



**ROBERT H. SMITH**  
SCHOOL OF BUSINESS  
CENTER FOR SOCIAL VALUE CREATION

**PRINCIPLES FOR RESPONSIBLE MANAGEMENT EDUCATION**  
SHARING INFORMATION ON PROGRESS (SIP) REPORT  
2016



# Contents

- I. Letter of Renewed Commitment ..... 3
- II. The Robert H. Smith School of Business ..... 4
- III. Executive Summary: Implementing PRME Principles ..... 5
- IV. Practical Actions and Disclosure ..... 5
  - Principle 1 | Purpose* ..... 5
  - Principle 2 | Values* ..... 6
  - Principle 3 | Method* ..... 12
  - Principle 4 | Research* ..... 14
  - Principle 5 | Partnership* ..... 15
  - Principle 6 | Dialogue* ..... 16
- IV. Assessment of Previous Objectives ..... 17
- V. Moving Forward: Key Objectives ..... 18
- VI. Areas for Support ..... 18
- VII. Contact Person ..... 18

## I. Letter of Renewed Commitment

September 4, 2016

The growing interdependence of our world requires business leaders who think and act in ways that sustain and improve our quality of life globally—something that benefits both society and business. At the Robert H. Smith School of Business our core values commit us to doing the right things, the right way; embracing challenges and opportunities; and consistently demonstrating our collective passion for excellence. As an extension of this value set we strive to embed the Principles for Responsible Management Education throughout the school, spearheaded by our Center for Social Value Creation.

We work in close collaboration with partners on and off campus and across sectors to bring PRME principles to life. We offer courses where students learn the tools and frameworks for understanding the global context of business, managing complexity and mastering critical thinking. Students explore issues of ethics, cross cultural communications, globalization and entrepreneurship. In addition, students supplement with electives in sustainability, social entrepreneurship and issues in emerging economies and markets. Co-curricular programming reinforces classroom learning while giving students the opportunity to tackle many challenges.

We look forward to the continued journey of support and implementing the six Principles of purpose, values, method, research, partnership, and dialogue, which lay the foundation for the global platform for responsible management education.

Sincerely,

A handwritten signature in black ink that reads "A.J. Triantis". The signature is written in a cursive, flowing style.

Dean Alex J. Triantis

## II. The Robert H. Smith School of Business

In the global economy, business success requires knowledge and skills that are nothing short of inspired. At the Robert H. Smith School of Business at the University of Maryland, inspired business education is our business. Our faculty is world class. Our research is cutting edge. Our learning is experiential and rooted in the real world. And our students learn to think like entrepreneurs.

One of 12 colleges and schools at the University of Maryland in College Park, the Smith School is plugged into the business, government, nonprofit and professional networks of the Washington, D.C., metroplex. Our community of scholars and practitioners is deeply supportive of learning while equipping students to succeed in an often contentious marketplace. We are further distinguished by:

Our broad range of programs, certificates and degrees are designed to prepare working professionals to hit the ground running in a world economy that is in flux, with technology and global competition accelerating the pace of change. To do that, we offer an undergraduate degree, Master of Science in business degrees, PhD, and full-time and part-time MBA and Executive programs. And in January 2014, we launched our inaugural online MBA- a 21-month program for working professionals who want the flexibility of learning and connecting online.

The world economy is in flux. Technology and global competition are accelerating the pace of change. Entrepreneurs are working relentlessly to find the next big ideas and take them to market and to scale. The future is uncertain but filled with boundless opportunity.

### **AT A GLANCE: WHO WE ARE, WHAT WE DO, HOW WE RANK**

#### THE SMITH SCHOOL

- One of world's premier business schools.
- Recognized leader in management education and research.
- Rich mix of innovative programs.
- Serving students, employers, alumni, business, government, nonprofits.

#### WHAT DISTINGUISHES US

- World-class faculty and research.
- Experiential, reality-based learning.
- Entrepreneurial spirit.
- Learning community that is determined, supportive, analytical, inspired.

#### HOW WE RANK

- No. 1 full-time MBA student satisfaction, U.S. (Bloomberg Businessweek, 2015)
- No. 7 executive MBA program, U.S. (Financial Times, 2015)
- No. 11 PhD program, world (Financial Times, 2014)
- No. 19 part-time MBA program, U.S. (U.S. News & Report, 2016)
- No. 22 full-time MBA program, U.S. (Financial Times, 2016)
- No. 22 undergraduate program, U.S. (U.S. News & Report, 2015)
- No. 23 research, world (Financial Times, 2016)

### III. Executive Summary: Implementing PRME Principles

The Smith School of Business signed the Principles for Responsible Management Education (PRME) in 2009; this is our fourth Progress report. This summary of our achievements on the six principles of the UN Global Compact PRME also represents the accomplishments of our Center for Social Value Creation and its efforts to integrate social responsibility and social value creation content into courses and co-curricular activities throughout the Business School. We are pleased to report in this year's update that gains have been made and we continue to pursue this goal.

