.

Business schools provide society with two unique sets of outputs—their graduates and the research they produce. This section explores how sustainability is being integrated into both of these outputs, as well as the challenges to move forward.

2.1 Teaching - Creating the Graduates Business Needs

Although students are being exposed to sustainability through a broad range of activities throughout their degree programmes, the most valuable of these is what is taught in the classroom. Students in each business school and each degree programme are exposed in very different ways, determined by the school itself and, in most cases, by the individual faculty teaching the courses.

Students are most likely introduced to sustainability or ethics through a single core course or module, often towards the beginning of a programme, and are then provided with opportunities to further engage individually through electives. The result is that students today have a better understanding of sustainability compared to their predecessors. However, because of this approach, it is often perceived as a separate topic, disconnected from the key messages being taught in the core of a business degree where often sustainability isn’t mentioned or is even dismissed. In some schools, there is no ethics or sustainability class in the core, meaning not all students are exposed to these ideas.
Conversely, the challenge with preliminary efforts to integrate sustainability into the core curriculum is that often it is not clear how these messages connect across the curriculum or to what extent they are being embedded in various disciplines. Leading schools are recognising that sustainability tools (knowledge, skills, mindset) need to be comprehensively introduced in one or several dedicated core courses and then reinforced across the curriculum. In this way, the connections between different disciplines and the importance of sustainability can be made and specific sustainability issues can be explored in more detail within the relevant business context.

Leading faculty are exploring a wide range of innovative methodologies, both inside and outside the classroom, to develop the competencies needed by their students. This includes lectures, case studies and guest speakers, but also reflection papers, blogs, simulations, site visits, case competitions and consulting projects in collaboration with business. New core courses are being developed that explore problem solving, systems thinking and design thinking. A growing number of schools are focusing on entrepreneurship and social entrepreneurship providing students (and alumni) with the opportunity to create and test business ideas around social and environmental challenges and provide a range of resources, such as venture labs, access to investors, office space and advisory support.

Increasingly, business schools are identifying the need for more interdisciplinary and multidisciplinary learning when it comes to sustainability. Many leading schools are actively working to facilitate this type of learning across the business school as well as other disciplines outside of the business school (including, but not limited to, engineering, law, design, social sciences, and humanities). This includes courses and events open to students, and co-taught by experts from different disciplines. New initiatives and centres are also being put in place to facilitate and support research projects focused on sustainability involving multiple disciplines.

**Moving forward**
- What skills and competencies do graduates need when it comes to sustainability? What kind of manager do businesses need now/in 5 years/in 20+ years?
- How can business engage in what is being taught (and what shouldn’t be taught) and how it is being taught?
- How can sustainability be translated into different fields of management (education) and integrated into the core curriculum?
- How can we support and promote multidisciplinary thinking within academia?
- How do we embed sustainability across the whole curriculum so that it reaches all students and not just the interested few?

**Opportunities to engage**
- Co-teaching and guest speaker
- Advising on curriculum development
- Creating and supporting new teaching tools
- Engaging students in real life projects
- Sharing experiences with students and faculty (e.g. successes, failures, needs, limitations)
2.2 Research - Generating the Knowledge Society Needs

Beyond training, business schools produce and bring together knowledge on a range of sustainability topics. They do this in several ways—through traditional academic research, preparation of case studies for teaching as well as through events and networks organised by the schools. However there are certain core challenges in this respect.

Faculty have a degree of autonomy to organise their research independently. This includes what they choose to research as well as how they collaborate and with whom they collaborate. While faculty are associated with a particular discipline, sustainability is multidisciplinary, meaning that faculty often do not feel (or it is unclear to them) that it relates to their research. Although individual faculty are increasingly undertaking sustainability research, few schools have any relevant research strategy in place, and fewer still discuss what relevance or impact that research is having on society.

One of the main reasons for this relates to the rewards system. Faculty are selected and rewarded based on academic research performance, with the primary means of assessment being their publication record. Academic journals each carry a different weight or “impact factor”, and despite a significant rise in sustainability-focused journals, these still carry relatively little weight compared to higher ranked journals that publish fewer sustainability-related articles. In addition, these journals usually publish papers that target an academic audience and often do not publish papers in a format that could be useful to business, thus limiting their reach and impact. Academics and practitioners both play an important role in overcoming this challenge through the kinds of articles that are submitted to/accepted by these journals, and practitioners can become more active consumers demanding relevant research.

A growing number of business schools have put in place research centres focused on ethics or sustainability, which explore these topics in more depth and regularly engage with a range of stakeholders. These centres provide services and tools for the business sector, the business school and often the University as a whole. As business and society at large move forward with sustainability goals, business schools can provide a valuable resource through these centres.

