After ten years of the UN Global Compact, Georg Kell and Jonas Haertle reflect on past successes and look forward to the future, including the role of management education.

UN Global Compact and Principles for Responsible Management Education: the next decades
Last year marked the tenth anniversary of the United Nations Global Compact. As we embark on the initiative’s next decade, we have reached a critical juncture in the history of the global economy.

In some ways, the current atmosphere is unnervingly similar to that of a decade ago: national barriers are rising in the aftermath of painful financial adjustments; public discontent over corporate mismanagement and investor greed is widespread; and there is a pervasive mood of uncertainty over the course of globalisation.

As a result, efforts to reach global climate and trade agreements, to eliminate poverty and hunger, and to safeguard against systemic market failures have yet to come to fruition.

Yet, over the past ten years fundamental shifts have occurred, and we are convinced that corporate responsibility – defined as a company’s delivery of long-term value in financial, social, environmental and ethical terms – can address some of the current challenges.

And as corporate responsibility moves to the mainstream, the implications for management education are significant.

Let us look at corporate responsibility first. This is a dynamic field and many trends have shaped the agenda over recent years. Throughout the past ten years, the Global Compact has witnessed a number of critical developments:

Corporate responsibility has gone global
- Beginning with only 44 companies at its launch in 2000, the Global Compact has today become the world’s largest corporate responsibility initiative with over 6,000 business participants and non-business stakeholders from over 130 countries.
- Participating companies represent nearly every industry and sector and are based in developed, emerging and developing economies. Emerging economies, especially China, Brazil and India have entered the corporate responsibility universe and started to build localised knowledge and best practices.

From morality to materiality
- While working for the common good remains integral to the corporate responsibility agenda, it is no longer the only selling point. Today, corporate responsibility has turned into a strategic and operational concern of companies, whether small suppliers or large transnationals. Corporations join the Global Compact to better recognise and mitigate risks and to seize opportunities.
- The two most recent Global Compact Implementation Surveys further show that many have begun integrating corporate responsibility issues into their corporate strategies while driving implementation through their value chains.

The link between financial markets and corporate responsibility is growing stronger
- Until a few years ago there was no framework to mobilise investors around environmental, social and governance (ESG) issues. Yet the recent global financial crisis has reinforced the need for long-term, sustainable investment strategies over short-term considerations.
- Today, through the Principles for Responsible Investment (PRI), more than 800 institutional investors representing roughly $20 trillion in assets are placing ESG considerations at the centre of their investment analysis and decision making. Collectively, they are leveraging their influence to encourage improvements in corporate sustainability performance.
- Improved governance of financial markets cannot only rest on voluntary initiatives such as the PRI. It must be backed by legislation. But there is no doubt that the recognition of ESG issues by the investment community has acted as a strong driver for the corporate responsibility agenda.

The environmental and corporate responsibility agendas are conflating
While a few years ago social issues largely dominated the corporate responsibility field, environmental issues are increasingly recognised as being an integral part of corporate responsibility.
In sum, what began as a peripheral movement around business ethics has evolved into mainstream corporate practice around the world.

Today, there is growing recognition that embedding human rights, labour standards, environmental stewardship and anti-corruption measures into strategy and operations is good for business and society.

Consequently, management education has to adapt to this new reality.

The Principles for Responsible Management Education (PRME), launched in 2007 and now endorsed by over 370 business schools and management-related academic institutions from over 60 countries, serve as guidelines for management education providers to enhance curricula, pedagogy, research and incentives to prepare organisational leaders who will balance economic with societal goals.

PRME participants are challenged continuously to improve their efforts to incorporate sustainability and corporate responsibility issues in curricula and research. As a network of networks, PRME relies on the actions of its partner organisations such as EFMD, AACSB International, AMBA, CEEMAN, CLADEA, Aspen Institute’s Business and Society Program, the Globally Responsible Leadership Initiative, EABIS as well as student organisations such as Net Impact and oikos International.

Thankfully, an increasing number of examples and good practices in business schools and other organisations around the world provide not only hope but also concrete evidence that the envisioned transformation of management education is happening.

The following are examples of PRME signatories’ work on the six Principles:

**Principles 1 (Purpose) & 2 (Values)**
- Over the past four years, PRME signatories have undertaken a variety of efforts to embed the values of sustainability and corporate responsibility in their curricula and academic activities. Some have included corporate responsibility topics more thoroughly in existing courses (undergraduate, graduate and PhD) while a few signatories have created completely new programmes based on these values.
- Also, a number of signatories have initiated specific activities to make their participation in PRME as well as the UN Global Compact or the UN Millennium Goals visible to students and faculty.

**Principles 3 (Method) & 4 (Research)**
- PRME signatories report using a variety of teaching methods, which in many cases involve experiential learning approaches such as service learning, field research projects, local and global competitions, business simulations and outdoor experiences to stimulate their students’ understanding of their role in society.
- PRME signatories have been involved in diverse initiatives to support, encourage or initiate research on topics related to responsible management. These have involved faculty and student efforts such as realigning current research centres, or even creating new ones, with research on PRME topics; creating multidisciplinary research teams to understand pressing issues (such as the relationship between business and climate change); participating in national and international research networks; competing for grants with proposals on PRME-related issues; involving students in field research; and offering regular faculty research seminars.

**Principle 5 (Partnership) and 6 (Dialogue)**
- Among the diverse partnership initiatives developed by PRME signatories, the following are most promising: appointment of industry professionals with expertise in sustainability to university governance bodies; partnerships with corporate responsibility related centres and networks; and collaborations with company departments dealing with corporate responsibility.
- Beyond that, PRME signatories have engaged in many activities to foster dialogue with multiple stakeholders. They have also closely collaborated with governments, regional networks, associations, trade unions, NGOs and media organisations.

In sum, while we see many positive developments and innovations, we have to recognise that corporate responsibility has not yet become mainstream in management education around the world.

Further integration and adaptation – especially in light of next year’s Rio+20 UN Conference on Sustainable Development where PRME will convene its third Global Forum on Responsible Management Education – is called for.

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