### IV. Practical Actions and Disclosure

Since completing the 2014 PRME Progress Report, the Smith School of Business has continued to work toward integration of PRME principles. Admittedly however the last two years have seen less traction than in previous years. As mentioned earlier, PRME leadership is spearheaded by Smith's Center for Social Value Creation (CSVC). Since the spring of 2014 CSVC has faced a number of challenges including the departure of its founding director, and a significantly reduced staff size. These circumstances have presented challenges that have resulted in the roll-back of some programming and less than ideal coordination of PRME related activities across the school.

That said, practical actions have also been taken to ensure social value and social responsibility content is threaded throughout the institution: 1.) in the Fall of 2014 an Academic Director was designated to help coordinate and integrate social value and PRME related content among faculty and throughout curriculum; 2.) In January of 2016 the Center for Social Value Creation was restructured, partly with the goal of embedding one of its core focus areas – Social Entrepreneurship – into the larger entrepreneurship framework at the Smith School of Business. Doing so has enabled greater resource efficiency and content integration throughout the school. Additionally, a new selection of social value courses have been added to the MBA offerings, in addition to several new offerings available to the undergraduate community.

Given these disclosures, we're happy to present a summary of offerings and notable undertakings that have taken shape over the last two years. We will present this information by Principle.

#### ***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.*

#### **PRINCIPLES FOR BETTER BUSINESS**

Beginning in the summer of 2015 the Center for Social Value Creation began outlining a set of business principles that together provide the foundation to doing business responsibly, with a mindset that balances social, environmental, and economic prosperity. Currently feedback is being solicited to inform a final set of principles that will roll out in 2017. These principles will serve as guideposts for programming and help Smith students understand how to create sustainable value for business and society at large. The principles for Better Business in their current draft form include:

- Activate market systems to address societal change
- Lead with integrity, transparency, and purpose
- Prioritize people and cultivate community
- Invest in the long term
- Safeguard natural resources

## CHANGE THE WORLD CONSULTING

The Center for Social Value harnesses the expertise and enthusiasm of student “consultants” to benefit nonprofit organizations. ChangeTheWorld Consulting (CTW) matches talented undergraduate and graduate students with social enterprises and nonprofit organizations for semester-long consulting engagements. This co-curricular experience challenges students to work collaboratively and provide a strategic set of recommendations that help nonprofits and mission driven organizations create even more impact. In place of the university partner model discussed in earlier reports, CTW now focuses on growing impact through the University of Maryland system and by prioritizing projects that serve the communities and local economies of the Baltimore / DC Metro Region.

- **TIBETAN ENTREPRENEURSHIP DEVELOPMENT INITIATIVE**  
In collaboration with the Central Tibetan Administration (CTA) in northern India, a team of four graduate students at Robert H. Smith School of Business co-developed an entrepreneurship program for Tibetan youth living in refuge in India. It was the first on-site international project for CSVC’s award-winning Change The World Nonprofit Consulting Program. The team conducted on-site interviews with the Tibetan Entrepreneurship Development Initiative, Tibetan entrepreneurs, school administrators and students at the Tibetan Children’s Village. To culminate their in-country experience, the team met with Prime Minister Lobsang Sangay who reinforced the importance of youth entrepreneurship in propelling the economic prosperity of the Tibetan people.
- The ChangeTheWorld.org Nonprofit Consulting Program (CTW) was awarded The AshokaU Cordes Innovation Award at the 2015 Ashoka U Exchange, distinguishing CTW as a high impact and highly replicable education innovation.

## ***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.*

There are a variety of courses and activities that incorporate the social responsibility into Smith pedagogy. Several new courses have been rolled out in the MBA program, and in spring 2017 we will pilot a new undergraduate course focused on socially responsible business ventures.

## **NEW CURRICULAR OFFERINGS - UNDERGRADUATE:**

## BMGT498I: SOCIAL ENTREPRENEURSHIP AND INNOVATION IN THE CONTEMPORARY SOUTH AFRICAN CONTEXT

Beginning in January 2015 and offered annually, approximately 20 Smith students participate in global immersion experience in South Africa. In partnership with SHAWCO-Centre for Entrepreneurship partnership, students experience a theoretical and practical immersion in the field of social innovation in a South African context. Students act as social entrepreneurs as they design creative, sustainable processes toward social change using multiple learning strategies.