Moving forward
- How can business and business schools collaborate to align research with the needs of international and local business communities?
- How can business influence research by providing requests, funding, support and subject matter?
- What influence can business have on promoting more useful and relevant sustainability research in journals?
- How can businesses collaborate with business schools to create more relevant case studies that embed sustainability and give a more complete view of the complexities?
- How can we support more interdisciplinary research?

Opportunities to engage
- Subscribe and use journal articles to translate findings into policy and practice
- Encourage and work with academics to write more relevant and accessible papers
- Fund and support conferences and networks that promote rigorous research in sustainability
3. Understanding the Systematic Elements in Management Education

Just as global sustainability challenges—from maintaining biodiversity to providing clean air and water—are closely interconnected yet often managed in disparate ways, academia is complex. In an effort to provide a holistic approach to integrating various components of sustainability within the context of management education as it exists today, the following section explores internal and external elements that influence a school’s ability to move forward in embedding sustainability.

3.1 Internal Elements - The Academic Institution

There are several internal elements within the business school that have a significant impact on the schools ability to move forward in this respect.

**Faculty Buy-in:** Arguably the biggest challenge that business schools face in integrating sustainability across the curriculum and research is buy-in from faculty. Despite the internal impact that individual champions are having within schools, the majority of faculty have limited awareness of sustainability topics or believe it does not relate to either their field of research or the courses they teach. This is especially the case with Finance and Accounting. When faculty recognise the relevance, they often do not possess the necessary knowledge of how it relates to their subject or know how to go about integrating it. Much work could be done to integrate sustainability issues into PhD programmes to reach faculty right at the start of their careers. Once they join an academic institution, few are provided with opportunities for training on sustainability. It should be noted that a number of leading schools are providing faculty resources and training on the subject.

**Leadership:** An effective strategic approach needs the involvement and support from upper management—the deans and directors—who believe not only that these are important issues, but that they are critical issues for the business school. Without this direction, relevant initiatives happening across the school are often disconnected and/or incomplete. Ideally, the principles of sustainability connect with the school’s stated core values. This enables a school to commit to making structural changes that can support, as well as identify systems that do not support, embedding sustainability. This can also provide added resources to individuals and small groups across campus championing these topics who are often under-resourced and overworked. As business schools are quite fragmented organisations it is challenging to implement an institution-wide approach, so this mix of top down and bottom up strategies works best.

**Operations:** It is important to consider the academic institution itself as a business and explore how to integrate sustainability, not just across its products (i.e., research and curriculum), but also in its own operations. Doing so sends strong messages about the topic’s importance to faculty and staff and provides additional learning opportunities for students. Schools are putting in place campus sustainability strategies that go beyond recycling and minimising waste, including goals and targets across a number of environmental and social areas. More progressive schools are starting to see their campus as a sort of living laboratory, experimenting to see just how sustainable they can make their immediate environment and how to engage students, staff, faculty and other stakeholders in making that happen.
Moving forward

- How do we motivate faculty to integrate these topics, especially in Finance and Accounting, and engage faculty in teaching these topics in useful and relevant ways?
- How can business send clear messages to deans, directors and business school boards about the importance of sustainability?
- What are the most effective levers for achieving culture change in business schools? The University as a whole?
- How can business schools better report on and measure their progress, including goals, targets, challenges and successes?

Opportunities to engage

- Send consistent messages when working with business schools
- Reward strong business school leadership in this area
- Engage deans and directors in this topic

3.2 External Elements - The Impact of the Outside Environment

Several of the drivers that can push business schools forward with integrating sustainability are external elements common to all schools. While schools are impacted by these drives, they often have limited influence over them. These include:

Rankings: Many business schools “live and breathe” by their rankings for several reasons. Rankings play a significant role in a student’s choice of which school to attend, and many decisions made strategically within schools, related to programme, curriculum, etc., are made with rankings in mind. However there is significant criticism about the limitations of rankings, such as a one size fits all approach, the lack of transparency, and lack of rigor. Rankings often reward post-graduation salary and employment statistics, which do not necessarily reflect the ability of a school to develop the more responsible leaders that business needs moving forward. There are a number of rankings focused on sustainability, however these are often limited in scope (e.g. only look at campus greening) or breadth (e.g. only consider certain countries). Better integration of sustainability into current well-respected rankings would incentivise schools to change.

