Keeping ethics mainstream, not cut adrift

With increasing resources being invested in corporate responsibility, business schools need to be careful that the subject is a central teaching focus, and not ghettoised, says Oliver Balch

As with all good stories, the tale behind the development of the Centre for Sustainable Global Enterprise at Cornell University’s Johnson School of Management has a short and a long version.

The short version centres on Samuel Johnson, former chief executive of the family-owned SC Johnson. Upset that the business school bearing his name had come out poorly in a ranking on sustainability, he decided to endow a centre and a chaired professorship “to ramp things up”, as faculty member Mark Millstein puts it.

The longer story, on the other hand, dates back several decades. It relates to the growing awareness in business schools of the limitations inherent to pure agency theory. As externalities such as climate change and business ethics increasingly colour the decision-making landscape, so must business schools determine how to equip tomorrow’s business leaders.

The answer for many has been to set up a specialist centre. Starting with the Ashridge Centre for Business and Society in the UK and finishing with the Yale Centre for Business and Environment in the US, the Aspen Institute has a list of 351 such institutes around the world.

Isolation risks
As well as being a good source of potential funding, such centres generate high-level research, raise awareness among faculty and introduce external experts with fresh perspectives onto campus.

But specialist centres have their problems too. The chief danger, critics maintain, is their potential to “ghettoise” social and environmental issues rather than integrating them into mainstream management education.

Business ethics provides the classic example. A recognised discipline in its own right for at least three decades, business ethicists now boast an impressive range of research centres and academic journals. Yet the subject continues to operate on the margins of most MBA courses.

“The risk [for specialist centres] is placing corporate social responsibility and sustainability issues into a silo and making them distinct from the other business functions,” argues Dean Krehmeyer, executive director of the Business Roundtable Institute for Corporate Ethics at the University of Virginia.

The leaders of such centres are not blind to these risks. Much comes down to the physical nature of the centres. Many are housed in designated buildings with nominated employees and a tailored research programme. Others are more like virtual networks, grouping together faculty from across campus that have an interest in social, environmental and ethical issues.

Cornell’s Centre for Sustainable Global Enterprise is a mixture of the two. With a skeleton staff of three full-time researchers, it draws on other experts from the business school and the wider university.

The centre’s internal network, for example, includes faculty members from Cornell’s schools for art and architecture, hotel management, industrial labour relations, agriculture and life sciences, engineering and human ecology.

“We motivate them to ask good research questions in their own areas that relate to the innovation agenda for sustainability,” Mark Millstein says.

Building these cross-disciplinary research links into the teaching programme is a second key step. While some business schools have adopted pure sustainability-related MBAs, most have resisted the temptation to teach social and environmental management in isolation.

“The way I approach this is not as an issue of corporate social responsibility, but about smart business,” says Doug Hoffman, professor in sustainable enterprise at the Erb Institute.

The Erb Institute feeds into the mainstream MBA course at Michigan University’s Ross School of Business. Students graduate from the three-year course with the opportunity of obtaining both an MBA and an MSc.

Hoffman argues that the institute’s focus on
environmental issues helps prepare students for future business challenges that traditional MBA subjects do not cover. “It is not a different value statement,” he says. “It is a different lens to add onto your other lenses so as to keep your eye on the ball of what is important to business.”

Integrating social and environmental issues into core MBA disciplines such as strategy, finance, accounting and marketing is not easy. But it is essential for the subject’s lasting credibility.

And specialist centres are helping to make that happen, not least in the area of social entrepreneurship. The University of California’s Davis Centre for Entrepreneurship and Stanford University’s Centre for Social Innovation, for example, have done much to advance business thinking around the market opportunities of sustainability.

**Two-way learning**

Not that the traffic is all one way. Specialist centres focusing on disciplines such as accountancy, finance, social psychology and marketing have done much to advance academic understanding of social and environmental impacts on business.

“Corporate responsibility issues are getting more traction because they are being linked in with faculty research on issues such as behavioural economics and occupational psychology,” says Mary Gentile, an independent consultant to several leading business schools.

Specialist centres on social and environmental business issues still have at least two important hurdles to climb, however. The first relates to disciplinary boundaries. As faculty and student interest in these non-traditional aspects of business strategy and behaviour continue to develop, greater clarity will be needed.

At present, “sustainability” and “corporate responsibility” are often used as convenient catch-alls for a range of different disciplinary areas.

“Subjects such as the environment, ethics, green supply chains and social enterprise … may seem like they all fall under the CSR umbrella, but they are all interesting topics worthy of a separate conversation,” argues Rich Leimsider, senior programme associate at the Aspen Institute.

Proving the link with the future human resource needs of businesses represents a second important step. Business schools have long been accused of churning out “robots”, graduates that lack initiative and creative thinking.

Focusing on the social and environmental agenda not only prepares students for future business challenges, but also trains them to use their imagination and to use their business skills flexibly.

So, for those afraid of specialist centres leading to disciplinary ghettoisation, there is hope. It is to be found in the structure of corporate and academic life. Few “CSR jobs”, as such, exist in corporations and fewer still in business schools. Career interest, if nothing else, should keep specialists from making themselves too comfortable in their ivory towers.