## MARYLAND SOCIAL ENTREPRENEUR CORPS (NICARAGUA, DOMINICAN REPUBLIC, ECUADOR)

This unique eight week study and internship program teaches students basic principles of social entrepreneurship through courses, case studies, discussions, and hands-on, practical experience. Students work side-by-side with SEC development professionals and local field based entrepreneurs to develop empowering entrepreneurial business models in Nicaragua, the Dominican Republic, and Ecuador.

## SOCIAL VENTURE CONSULTING (UNDER DEVELOPMENT)

The Social Venture Consulting course will be piloted in spring 2017. Currently under development, it's anticipated this course will involve academic content focused on social responsibility and social enterprise, and a practicum component consisting of a semester-long consulting engagement with a social venture. The practicum will help social impact organizations increase their organizational capacity and benefit from business consulting services in areas including finance/accounting, information systems/technology, marketing, operations, and strategic planning.

## **NEW CURRICULAR OFFERINGS - GRADUATE:**

### ACCOUNTING FOR SOCIAL VALUE IN CORPORATE AMERICA

This course surveys American companies and their efforts to raise their standards of social and environmental performance, accountability, and transparency. First, the course will focus on for-profit companies: How they establish their corporate structure and governance to achieve these goals. Then the course will discuss the quintessential social value company -The almost uniquely American invention of the nonprofit charitable organization. As such, the course will serve as an introduction to the formation and operation of a nonprofit entity. Emphasis will be placed on the legal rules and environment within which these entities exist. Topics will include: organizational requirements, gaining and maintaining tax-exemption, board governance and stewardship, issues of private inurement, and public charities versus private foundations. The course concludes with the study of the joint venturing of for-profit and non-profit organizations, the so-called hybrid entity.

### STRATEGIC GROWTH FOR EMERGING SOCIAL AND COMMERCIAL VENTURES

This course explores the key elements of mastering the move from being a successful small entrepreneurial enterprise to achieving industry significance, whether as for profit, not for profit or blended model. The challenge of converting innovation into a lasting and sustainable business model must be met by any venture, whether the customer is society, donors, stockholders or consumers. Supplemented by readings, video and guest speakers, the course highlights the application of practical lessons leading to strategic growth and subsequent emergence as a player, and allows students to see

the many facets of strategy, organizational development and growth as they specifically relate to scaling an entrepreneurial enterprise.

#### **MANAGERS IN SOCIETY: ETHICAL LEADERSHIP**

This course examines the responsibilities of the manager in today's market-oriented globalized society. In doing so, we present a specific conception of ethical leadership. In the first three weeks, we establish a framework that borrows from the fields of ethics (moral philosophy as well as moral psychology) and political economy. In the next three weeks, we apply this framework to examine managerial responsibilities to a variety of stakeholder groups. In the last week, we examine the ability of corporate governance systems to meaningfully bear ethical responsibilities and the consequent implications for the socio-political system.

#### **SOCIAL INNOVATION (BLENDED FORMAT)**

How do you make a difference, while also making a living? What are the promising opportunities for emerging business leaders to take on the world's social and environmental challenges? This course offers tools to help you identify those opportunities and pursue them effectively. Whether you seek to become a change agent in the context of a traditional corporate career – or whether you aim to start a new venture for that purpose – there are common methods that can help you make a positive impact on the world. This course introduces you to those methods, and also provides a forum for testing and critically evaluating them.

#### **ISRAEL, PALESTINE AND JORDAN: CROSS-BORDER GREYWATER FEASIBILITY PROJECT (*one-time offering*)**

In spring 2015 an interdisciplinary team of graduate students from the UMD Baltimore and College Park Campuses worked with the Arava Institute in the Jordan River basin and neighboring Israel to assess the feasibility of greywater reuse for agricultural production in off grid communities. The team was comprised of eight students from various disciplines including Business, Law, Dentistry, and Nursing; together they explored two business models that could commercialize the implementation of greywater treatment systems, ultimately relieving some of the resource strain and strengthening the economic viability of local communities. Water is a precious commodity in the Palestinian territories and it is becoming more valuable every day as climate change brings longer and more significant droughts to the area. In addition to a business plan, the team's final report described the current legal environment, provided suggestions for legal framework reform, and analyzed the important public health considerations of implementing greywater systems in the region.

#### **CONTINUING UNDERGRADUATE COURSE OFFERINGS:**

##### **BMGT478B: SPECIAL TOPICS IN SUPPLY CHAIN MANAGEMENT - GREEN SUPPLY CHAIN**

This course provides students an introduction to current and future best practices, approaches and technologies in the area of sustainable supply chain management - "green" supply chain. Focusing on supply chain sustainability from the environmental stewardship perspective, this course explores energy, environment, waste, and resource management. It does not focus on human/social sustainability (e.g., labor/human resource management practices). The course is designed in a combination format that includes three components: Guest lecturers, a semester-long student project, and regular lectures.