Accreditation: There are three main business school accreditation organisations: the Association of Advanced Collegiate Schools of Business (AACSB International), the European Foundation for Management Development (EFMD), and the Association of MBAs (AMBA)—all three of which are members of the PRME Steering Committee. Business schools around the world put significant resources into accrediting their programmes using one or several of these organisations, and therefore put an emphasis on embedding the standards across their schools. In recent years, all three have begun to incorporate sustainability language and/or related standards into their accreditation criteria. This has had a strong impact on encouraging schools to examine these topics. However, the standards need to be clarified, further explored, and expanded. Robust accreditation standards that put sustainability front and centre could have a significant impact on schools moving forward.
Recruiters: Despite growing student interest in sustainability, a large number see it as a separate concept that does not relate to their career options after graduation. Companies and career representatives within business schools need to show how pertinent sustainable business practices are to companies, and hence all jobs, and also send consistent messages throughout the recruiting process in this regard. Recruiters will need to assess not only the (traditional) functional skills of candidates, but also the skills and competencies that are needed in order to help the organisation deliver on objectives that meet social or environmental criteria in addition to financial. It is one thing for business schools to develop capable, future-oriented leaders, but it’s another thing for recruiters to identify, seek out and build capacity that places a value on this.

The Word Sustainability: A challenge/opportunity that connects many, if not all those presented in this paper, relates to the definition, or perhaps lack of a clear business definition, of sustainability itself. On the one hand, this is beneficial in so far as it provides an open platform for discussion, and schools are free to explore the topic in a variety of different ways. However, the complexity of the word is a key reason that it is not always measured and, therefore, why some business schools and their faculty push it aside. The response is often to proceed slowly and with caution; without a rigorous understanding of how business can be sustainable or what a fully sustainable business looks like, there is not enough information to teach it. Further, the term is increasingly given to different initiatives on campus, but the result is often that they are seen as separate topics or only address one specific angle of sustainability (e.g. philanthropy, social issues, greening) at the expense of a wider view. Some leading schools are recognising that, because of this, the term sustainability may impede rather than facilitate the necessary curricular changes that will prepare new generations of managers and leaders to have a better understanding of how business impacts and is impacted by the world around it. No one term can encompass the wide range of skills that today’s graduates increasingly need to have upon graduation.

Moving forward

- How can we change the way that success is measured, both for business schools and by business schools?
- How could we influence rankings to include sustainability elements that are significant to the business sector?
- How can we continue to incorporate sustainability into accreditation standards?
- How can business send more consistent messages through presentation and recruitment that sustainability and sustainability-related competencies and skills are crucial to a student’s career and the success of business?

Opportunities to engage

- Write an open letter to rankings
- Train recruiters and work with career services
- Share your understanding/definition/company’s use of the term sustainability
4. Conclusions

Generally speaking, the management education sector recognises the importance of sustainability. Individual schools, or even parts of those schools, are at different stages of the journey toward incorporating the sustainability ethic, much like businesses themselves. Many are actively thinking through the implications of sustainability on their teaching, programmes, research, and throughout the lifecycle of their operations.

However, although business schools are increasingly recognising its importance, in particular those engaged in PRME, the full potential of business schools as agents in moving sustainability forward is still largely unrealised. The reasons are twofold. First business schools are often unaware of how (or unable) to embed it across their own organisations and offerings in a way that effectively reaches and prepares all of their graduates for the business realities of today and tomorrow. Second, society at large, and in particular the business sector, often fails to see the opportunities in collaborating with business schools around sustainability goals and targets, despite a strong desire from schools to develop mutually beneficial relationships that contribute to reaching international sustainability goals.

Ultimately, preparing the next generation of graduates is about providing the relevant knowledge and training graduates to apply that knowledge in ways that are more meaningful for both the business and society and to think differently about the role of business in society. This is an opportunity for both business schools and business to explore together.

Ways in which business and business schools can engage to enhance progress

1. **Translate sustainability** into different disciplines and engage faculty, students and practitioners of these different disciplines to send key messages about the importance of sustainability.

2. Send **more consistent messages** to business schools about the importance of sustainability through presentations, representation on boards, as alumni, partners and recruiters.

3. Work together to develop and actively seek out the **competencies needed to support and realize sustainability at your company**.

4. Work together to create a **range of learning opportunities** to help ensure that students acquire necessary competencies, such as case competitions, case studies and student projects.

5. Collaborate jointly with faculty, students, and alumni to create more **impactful and relevant research**, and use business schools as a platform to explore solutions to current and future sustainability challenges.

6. Jointly identify and work to modify those **systematic elements** that slow change for business schools as well as their ability to fully engage.

7. Align with and support **business schools that are active** in this area.