#### **BMGT 389E: MARYLAND SOCIAL ENTREPRENEUR CORPS (MSEC)**

In 2013, CSVC collaborated with the Office of International Affairs to launch the Maryland Social Entrepreneur Corps (MSEC) — a unique eight week, six-credit study and internship program that teaches students the basic principles of social entrepreneurship through coursework, case studies, discussions, and hands-on, practical experience. The program’s mission is to combat poverty across Latin America by supporting small community-based businesses. In 2013 students traveled to Nicaragua, and in 2014 a second site in the Dominican Republic was added.

#### **HONR 248R: SUSTAINABLE SOLUTIONS BUSINESS LAB**

This first of its kind 3-hour “lab” class will explore the market failures associated with specific social and environmental challenges. Class discussion will focus on underlying issues of sustainability including accelerated depletion of natural resources, deforestation, dwindling water supplies, increased waste accumulation and climate as urgent problems in need of being solved. Taking the view that government policy is part of the solution, but that the private sector can harness the power and speed of capitalist markets, this course seeks to uncover new pathways for fast and effective change. Students will learn the tools for problem solving for sustainability through multidisciplinary, cross functional teams and develop a business plan for a startup company that includes the evaluation of the financial prospects of this new business.

#### **BMGT 289A: SOCIAL ENTERPRISE – CHANGING THE WORLD THROUGH INNOVATION AND TRANSFORMATIVE ACTION**

Thousands of individuals are inventing creative new approaches to social change, the tools of business to build lasting solutions. Where do social entrepreneurs come from? How do they develop their passion for changing the world? Can anyone become a social entrepreneur? This course looks at the history and theory of social change, reviews the skills, strategies, and ideas of effective change agents and gives students the tools to create a blueprint for their ideas for social transformation.

#### **BMGT289K: GIVING VOICE TO VALUES**

Giving Voice to Values (“GVV”) provides students with an effective way of identifying their personal values and, more importantly, giving expression to those values in their present and future individual and group commitments and conduct. Background in cutting-edge medical and psychological research on the nature of “happiness” at the beginning of the course give way to each student’s detailed reflections (shared in small groups of students) on the meaning to his or her personal histories, relationships and aspirations – together with insights into the personal histories, relationships and aspirations of other students. The course concludes with a series of real-life mini-cases involving undergraduate university students or recent graduates.

#### **BMGT 468V: TRANSFORMATIVE ACTION – EFFECTIVE METHODS FOR SOCIAL CHANGE**

This course introduces students to the most effective methods of social change by looking at the social entrepreneurs, innovators and visionaries who are coming up with new methods of solving society’s problems. Students examine traditional methods of activism as well as a new theory of nonviolent social change called “transformative action.” The first few weeks of the course introduce the students to many case studies, and then the course reviews the skills, strategies, and ideas of effective social change advocates in the 21st century. Each student develops an original blueprint for social innovation: a creative proposal for solving a societal problem based on their interest.

#### **BMGT 468W: SOCIAL INNOVATION PRACTICUM**

Working in teams of four or five, students immerse themselves in a social issue of common concern through a service practicum with a nonprofit organization or social enterprise. Student projects are developed in partnership with the organizations but the goal of the practicum is two-fold: 1) help the organizations develop a new entrepreneurial service or program to address a specific pressing social need in the community, and 2) provide students with a deep understanding of the root causes of a particular social issue and how such issues can be best addressed through entrepreneurial action.

#### **ASSESSING AND MANAGING THE SOCIOPOLITICAL ENVIRONMENT**

This class focuses on the assessment and management of business risks and opportunities arising in the sociopolitical environment. The sociopolitical environment consists of the institutions of government—the legislative, executive, legal, regulatory, and other formal structures that govern the promulgation and implementation of public policies—as well as the culturally-influenced norms, values, and beliefs that influence which business practices are deemed legitimate and acceptable by various stakeholder groups, and which ones are not.

#### **BMGT 496: BUSINESS ETHICS AND SOCIETY**

This course emphasizes a strategic approach by business to the management of its external environment. Students engage in a study of the standards of business conduct, morals and values as well as the role of business in society with consideration of the sometimes conflicting interests of and claims on the firm and its objectives.

#### **BMGT 468U: SOCIAL ENTREPRENEURSHIP LABORATORY**

The class will give students the opportunity to experiment with the essential principles of social entrepreneurship. The Social Entrepreneurship Laboratory will be an active learning environment to test hypotheses around the creation of social ventures and develop a deep understanding of the field in practice. Teams will iteratively test ideas and assumptions through experimentation, document results, incorporate feedback from key stakeholders, develop a minimum viable product, and present their solutions. In this way, we expect novel insights and truly creative models to emerge. The primary learning tool for this class will be experiments conducted in teams around solving a particular social problem.

#### **GLOBAL CONSULTING FELLOWS**

Each year, a cohort of 15-20 students participates in our Global Consulting Fellows program. This program is designed for students who have an interest in the world's people and cultures and a desire to apply business and language skills to enhancing economic development worldwide and helping others succeed

#### **CURRENT / CONTINUING MASTER'S LEVEL COURSE OFFERINGS**

##### **BUSI 758N STRATEGIC MANAGEMENT FOR NONPROFIT & PUBLIC ORGANIZATIONS**

Serving as a successful leader for a nonprofit or public organization of any kind requires an understanding of the strategic management process and a well-developed and managed strategy is a key to an organization's performance. This course provides an integrated approach to leadership theories and concepts, research, and modern practices related to strategic planning and execution. Leading strategy approaches will be discussed and students will gain a deep understanding of how

strategy can be effectively developed, implemented, and managed in these organizations. The course will be relevant for students who want to work for and/or consult with nonprofit and government organizations.

#### **BUMO 758D: SOCIAL ENTREPRENEURSHIP**

This course is about using entrepreneurial skills to craft innovative responses to social problems. Entrepreneurs are particularly good at recognizing opportunities, exploring innovative approaches, mobilizing resources, managing risks, and building viable enterprises.

#### **BULM 758F: SUSTAINABILITY: ECONOMICS & STRATEGY**

Sustainability issues facing firms are multi-faceted and, in most cases, without clear strategic solutions. The goal of this course is to better understand the issues of sustainability in a series of different contexts. Within each context, we examine the underlying market failures that lead to sub-optimal social outcomes along with commonly employed economic solutions to these problems.

#### **PUAF 689Y NONPROFIT FUNDRAISING**

Stemming from the disciplines of economics, psychology and sociology, this course explores the theoretical understandings of fundraising for nonprofit organizations and how they are applied to the practice of raising voluntary support. Students will also investigate different theoretical paradigms in which scholars and scholar-practitioners can approach the study and practice of fundraising. Additionally, students will discover the fundraising theories and practices that engage communities across diverse social identities including, communities of color, LGBT, and gender.

#### **PUAF 798Y NONPROFIT MANAGEMENT**

This course provides an introduction to the nonprofit sector and the leadership and management skills required to achieve a social impact. During the semester, students examine and discuss the trends, issues, and challenges facing a nonprofit leader as well as management approaches and innovations by examining case studies and engaging in management simulations. The course includes the opportunity to conduct a mini-consulting project with a nonprofit or nongovernmental organization.

#### **COMMUNITY WEALTH BUILDING (SPRING 2015)**

The Smith School of Business partnered with UMD's School of Social Work to provide a one-of-a-kind classroom opportunity to Masters of Social Work and Masters of Business Administration students. In cross disciplinary teams, students developed an understanding of community wealth building through entrepreneurship. Specifically, students focused on the application of the Evergreen Cooperative model and its capacity to create transformative community change in low-income urban areas.

#### **MBA SOCIAL VENTURE CONSULTING PRACTICUM (FALL 2015)**

Social Venture Consulting provides mission-driven organizations the opportunity to address a specific business challenge with the support of a dedicated MBA team throughout the course of a semester. SVC helps organizations increase organizational capacity and social/environmental impact by receiving business consulting that covers a range of areas, including marketing, financial management, operations, human capital, and strategic planning.

### ***Principle 3 / Method***

*We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.*

#### **IMPACT CAREER WORKSHOPS**

The Social Impact Career Workshop series teaches Smith students how to translate experience and education into a career path aligned with their personal values. Workshops blend practical exercises and mobile technology to strengthen student understanding and help them engage with career resources.

#### **LEADERSHAPE INSTITUTE**

Each January, a group of students, faculty, and staff participate in the LeaderShape Institute, an innovative six-day leadership development program that challenges students and faculty to adopt a healthy disregard for the impossible. Institute participants act as both teachers and learners in a nurturing and dynamic learning environment that guides each student through the stages of vision creation and development, culminating in a succinct plan of action, typically focused on social change. Participants focus on questions such as: If you could revolutionize something without the fear of failure, what would you change?

#### **SOCIAL ENTERPRISE SYMPOSIUM**

The Social Enterprise Symposium is an annual event hosted by the Center for Social Value Creation. Unlike any other event on campus the Symposium explores the role of business in creating economic prosperity and lasting social and environmental change, and helps connect students with thought leaders using the tools of business to change the world. The 2015 and 2016 events featured keynotes, a series of breakout sessions and workshops, and networking.

#### **SUSTAINABILITY LUNCH & LEARN SERIES**

The Sustainability Lunch & Learn Series will feature sustainability leaders from Marriott (Sept. 29), Deloitte (Oct.20), and Tata (Nov.10) facilitating intimate discussions on cutting edge corporate sustainability topics.

#### **DINGMAN FRIDAYS**

Dingman Fridays is an informal program for students who have ideas for businesses or solutions to problems worth solving. Dingman Fridays walk-in advising sessions are held every Friday of the semester from 11 a.m. to 1 p.m. in the Dingman Center and open to all UMD students, staff and alumni. No appointment necessary. Entrepreneurs in Residence (EIRs), guest advisors and Dingman staff are available to listen to your idea, offer feedback and provide actionable next steps. The program enables students to: meet with successful entrepreneurs, ask questions to those who have already experienced the startup journey, receive feedback and actionable next steps, build meaningful relationships with advisors and mentors, and make progress to compete for startup funding. EIRs with social venture /mission-driven experience are available.

#### **THE DO GOOD CHALLENGE**

The Smith School of Business partnered with the Center for Philanthropy and Nonprofit Leadership in the Public Policy School to host the UMD Do Good Challenge in 2015 and 2016. The Do Good Challenge is an 8 week prize competition that inspires students to make the greatest social impact possible for their favorite cause. Students team up to volunteer, fundraise, promote awareness, or advance their own social venture. The Challenge concludes with the Do Good Finals where student teams compete for \$6,000. Students may enter the Challenge in one of two tracks

- **Project Track:** Student-run initiatives that maximize impact for a particular cause or organization through volunteering, fundraising, and/or awareness efforts during the course of the Challenge.
- **Venture Track:** Independent, student-founded and student-run organizations intended to be self-sustaining entities in the long run, whose efforts during the Challenge focus on taking the organization to the next level.

#### SOCIAL INNOVATION FELLOWS

Now in its 6<sup>th</sup> year, the Social Innovation Fellows (SIF) Program immerses students in the process of seeking innovative solutions for social transformation through business principles and hands-on engagements with social entrepreneurship organizations. Whereas many people in the past sought to change society through activism, today individuals are creating groundbreaking alternatives – entrepreneurial ventures that address social and environmental issues. The 6-credit program features courses and co-curricular programming in a highly interactive, experiential, and dynamic setting. Students leave the program with a deep understanding of how to apply their business skills toward addressing issues of social and environmental importance in large and small organizations alike.

#### ADVISING STUDENT ORGANIZATIONS

The Center for Social Value Creation advises and partners with student clubs at the undergraduate and graduate levels, and offers coaching and financial stipends for students competing in social impact case and business plan competitions. A variety of student organizations embed aspects of the PRME principles, including:

- **ASHOKAU TERP CHANGEMAKERS (GRADUATE AND UNDERGRADUATE)**  
In 2008, the University of Maryland was selected as the inaugural "Changemaker Campus" in partnership with Ashoka, a global association of leading social entrepreneurs. The Terp Changemakers' vision is to create a movement at the University of Maryland where in all students recognize the relevance of social entrepreneurship approaches to their individual interest areas and passions. The club is open to all.
- **NET IMPACT CLUB (MBA AND UNDERGRADUATE)**  
Net Impact at Smith offers two distinct chapters for both MBA and undergraduate students. The club serves as a hub for both academic and career-oriented activities related to developing a broader perspective of leadership and entrepreneurship. Through guest lecturers, student discussions, interactive workshops, and community volunteering members explore new business models and methods to exert a positive impact upon our environment. In 2011 the Graduate Student Net Impact Chapter achieved Gold Chapter standing, an honor bestowed on only 13 percent of the more than 180 graduate student chapters across the country.

- **CONSULT YOUR COMMUNITY (UNDERGRADUATE)**  
The University of Maryland chapter of Consult Your Community is part of a nationwide, student-run nonprofit organization that empowers America's top undergraduate students to leverage their knowledge of business with their passion for service. Students engage with low-income and minority-owned small businesses over the course of a semester through an innovative program in which they are trained to provide business owners with comprehensive, pro bono consulting services. Teams are advised by business school faculty, graduate student mentors, and experienced professionals from top-tier consulting firms.
- **EMERGING MARKETS ASSOCIATION (GRADUATE)**  
The Emerging Markets Association's (EMA) mission is to educate the campus community about the phenomenal growth of the private sector taking place in emerging economies. The EMA is committed to hosting events of interest to the MBA community by inviting distinguished faculty within Smith and leaders currently working at outside companies and organizations. Ultimately, the EMA seeks to provide a platform for education for those wishing to pursue careers in emerging markets.
- **GLOBAL BUSINESS SOCIETY (UNDERGRADUATE)**  
The Global Business Society (GBS) promotes the concerns of internationally-minded students at the University of Maryland in the areas of business through programs and events designed for their interests. It strives to increase international recruiting and spread awareness for international business through events such as employer presentations and international etiquette sessions.

### ***Principle 4 | Research***

*We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporates in the creation of sustainable social, environmental and economic value.*

#### **EVIDENCE AND IMPLICATIONS OF SHORT-TERMISM IN US PUBLIC CAPITAL MARKETS: 1980-2013**

Rachelle C. Sampson & Yuan Shi

Abstract:

In this paper, we provide evidence of increasing short-termism in US equity capital markets over the period of 1980-2013. Using a 'market discount factor' estimated for publicly traded firms based on a capital asset pricing model, we show that US capital markets have become increasingly short-term oriented over the past thirty years. We corroborate this finding by estimating the impact of various investment behaviors and relevant ownership variables on our measure of short-termism, market discounting. We find that markets more heavily discount firms that have less financial slack, spend less on capital or R&D, or have greater analyst coverage. Consistent with prior research, we also find that public firms held by more transient institutional investors (i.e., investors that have significant turnovers of stocks) are more heavily discounted than their counterparts held by dedicated investors (i.e., investors that hold stocks for the long term). Further, firms that pay their executives proportionately

more via long-term compensation packages are discounted less than firms with more short-term compensation. To examine the impact of short-term valuation on firm behavior, we also estimate the impact of short-termism on capital spending using changes in a firm's institutional ownership type (e.g., a switch from transient to dedicated or vice versa) as an identification mechanism. We find that short-term market valuations are significantly negatively correlated with future capital investment. Overall, these results suggest that market discounting may proxy for firm short-termism. To our knowledge, this is the first paper to demonstrate economy-wide, firm-level evidence of increasing short-termism and the implications for investment behaviors by firms.

#### PUBLIC VS. PRIVATE FIRMS: ENERGY EFFICIENCY, TOXIC EMISSIONS AND ABATEMENT SPENDING

Rachelle Sampson & Yue Maggie Zhou (U. of Michigan)

January 2015, Academy of Management Journal

##### Abstract:

In this paper, we examine the effect of ownership status on three environmentally relevant variables: energy efficiency, toxic emissions and spending on pollution abatement. Prior research has demonstrated that public firms invest less than private firms and suggests this difference in investment behavior is due to 'short-termism' - pressure from capital markets to strongly favor short over long term earnings. We extend this logic to other firm behavior, examining whether publicly owned plants invest in energy efficiency and pollution reduction differently than privately owned plants. Using data from the US Census of Manufactures from 1980-2009, linked with information on pollution from the EPA Toxic Release Inventory (TRI) and pollution abatement spending from the PACE survey, we find some evidence that publicly owned plants are less energy efficient, release more toxic emissions and spend less on pollution abatement than their privately owned counterparts. We also examine how different sources of external pressures alter these results and find that increased regulatory scrutiny is correlated with increased energy efficiency, toxic emissions and abatement spending. More concentrated institutional ownership in public firms is associated with lower energy efficiency as is a greater brand focus. These latter results are broadly consistent with the idea that publicly owned firms respond to pressures from capital markets with a reduced focus on environmentally relevant variables.

### ***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.*

#### THE U.S. CHAMBER FOUNDATION "BUSINESS FOR GOOD" PARTNERSHIP

The U.S. Chamber Foundation is the leading resource and voice for businesses' social and philanthropic interests. In partnership with the Center for Social Value Creation the Foundation launched the "Business for Good" project in 2012 to create a definitive database for CSR projects globally. Through a multi-modal effort of data collection, the Business for Good project will provide a source of rich information on CSR work that includes project locations, information about the goals of each project, and links to outcomes. UMD student researchers have catalogued nearly 5,000 Corporate Responsibility projects. The partnership between the U.S. Chamber Foundation and the Smith School of Business expired in December, 2015.

## ***Principle 6 | Dialogue***

*We will facilitate and support dialogue 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.*

Cross-sector collaboration, critical thinking, and open dialogue are core components of business leadership in the 21st century. At the Smith School of Business our students earn these skills through real-world field experiences and interaction with thought leaders. To expand upon the content already presented, below is a sampling of the many co-curricular activities we to promote such dialogue:

### **UNIVERSITY TO UNIVERSITY DIALOGUE**

At the Smith School, we are often asked to host universities from around the world who are looking to create similar programs for their faculty and students. In addition, we have traveled with the AshokaU team to advise universities and business schools on their strategy. We have worked with universities in Hong Kong, Greece, South Africa, Japan, Tunisia, and more.

### **MERIDIAN INTERNATIONAL CENTER**

In summer 2015 the Office of Global Initiatives partnered with Meridian International Center to host a - small delegation of Pakistani professionals at the Smith School. The group was comprised of representatives from educational institutions, non-governmental organizations (NGOs), private industry, and government. Smith's Associate Director for Social Entrepreneurship spoke to the visitors about social entrepreneurship and innovation at the University of Maryland. Following their visit to the University, the delegation traveled on to three other cities across the country to learn more about how universities and businesses work together creatively to promote successful entrepreneurship.

### **JOINT TASK FORCE TO RESTORE THE CHESAPEAKE BAY**

In spring 2015 the Center for Social Value Creation and the University of Maryland Environmental Finance Center established a joint student led Task Force charged with developing a detailed business plan focused on public-private financing to restore and protect the Chesapeake Bay. The Task Force was comprised of four Smith MBA's and four Environmental Finance Center Project Assistants from the School of Public Policy. The team was guided and mentored by an Advisory Panel of experts from key disciplines and industries including: Public and private sector finance and banking; Science and ecological modeling; Institutional management and leadership; Environmental policy; and, Philanthropy, nonprofit management, and social value creation. In addition to presenting new public-private financing mechanisms for Bay restoration, the processes and models developed by the student team will have applicability and impact in watersheds across the region and the country.

### **CLIMATE ACTION SUMMIT**

On May 4, 2016 the University of Maryland hosted the Climate Action 2016 Forum. This Forum was convened to engage a diverse range of stakeholders with an interest in shaping the climate implementation agenda. The Forum provided an opportunity for the academic community, civil society, business and students to partake in discussions regarding the research and analytical approaches

needed for effective climate action. Smith School Professor David Kirsch and CSVC hosted a panel of speakers for a session titled “Combating Climate Change through Innovation & Entrepreneurship”.

#### TATA DIALOGUE ON INNOVATION & SUSTAINABILITY

The University of Maryland’s Robert H. Smith School of Business and the Tata Group of Companies hosted the Tata Dialogue on Innovation luncheon on April 1, 2016, at the College Park Marriott Hotel and Conference Center. CSVC and the Center for International Business Education & Research (CIBER) together hosted Shankar Venkateswaran, chief of Tata Sustainability Group, who discussed how to integrate sustainability into day to day business, measuring success, motivating staff, and how to deal with diverse issue sets in a multinational group like TATA.

## IV. Assessment of Previous Objectives

Previous key objectives set in the last PRME report were only marginally satisfied. The primary reason for this is due to a changing landscape of offerings across campus and in revisions to the content and programming strategy of the Center for Social Value Creation. Please see previous objectives and their respective status below:

- Infuse intellectual discovery into the learning environment through applied research opportunities for students and the development of an expert module in the area of corporate sustainability.
  - We are still working on building curricular programming in the realm of corporate sustainability. Some gains have been made, but only limited peripheral research is being done by faculty, and we haven’t yet uncovered the right corporate partner or opportunity for the completion of this objective.
- Expand our network of executives-in-residence and mentors.
  - The EIR program model has shifted, and is no longer a priority engagement tool for the School.
- Expand course offerings in social entrepreneurship through the Business minor and cross-campus collaboration on the academic roadmap for an SE field of study.
  - Courses have been added in social entrepreneurship, and these offerings are now also available to Smith Minor students.
- Enhance systems/integrative learning with colleges across campus. Current partnerships include the Masters in Conservation Biology program, the School of Public Policy and the School of Social Work.
  - A strategic decision was made to refocus efforts on PRME related programming internally at Smith, because we recognized that more work needs to be done in infusing these principles into the culture of our institution, before putting efforts outside of our school.
- Continue to develop global student programming options at the undergraduate and graduate levels.

- We're still continuing on this effort and have made some gains with the new undergraduate and MBA courses, and some co-curricular offerings that elevate dialogue.

## V. Moving Forward: Key Objectives

Despite constraints and limitations acknowledged earlier, the Smith School of Business will continue working toward the implementation of the six principles of PRME. We aim to do this in several ways:

- Establish a network of 60+ nonprofit and mission-driven organizations to strengthen experiential learning through repeat engagements.
- Establish a process for tracking impact and influence on students and partner organizations as a component of social value programming.
- Grow new course offering at the undergraduate level, expanding the reach of PRME principles.
- Grow corporate partnerships with a focus on sustainability.
- Formalize the CSVC *Principles for Better Business* and establish curricular and co-curricular offerings as an extension.
- Cultivate and make more visible the community of faculty who teach and aim to do research in the social responsibility space.

## VI. Areas for Support

Smith could benefit from connecting with faculty from around the globe in the PRME network who are interested in collaborating on research, and willing to share course and program concepts to further propel PRME principle integration.

## VII. Contact Person

Kim Robertella Glinka  
Associate Director, Center for Social Value Creation  
Smith School of Business  
University of Maryland  
[krobertella@rhsmith.umd.edu](mailto:krobertella@rhsmith.umd.edu)  
(301) 405-9454